

November 2016

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

COVER PHOTOS BY: MICHAEL McCOY



Satisfaction

By JOHN DALBY

In 1965, the Rolling Stones first lamented, "I can't get no satisfaction."

What is the benchmark for satisfaction? If you were 75% happy with something or someone, would that make you satisfied? How about 85%? If you were 90-100% satisfied with a product, service, business or a person, would this be considered outstanding?

Redwood Capital Bank regularly distributes a Customer Service Questionnaire. In it, we ask customers to rate things ranging from time of wait, the way they were greeted, appearance of the facility, services offered, follow-up communication and more. The survey tracks and provides feedback in three major areas: Lending, New Accounts and Customer Service Representatives. Customers are also encouraged to offer comments and suggestions. At Redwood Capital Bank, we set the bar very high. Our expectation is to achieve a minimum approval rating of 85%. Year after year, we continue to exceed our expectations. This past October, the results from the most recent Customer



...What is the benchmark for satisfaction?

Service Questionnaire were compiled and Redwood Capital Bank received a 96% combined approval rating.

High customer satisfaction translates to customer loyalty and loyalty is one of the biggest drivers of a company's continued growth. At Redwood Capital Bank we strive to provide excellent customer care partnered with the products and services you need - and have fun.

Thank you to all of our loyal, rock-solid shareholders and customers. We hope that a loyal customer is a satisfied one. We appreciate your business and your support.

Here's wishing you the satisfaction of a joyful holiday season and the anticipation of a prosperous New Year.

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 Kylie Chase and Brandon Kakitsuka

The Eureka Branch welcomes Kylie Chase, New Accounts Representative, and Brandon Kakitsuka, Commercial Underwriter Trainee.

Kylie has worked in several capacities here at RCB, including, Consumer Lending Support, Teller and New Accounts in the Eureka Branch and most recently, Business Development in the Arcata Branch. Eureka Branch Manager, Nanette Jones commented, "We are very excited to have Kylie back in the Eureka Branch - it is like having family come home."

Brandon began his career with RCB last March as an intern from HSU's MBA Program. In July, he was hired as a full-time Teller in the Arcata Branch. In his new position, Brandon will be learning how to underwrite commercial loans. "We are thrilled to have Brandon fill this newly-developed position," said Tammy Brown, SVP/Chief Credit Officer. Brown added, "We look forward to expanding our commercial underwriting team and welcome Brandon's energy and enthusiasm."

Stop by and say hello to Kylie and Brandon. They look forward to working with you!

A Tribute to Loan Support

By JENNIFER BUDWIG



There are many variables involved in putting a loan together. Typically, our customers work with the loan officers to make this happen, but there is also a lot of behind the scenes work by our loan support group that is a huge part in making sure the loans are processed successfully. We have such an amazing group of employees that make up this department, including: Tracy Stewart, Vickie Hensley, Charlene Donoho, Katie Castanos, Peyton Imperiale and Spencer Steinberg.

To provide some insight as to what they do on a daily basis, they take a loan package submitted by the loan officer then sort through all of the information to make sure everything is needed to process the request. They then complete everything required on the front end (order appraisals, preliminary title reports, credit reports, etc.) to move the loan to the underwriting stage. This can be a very comprehensive process dependent upon the complexity of the loan. The loan is underwritten, then approved. Loans go back to Loan Support which is when things get really busy. Loan Support does their final review of the file, making sure everything is obtained that is needed to properly close the loan which can include everything from receipt and review of appraisals, working with the title companies to insure this is in check, getting any additional missing documentation, etc.

Once Loan Support has everything needed, they draw the loan documents for our customers to sign, then after signing, they finalize and close the loan. Just to provide some perspective on this, the number of loans closed from January 1, 2016 through September 30, 2016 were 185 loans totaling \$61,907,000. Processing and closing loans is just a portion of what they do. There is also a huge servicing component to our 1,800+ loans because once they are closed, the bank needs to maintain them. This includes, processing payments, maintaining insurance, scanning all information as it is received, handling customer inquiries, etc.

We have such a wonderful group of people in this department who are knowledgeable, professional, accommodating and so pleasant to work with. They are the checks and balance system within the bank that make sure we ace our audit exams, keep our customers happy and keep the wheels on the bus rolling. We could never provide the great level of loan service to our customers if it was not for the amazing job they do each and every day.

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



Redwood Capital Bank - 2016 Staff In-Service Day



Positive Momentum

Merriam-Webster defines momentum as, “The strength or force that allows something to continue or to grow stronger or faster as time passes.” Momentum is what keeps people and projects moving in the right direction. Momentum creates motivation. Motivation creates opportunity and opportunity creates results. Results are important to us all. Results can be tangible, such as dividends, earnings, stock price – the hard numbers. Results can also be intangible things like customer satisfaction, employee morale and brand/name awareness in the community.

