

November 2021

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

COVER PHOTOS BY: MICHAEL MCCOY



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We're All in This Together

By JOHN GIEREK, JR.

As 2021 draws to a close, we find ourselves in the midst of preparations for the festive, holiday season. This is a very special time of year. The celebrations ahead provide many of us with time to enjoy the unique warmth and closeness of family and friends that only the holidays can offer. I hope each and every one of you has the opportunity to reflect on these special moments and treasure the relationships that you have built over the years.

The past couple of years have presented many changes and challenges. Redwood Capital Bank has learned to navigate through such times by coming together, supporting each other and being a good neighbor in our community. In late September, the bank issued a press release making the difficult announcement that Redwood Capital Bank's President and CEO, John Dalby is taking a medical leave of absence through the remainder of this year.

On behalf of the Board of Directors, senior management team and staff, we support John and are thankful that he has a good prognosis. Together, we agree that it is in the best interest of all Redwood Capital Bank stakeholders



...Please keep John and his family in your thoughts and prayers

that he focus full-time on his health. Everyone connected with Redwood Capital Bank is wishing John a complete recovery and look forward to welcoming him back. In the interim, the Board of Directors has appointed Jennifer Budwig, Senior Vice President/Chief Lending Officer as the company's Acting CEO. The Board of Directors has every confidence in the bank's senior management team and their demonstrated ability to continue to implement the company's mission and strategy.

Redwood Capital Bank has had a record performance through the first nine months of 2021, tied to our participation in the Small Business Administration's Paycheck Protection Program (PPP), the performance of our mortgage division and the hard work and dedication of our staff.

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We're All in This Together

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Net income for the first nine months was over \$4.3 million and we expect to have a strong fourth quarter. Redwood Capital Bank's loan quality remains solid and the bank has experienced substantial growth in customer deposits.

Recently, the Board of Directors and management participated in the bank's annual Strategic Planning Retreat. The retreat gives the Board and management the opportunity to measure the company's priorities and objectives and then determine the direction of the bank over the next few years. Looking forward, with the elimination of the PPP and other government stimulus programs, Redwood Capital Bank, like many financial institutions, may see a decrease in net income during 2022.

Redwood Capital Bank is very encouraged with the announcements of the upcoming, large-scale projects that will have a positive impact within our community. These include: a \$458 million investment allotted to Humboldt State University

to become Northern California's first polytechnic institution, the Nordic AquaFarms land-based fish farm at the former Samoa pulp mill, the world's longest fiber optic line stretching from Singapore to Eureka with broadband connectivity and the Humboldt Wind Energy Project which will be located approximately 21 miles offshore from Eureka. All of these projects will bring local jobs that should, in turn, boost our local economy.

I want to personally thank Redwood Capital Bank's staff for their ongoing dedication as well as our valued shareholders and customers for their continued business and support. We will not waver from our commitment to be Humboldt County's community bank of choice. During this holiday season, please join all of us at Redwood Capital Bank in keeping John Dalby and his family in your thoughts and prayers. We truly are all in this together. Merry Christmas to you and yours from all of us at Redwood Capital Bank.

John Gierke, Jr. is the Chairman of the Board of Directors for Redwood Capital Bank and Redwood Capital Bancorp.



Reflection & Resilience

Traditionally, the end of the year presents a prime opportunity for reflection and a chance to look ahead at what's coming in the new year.

Looking back over the past two years, I am very proud of how Redwood Capital Bank has stepped-up to be a supportive, local community partner. From the tremendous assistance of the Paycheck Protection Program loans, to the bank's long-standing generosity, this support is the definition of what it means to be a local, community bank.

The hard work and efforts of our staff are equally impressive. As of September 30, 2021, Redwood Capital Bank's total assets have grown by 18.37% or \$91 million. From our front-line operations and managers to RCB's commercial and consumer lending teams, loan support, back office, administration, IT, branch support, senior management and the Board of Directors, we all play a part in the company's continued success.

2021 ThirdQuarter Earnings Release

By RENÉE BYERS



		At Period End		%
		9/30/2021	9/30/2020	Change
Balance Sheet data				
(In Thousands)	Total assets	\$589,388	\$491,997	20%
	Total deposits	\$536,473	\$446,136	20%
	Total loans (net)	\$339,556	\$354,547	-4%

		Current Quarter		%
		9/30/2021	9/30/2020	Change
Summary of Operations				
(In Thousands)	Interest income	\$ 4,459	\$ 4,131	8%
	Net Interest Income	\$ 4,136	\$ 3,768	10%
	Book Value per common share	\$ 20.02	\$ 17.57	14%

After taking a moment to reflect and appreciate all that we have accomplished in 2021, one word comes to mind and that is "resilience." By working together we grow stronger together.

I have great hope that Redwood Capital Bank will move forward in to 2022 with confidence because we have a great team. Thank you for making Redwood Capital Bank your community bank of choice.

