

November 2017

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

COVER NATURE PHOTOS BY: MICHAEL MCCOY



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Networking

By JOHN DALBY

As Humboldt County's locally owned and operated community bank, it is essential that we keep our finger on the pulse of the community that we serve and stay connected. This means hiring top-notch, knowledgeable employees who are active in the community. It also means being civic-minded, supporting non-profit organizations, being involved with schools, youth sporting teams and so many other activities and groups that help shape Humboldt.

Another facet of staying connected is from the technical aspect of running a business and serving our customers. I applaud Redwood Capital Bank's resilient network system that has withstood several fiber outages, most recently the outage in early October caused by the Northern California wildfires. It was business as usual for Redwood Capital Bank. Our backup connection allowed us to continue serving our customers without interruption.

Redwood Capital Bank takes tremendous pride in providing excellent



...It was business as usual for Redwood Capital Bank.

customer service. This is our core mission and the impetus of everything that we do. As the company grows, so does our offering of digital products and services, designed to make banking more accessible, convenient and secure for users. Look for new digital solutions coming soon.

At Redwood Capital Bank it is our goal to provide a strong network – both personally and technically.

Here's wishing you and yours a joyful holiday season and looking toward 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



Eureka

B R A N C H



Docia, Vivian, Meghann and Kyle

Eureka Branch Happenings

The Eureka Branch welcomes Vivian Graziose and Kyle McKeown to the RCB family. We would also like to congratulate Dokia Wheaton and Meghann Broadstock on their respective new positions.

Dokia began working at RCB in October, 2015 and has been working in the banking industry since 2004. Dokia started out as a Customer Service Representative, then moved to New Accounts. In November, Dokia will begin working in the Loan Support Department, processing consumer and commercial loans.

Vivian Graziose Began working at RCB in August as a Customer Service Representative. When asked what she likes most about working at Redwood Capital Bank, Vivian replied, "I love the employees and the family feeling of working with everyone." Vivian spends the majority of her free time watching her children's sporting events. Vivian and her family live in Rio Dell.

Meghann Broadstock has a long history with Redwood Capital Bank. She began as an intern in 2006. She has worked as a Customer Service Representative, Roving Teller, Vault Teller, New Accounts Representative and is currently the Relationship Officer in the Eureka Branch. Her new responsibilities include supervising the Eureka New Accounts team.

Kyle McKeown started working for RCB in September as a Commercial Underwriter. Kyle was formerly the Assistant General Manager at Baywood Golf and Country Club. Kyle enjoys the friendly environment here at RCB and is excited to start this new career path. When not at work, Kyle is outside soaking up the area's beautiful scenery. He especially enjoys fishing and camping. Kyle and his wife reside in McKinleyville.

Welcome Vivian and Kyle and congratulations to Dokia and Meghann!

Taking Network Redundancy Into Our Own Hands

By DAVE TIERNEY



Much has been written and said over the past couple of years about telecommunications outages in our area, primarily affecting AT&T customers. I'll spare you my editorializing about AT&T and why this keeps happening – others have already covered this ground as effectively as I ever could.

However, I will mention that at Redwood Capital Bank, we've taken network redundancy into our own hands. By utilizing multiple service providers and automated failover capability, our network design has allowed us to remain connected and serve our customers without interruption during these outages.

Providing reliable and convenient technology solutions is just one more way that Redwood Capital Bank strives for excellence in service and support to our customers.

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



Redwood Capital Bank Helps with Relief Efforts for Sonoma County Fire Victims



Redwood Capital Bank recently held a buy-in casual day where staff members raised money for the Sonoma County fire relief efforts. \$900.00 was raised by RCB staff and the bank contributed an additional \$1,600.00 for a total of \$2,500.00. The money was used to purchase requested items, including socks, underwear and clothing for men, women and children.

On October 20 and 21, John Egerer of Mendes Supply, (pictured above) drove two truck loads of items to the Salvation Army in Santa Rosa. Mr. Egerer said he was greeted upon arrival with thanks and sincere appreciation for all of the donations.

According to Cal Fire, the series of wildfires started the evening of October 8th. To date, 8,900 buildings have been destroyed with 43 fatalities reported. Our heartfelt good wishes and support are extended to our neighbors in Mendocino, Sonoma, Lake, Butte, Napa, Yuba and Solono Counties. all of whom have been affected by the most destructive wildfires in California's history.



Recipe for Success

As this issue of *Community Interest* goes to print, Redwood Capital Bank is celebrating the most successful quarter in the company's history, along with 12 consecutive years of annual profitability.