As 2016 begins to wind down, Redwood Capital Bank is looking ahead toward 2017. The positive momentum we have created here, combined with our results-oriented culture makes us well-positioned in the Humboldt County marketplace.

Thank you for your continued support of our efforts to be Humboldt County’s local bank of choice.



Technology Solutions for the Digital World

By DAVE TIERNEY

Redwood Capital Bank is working hard to provide our customers with convenient and secure technology solutions to meet your digital banking needs. We have recently enabled mobile payment compatibility for our debit and credit cards, which means you can now add your RCB card to your mobile wallet on Apple or Android devices. This allows you to pay at participating merchant card terminals using “contactless” technology that is more secure than swiping your card.

Speaking of doing away with card swiping, we are also nearing the finish line on our EMV chip card implementation for debit cards. We expect the new chip-enabled cards to be available by the end of the year. Once enabled, these cards will be available upon request from any

Redwood Capital Bank branch, while new or expiring cards will be issued chip cards automatically.

We are working on complementing our mobile banking app for smart phones with a new app designed specifically for tablets, providing a more seamless and secure banking experience on those devices. We are also rolling out Positive Pay for our Business Online Banking users, with an estimated time arrival of Q1-2017.

These are just a handful of the technologies pinging on our digital radar, with more to come in 2017 and beyond.

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



2016 Third Quarter Earnings Release

By FRED MOORE



	Period Ended		%
	9/30/2016	9/30/2015	Change
Balance Sheet data (at period end)			
(In Thousands) Total assets	\$334,937	\$322,196	4%
Total deposits	\$306,351	\$292,615	5%
Total loans (net)	\$237,040	\$217,664	9%

	Year to Date		%
	9/30/2016	9/30/2015	Change
Summary of Operations (current quarter)			
(In Thousands) Net income	\$ 1,921	\$ 1,657	16%
Net Interest Income	\$ 8,763	\$ 8,126	8%
Earnings per Common Share (fully diluted)	\$ 1.01	\$ 0.88	15%

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



Lori White

Welcome Lori White

The Fortuna Branch welcomes Lori White to the Teller line. Lori was hired by RCB in June, 2014 as the New Accounts Representative for the Arcata Branch. Lori has been instrumental in growing the Arcata Branch. Recently, Lori and her family moved to her dream home – a horse ranch in Loleta. The Fortuna Branch is much closer to home and the part-time position will allow her extra time to renovate her new home and spend time with her family and horses.

Lori looks forward to meeting our Eel River Valley customers!

Arcata

BRANCH



Rebecca and Kaitlyn

Rebecca Ingersoll and Kaitlynn Poehner Move to New Accounts

Arcata Branch customers will recognize our two New Accounts Representatives – Rebecca Ingersoll and Kaitlyn Poehner. Both Rebecca and Kaitlyn are Arcata Branch founding employees.

Rebecca started her career with RCB in 2010 as a Teller in the Eureka Branch. She then transferred to the Arcata Branch when it opened in July of 2014. Rebecca was joined by Kaitlyn as the original Arcata Branch Tellers.

Arcata Branch Manager, Shannon Maciel commented, "I am super happy and excited for both of them. This is a great opportunity to expand their knowledge and grow with the bank. Rebecca and Kaitlyn are going to be absolutely amazing New Accounts Representatives."

Please stop by and see Rebecca and Kaitlyn for your new accounts needs.

BANK HOLIDAYS/ HOLIDAY HOURS

Friday, November 11:
Veteran's Day*
Thursday, November 24:
Thanksgiving Day*
Friday, November 25:
Closing at 3:00 p.m.
Monday, January 2:
in observance of
New Year's Day*
Monday, January 16:
Martin Luther King, Jr. Day*
Monday, February 20:
President's Day*

* denotes closure

Cover Nature Photos
by: Michael McCoy

Bank Exterior Photos
Gary Todoroff
northcoastphotos.com



Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the 19th consecutive quarterly cash dividend. The dividend of \$0.06 per share is payable on November 14, 2016 to shareholders of record at the close of business on October 31, 2016. The dividend is equivalent to an annual rate of \$0.24 per share or 1.81%, based upon a market price of \$13.25 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 J. Gierke Jr., Chairman
J. William McAuley, Vice Chairman
Russell N. Britt
John E. Burke
John E. Dalby
Larry A. DeBeni
W. Timothy Needham
Craig L. Perrone
James R. Seiler
John R. Salvage
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



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(707) 725-4722



ARCATA BRANCH
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Arcata, California 95521
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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.



Redwood
Capital Bank
Our interest is YOU