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





Strong Support System

By JENNIFER BUDWIG

To our valued shareholders and customers, I am honored to be serving Redwood Capital Bank as Acting CEO. When Founding President and CEO, John Dalby created this company, he believed in providing an environment for the employees to shine.

In a press release that was distributed in late September announcing his leave of absence, John Dalby quoted, “Redwood Capital Bank is built on a solid foundation and will continue to operate efficiently and effectively in my absence. I have every confidence in our management team and staff and with the guidance of the Boards of Directors, the company is in excellent hands.”

I could not ask for a stronger support system to help navigate this new path. Redwood Capital Bank has a superior Board of Directors, senior management team and an absolutely wonderful staff. RCB continues to operate at a high level and I agree wholeheartedly with John’s statement that with the depth and experience of our internal team, combined with the continued support from you, our customers and shareholders, we will forge ahead. On behalf of the RCB family, we continue to send the Dalby family our very best and look forward to John’s return.

The mission statement that Redwood Capital Bank was founded upon is: “Redwood Capital Bank will deliver superior community banking services.” One way that we measure customer satisfaction is our bi-annual Customer Service Questionnaires. The results from the most recent survey were tabulated and I am proud to share with you that the bank received a 96% combined customer approval rating. We take great pride in making your visit to one of our branch locations the highlight of your day.

In lending news, I am pleased to announce that Redwood Capital Bank was named the #1 SBA (Small Business Administration) Lender in Humboldt County for 2021. This is our fifth consecutive year of receiving the top ranking and really speaks to our commitment to be a solid financial partner to small businesses. At Redwood Capital Bank, helping businesses as their financial partner is our passion. If your business has any upcoming lending needs,

please contact one of RCB’s commercial lenders – your success is our success.

As we all know, the past few years have been some of the most challenging for local businesses. There is good news on the horizon. I am very encouraged about the large-scale projects coming to Humboldt County (see Chairman Gierke’s article). Each of these projects are significant on their own, but together have the potential to make a tremendous impact on Humboldt County. From the variety of businesses that will support these projects, to the dollars generated throughout our community, there is much to look forward to in the days, months and years ahead.

Thank you for your continued support. Redwood Capital Bank loves doing business with you.

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



Branch Updates



The Eureka Branch welcomes Rosie Rodriguez. Rosie has worked as a Customer Service Representative at the Arcata Branch since 2016. Also, welcome Joe Hayes, Customer Service Representative and Tyler Vaughn-Sanchez, IT Technician.



Congratulations to Carmen Fisch on her promotion to Operations Supervisor in the Fortuna Branch and to Diego Rios on his promotion to Relationship Representative.



Congratulations to Jackie Garcia on her promotion to Relationship Representative in the Arcata Branch.



Henderson Center welcomes Customer Service Representatives Camille Asbill, Jen Mincks and Astrid Starets-Foote. Congratulations to Paris Carvalho on her promotion to Relationship Representative and to Mahayah Phillips who will be joining the commercial underwriting team. Finally, welcome Jen Broadstock who transferred from the Fortuna Branch to Loan Support.



Redwood Capital Bank offers the same commodities that the big banks do – even consumer and business credit cards. We make it easy to choose the credit card that is right for you. Individuals can choose from Mastercard® or Visa® - Low Rate or Preferred Points Reward. World Card is available to all Mastercard® applicants. Businesses can choose from a Standard Card with no annual fee or the Preferred Points Rewards Card, both are available in either Mastercard® or Visa®.

A complete list of card benefits and options can be found on Redwood Capital Bank's website. Applying is easy. Visit www.redwoodcapitalbank.com, select either Personal or Business and go to the Credit Card section. Download the application and submit. See application for current APRs and fees. Application is subject to approval.



BANK HOLIDAYS/ HOLIDAY HOURS

Thursday, November 11:
Veteran's Day*
Thursday, November 25:
Thanksgiving Day*
Friday, November 26:
9:00 a.m.-3:00 p.m.
Friday, December 24:
9:00 a.m.-3:00 p.m.
Friday, December 31:
9:00 a.m.-3:00 p.m.
Monday, January 17:
Martin Luther King, Jr. Day*
* denotes closure

Bank Exterior Photos by
Gary Todoroff -
northcoastphotos.com



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



**HENDERSON CENTER
BRANCH**
2816 F Street
Eureka, California 95501
(707) 444-9888



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.



Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the 39th consecutive quarterly cash dividend. The dividend of \$0.07 per share was payable on November 10, 2021 to shareholders of record at the close of business on October 25, 2021. The dividend is equivalent to an annual rate of \$0.28 per share or 1.41%, based upon a market price of \$19.83 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 CFO 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,
Acting CEO
Michael McCoy, SVP/Risk Manager
Dave Tierney, SVP/IT Director

Board of Directors

John J. Gierke, Jr., Chairman
J. William McAuley, Vice Chairman
Tyrone Champ
John E. Dalby
Jennifer Harris
W. Timothy Needham
K. Jeff Nelson
Michele Rieke
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

