

May 2020

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK



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Our Interest is You

By JOHN DALBY

Our interest is you," isn't just a tag line in our advertising, it is the foundation of who we are as a community bank. In good times, the success of our customers and shareholders equals our success. But, it is the challenging times that truly define our character. To say that 2020 has been challenging would be an understatement. As an essential business, Redwood Capital Bank has taken steps to ensure that we can provide the excellent level of customer service that you have come to know and trust.

These steps include:

Staying open – The Eureka and Arcata Branches have remained open with little restrictions. The Fortuna Branch is serving customers via their drive-thru and the Henderson Center Branch has now re-opened.

Paycheck Protection Program - On March 27, 2020, the United States Congress passed, and President Trump signed, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) to help support businesses and families through the on-going novel coronavirus (COVID-19) pandemic. The CARES Act has been expanded to the SBA Section 7(a) loan program referred to as the Paycheck Protection Program (PPP) which aims to support small businesses.

Redwood Capital Bank is a preferred SBA lender and we are pleased to announce that in response to the needs of our community,



...It is an honor to serve you!

during the first phase of the PPP funding, Redwood Capital Bank successfully processed 375 SBA PPP loans totalling \$59.7 million. Phase two of the PPP funding began on April 28, 2020 and as of this printing, Redwood Capital Bank has processed an additional 104 loans totalling \$9.1 million - for a total of 479 loans and \$68.8 million being invested into our community. We will continue to serve and support our customers throughout the duration of this program.

We are here for you - Redwood Capital Bank was founded 16 years ago for the expressed purpose of supporting the local economy and the well-being of the community. Based on our own high standards and best practices, we remain open and are committed to providing outstanding customer service.

It is an honor to serve you and we thank you for being at the heart of what we do.

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



Eureka



B R A N C H



The mission of Redwood Capital Bank has always been to be a community partner to our customers. That is the mission we continue to embrace as we work diligently to offer our full services and our regular hours during this COVID-19 pandemic.

If you have visited the branch recently, you have probably noticed the plexi-glass barriers we have put up at all of our Teller stations and New Account desks and limited our teller line to three Tellers to keep everyone six-feet apart.

I would like to take this opportunity to thank the Eureka Branch staff, as they have worked longer hours including some weekends to help assist other departments with the Paycheck Protection Program loan processing.

Each of our employees truly embodies the mission of the bank to be your community partner and we are passionate about serving you!

Meghann Broadstock is the AVP/Eureka Branch Manager of Redwood Capital Bank. She can be reached at (707) 444-9845, or via email at meghann@rdwo.com

Henderson Center

B R A N C H



Greetings from Henderson Center. We are pleased to announce that the Henderson Center Branch has re-opened. We are excited to once again serve our customers.

While our lobby was temporarily closed to the public, it created an excellent opportunity for our staff to offer assistance to other departments, including the Commercial Lending Team and Loan Support. With the staff's help, the Payment Protection Program process was streamlined and new learning experiences were created.

Throughout this process, we also kept busy supporting our small businesses in Henderson Center and we continue to reach out to our customers, making sure they receive the adequate help they need during these challenging times.

As always, we are happy to be a part of this beautiful community and take pride in offering help where we can. To our customers, we wish you good health and safety. We are looking forward to seeing all of you in the Henderson Center Branch again soon.

Freddy Ramirez is the AVP/Henderson Center Branch Manager of Redwood Capital Bank. He can be reached at (707) 444-9864, or via email at framirez@rdwo.com



Paycheck Protection Program

By JENNIFER BUDWIG

The last several weeks have been a whirlwind at RCB with the passing of the CARES Act which incorporated \$350 billion dollars for small business loans to be administered through financial institutions.

As the program rolled out, the Small Business Administration (SBA) was tasked with creating the Interim Final Rule on a very short deadline as financial institutions geared up across the nation to process these loans. The ruling came out the eve of when the program went live on Friday April 3, 2020. As a result, applications flooded in on opening day, so numerous RCB employees worked all day Saturday, April 4 to input as many of these loans as possible to ensure our business customers secured their SBA allocation. Additionally, our

lending team has worked late nights and extra hours to make sure these loans were processed in a timely manner. As a result of the extraordinary efforts of our staff, we are happy to report that 100% of the eligible applications we have received (as of this printing) will be funded.

As we continue to hear many stories of businesses having challenges obtaining funding for this program, we could not be more proud of our lending team and all of the employees at RCB. Everyone stepped up to get this program successfully implemented with the sole purpose of making sure our customers were taken care of. The feedback and appreciation we have received has been incredible.

By being a local community bank, it has provided RCB a great opportunity to bring a significant amount of money from this program to our businesses, our community and Humboldt County as a whole!

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



We are Family

Our Redwood Capital Bank family is truly committed to providing the best customer service banking has to offer. This has been extremely evident as we have gone through recent life-changing events.

Without hesitation, every person at RCB is doing their best to assist other departments so we can continue providing our customers with superior service. From virtually no wait time in the lobby, to processing a vast amount of loans, the true camaraderie is found in being there for each other and wanting to do so. As I have stated before, customers are much more than an account numbers and our co-workers are family.

Here's wishing you good health from our RCB family to yours.



Fortuna



B R A N C H



Hello from Sunny Fortuna! Our Branch is blessed with a drive-thru which has given us entirely different choices in taking care of our customers without pause and built-in distancing.