There are a lot of moving parts that help define our success – but it all starts with you, our faithful shareholders and customers. Your support by way of purchasing shares of Redwood Capital Bancorp stock and entrusting Redwood Capital Bank with your deposit and loan relationships is the very foundation of our success. Couple this with our staff, who truly want to make every visit to the bank the highlight of your day and you have a recipe for success.

Thank you for helping us exceed our goals and support our continued growth. After all, your success is our success.



SBA 504 Lending

By JENNIFER BUDWIG

In last quarter's newsletter, I discussed Redwood Capital Bank's participation in the Small Business Association (SBA) 7A Loan Program. It is designed to expand access to capital for small businesses. It is something Redwood Capital Bank has participated in as part of the Preferred Lender Program. This allows RCB to expedite and streamline the processing of these applications.

The 7A program is generally used for working capital, business acquisitions, equipment purchases and lines of credit. It is typically utilized when a business does not meet the bank's standard underwriting criteria, or needs extended terms for lower payments.

A second program we participate in is the SBA 504 Program. SBA 504 is used primarily for real estate acquisitions when the borrower occupies 51% or more of the property. The benefits to this program range from a low down payment, from 10%-20% and the SBA direct portion of the loan provides a 20

year, low fixed rate loan. RCB provides 50% of the purchase, or appraised value and the SBA provides 30%-40% of the purchase via their direct program. By providing a low down payment, it does not erode a business's capital and can provide excellent opportunities for commercial real estate ownership.

Both SBA programs can provide terms to borrowers that may be better suited for your business's needs. We are proud to partner with SBA by providing both of these programs to our customers. If you, or someone you know has an interest in one of these programs, or would like more information, please contact any of our commercial lenders.

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



2017 Third Quarter Earnings Release

By FRED MOORE



		Period Ended		%
		9/30/17	9/30/2016	Change
Balance Sheet data (at period end)				
(In Thousands)	Total assets	\$374,812	\$334,937	12%
	Total deposits	\$334,387	\$306,351	12%
	Total loans (net)	\$258,625	\$237,040	9%

		Current Quarter		%
		9/30/2017	9/30/16	Change
Summary of Operations				
(In Thousands)	Interest income	\$ 3,376	\$ 3,150	7%
	Net Interest Income	\$ 3,175	\$ 2,956	7%
	Book Value per common share	\$ 12.40	\$ 11.24	10%

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



Kaysha Mahood

Welcome Kaysha Mahood

The Fortuna Branch welcomes Kaysha Mahood. Kaysha began working at RCB in September as a Customer Service Representative. Kaysha comes to RCB with a strong background working with the public. Kaysha likes her co-workers and customers finding them to be friendly and helpful. Her favorite past-time is hanging out with her family and friends. Kaysha resides in Fortuna.

Stop by the Fortuna Branch and say hi to Kaysha. She looks forward to working with you!

Arcata

B R A N C H



Megan and Lindsay

Welcome and Congratulations

The Arcata Branch welcomes Megan Freitas. Megan began working at RCB in October as a Customer Service Representative. Megan comes to RCB with nearly 10 years of banking experience. Megan grew up in Crescent City, but Humboldt County has been her home for the past 13 years. Megan's hobbies include reading and going to the beach. She and her husband live in McKinleyville. Welcome Megan!

Lindsay Johnson was recently promoted from Operations Supervisor to Operations Manager. In her new role, she will oversee the Operations and New Accounts Departments, as well as the Arcata Branch facility. Congratulations, Lindsay!

BANK HOLIDAYS/ HOLIDAY HOURS

Thursday, November 23:
Thanksgiving Day*

Friday, November 24:
9:00 a.m.-3:00 p.m.

Monday, December 25:
Christmas Day*

Monday, January 1, 2018:
New Year's Day*

Monday, January 15:
Martin Luther King, Jr. Day*

* denotes closure

Cover Photos
Michael McCoy

Bank Exterior Photos
Gary Todoroff
northcoastphotos.com



Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the 23rd consecutive quarterly cash dividend. The dividend of \$0.065 per share is payable on November 13, 2017 to shareholders of record at the close of business on October 30, 2017. The dividend is equivalent to an annual rate of \$0.26 per share or 1.51%, based upon a market price of \$17.20 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. Dalby
Larry A. DeBeni
W. Timothy Needham
Craig L. Perrone
James R. Seiler
John R. Selvage
Steven M. Strombeck



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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

redwoodcapitalbank.com
HOURS OF OPERATION
Monday - Thursday: 9:00 a.m. - 5:00 p.m.
Friday: 9:00 a.m. - 6:00 p.m.

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