We continue to experience our full branch transactions in our drive-thru and it has been a challenge to keep up at times. Our veteran Operations Supervisor, Jennifer Broadstock, has Tellers rotating through the drive-thru area to maintain the rapid-fire pace needed. We have gotten great comments about customer service and appreciation from seeing a smiling, familiar face during these tough times.

Our New Accounts Team has also been hustling to set up new accounts as the community sees the stark contrast between our institution working hard for them and our competitors that have severely limited available hours.

Like most of you, I am looking forward to getting back to something like normal. I will be glad when our lobby is re-opened and I get to see our amazing customers. I miss you all.

Bob Judevine is the VP/Fortuna Branch Manager of Redwood Capital Bank. He can be reached at (707) 726-7718, or via email at bjudevine@rdwo.com

2020 First Quarter Earnings Release

By RENÉE BYERS



| | | At Period End | | % |
|---------------------------|-------------------|---------------|-----------|--------|
| | | 3/31/2020 | 3/31/2019 | Change |
| Balance Sheet data | | | | |
| (In Thousands) | Total assets | \$368,100 | \$356,650 | 3% |
| | Total deposits | \$325,464 | \$322,482 | 1% |
| | Total loans (net) | \$276.392 | \$281.212 | -2% |

| | | Year to Date | | % |
|------------------------------|-----------------------------|--------------|-----------|--------|
| | | 3/31/2020 | 3/31/2019 | Change |
| Summary of Operations | | | | |
| (In Thousands) | Interest income | \$ 3,651 | \$ 3,813 | -4% |
| | Net Interest Income | \$ 3,238 | \$ 3,553 | -9% |
| | Book Value per common share | \$ 16.45 | \$ 14.75 | 12% |

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



Arcata

B R A N C H



What interesting times this quarter brings us. I am excited to be back from maternity leave and very proud of the team I returned to. I am thrilled to welcome Kaitlyn Poehner back to Arcata and congratulate her in her new role as Operations Supervisor. Kaitlyn has been with Redwood Capital Bank for almost seven years and returns to the Arcata Branch from New Accounts in Eureka.

We continue to remain open to the public without any modifications to our hours, or our stellar customer service, which our customers are appreciative of. For the safety of our staff and the community, we have plexi-glass barriers in place at our Teller windows and New Accounts desks, in addition to the masks we all wear.

Although we are required to practice social distancing, it is amazing to see how the community continues to come together and support one another. We are able to stay connected, as Arcata and McKinleyville are able to host their Chamber Mixers via Zoom with great success! We are happy we are still able to stay connected - it may not be business as usual, but we really do love doing business with you!

Megan Freitas is the Arcata Branch Manager. She can be reached at (707) 826-0885, or via email at mfreitas@rdwo.com

Beware of Coronavirus Scams

By DAVE TIERNEY



In times of crisis, good people often come together to help each other. They look out for each other, they do what they can to contribute to a solution and sometimes they donate money to charities or other organizations.

Bad people, on the other hand, often try to capitalize on fear and confusion to try and scam good people out of their money or their identity. It's classic social engineering, but it can be more successful in times like this because of heightened fears and concerns about what is going on in the world around us.

"We're seeing a massive increase in COVID-19 related phishing scams," said Stu Sjouweman, CEO of the cybersecurity training company KnowBe4, in a recent Forbes magazine interview.

The FBI started sending out alerts in March, detailing scams related to health care fraud, cryptocurrency and medical supplies. Microsoft has warned against coronavirus-themed phishing attacks aimed at medical facilities and nursing homes. Some phishing e-mails try to lure people into clicking malicious links by disguising them as offers for vaccines or N95 medical masks, or applications for Paycheck Protection Program (PPP) loans.

These are just a few of the ways the bad guys are combining fear and current events to target us. As always, the best defense is awareness and skepticism. Understanding that scammers have become more sophisticated in their attacks should lead to a thoughtful pause before clicking a link or opening an attachment in an e-mail, or providing confidential information over the phone to an unsolicited caller.

Remember, technical solutions like anti-malware software or firewalls are helpful and necessary, but being a "human firewall" should always be a part of your security solution. Be safe, not sorry.

Dave Tierney is the SVP/IT Director of Redwood Capital Bank. He can be reached at (707) 444-9848 or via email at dtierney@rdwo.com



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ARCATA BRANCH
1315 G Street
Arcata, California 95521
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HENDERSON CENTER BRANCH
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Eureka, California 95501
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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.



This newsletter may contain forward-looking statements that are subject to risks and uncertainties and as such does not represent legal, accounting or other professional advice.

Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the 33rd consecutive quarterly cash dividend. The dividend of \$0.07 per share was payable on May 18, 2020 to shareholders of record at the close of business on April 27, 2020. The dividend is equivalent to an annual rate of \$0.28 per share or 1.50%, based upon a market price of \$18.62 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 Renée Byers at (707) 444-9849 or via email at rbyers@rdwo.com.

Senior Management

John E. Dalby, President & CEO
Tammy Brown, SVP/CCO
Renée Byers, SVP/CFO
Jennifer Budwig, SVP/CLO
Michael McCoy, SVP/Risk Manager
Dave Tierney, SVP/IT Director

Board of Directors

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John E. Dalby
Jennifer Harris
W. Timothy Needham
K. Jeff Nelson
Michele Rieke
James R. Seiler
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



EQUAL HOUSING LENDER