

August 2023

# COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER  
FOR REDWOOD CAPITAL BANK

PHOTOS BY: MARY CURLESS SMITH

## Our Roots Run Deep

By JOHN DALBY

Are you a local small business owner that competes with national business giants? So are we. Do you believe that in-person service and exceptional customer experiences are important? So do we. Do you wonder why people do business with out of area companies when you are right here offering the same products and services? Yep, you guessed it – so do we!

Redwood Capital Bank is a small business. Our footprint is right here in Humboldt County. In fact, we are the only publicly traded company headquartered in Humboldt County. By being regionally specific, our team understands the lifestyle and business climate here, because we are a part of this community. We live here, our children go to school here, we belong to civic groups and volunteer our time here – this is our home.

At Redwood Capital Bank, we believe in shopping locally and banking locally too. We know that when you spend local, support local and bank local, you create an economic foundation for individuals, families and small businesses to thrive. Doing business on a local level has the immediate benefit of keeping your money right here at home, contributing to a robust local economy – and that is good for everyone.



...Our footprint is right  
here in Humboldt County

Redwood Capital Bank offers long-term, relationship-based solutions for individuals and small businesses. This personal approach is very helpful to those trying to secure a loan and grow a business. We get to know you, understand your goals and help you determine the best products and services that fit your needs. We believe in establishing financial partnerships with our customers, so when they are successful, we are too.

If you are not already banking with Redwood Capital Bank, I invite you to visit [www.redwoodcapitalbank.com](http://www.redwoodcapitalbank.com), then stop by one of our four, full-service branches and experience a higher level of service and personal attention from Humboldt County's local, community bank. Our roots run deep.

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](mailto:jdalby@rdwo.com)

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# Benchmark Rates

According to Google, “Interest rate benchmarks are essential for smooth functioning of the financial market and are widely used by banks and other market participants.”

As the Federal Reserve continues to increase the benchmark rate, there is a transition period for increases to flow to the deposit and loan rates at your local community bank.

Redwood Capital Bank continues to be a financial partner for the community we serve and for our shareholders. The Redwood Capital Bank staff looks forward to working with you to make sure that all transactions are mutually beneficial.

The strong services Redwood Capital Bank provides ensures that you are valued and appreciated. As always, we look forward to working with you.

## Second Quarter 2023 Earnings Release

By RENÉE BYERS



		At Period End		%
		6/30/2023	6/30/2022	Change
<b>Balance Sheet data</b>				
(In Thousands)	Total assets	\$536,351	\$548,095	-4%
	Total deposits	\$473,564	\$500,165	-5%
	Total loans (net)	\$384,968	\$350,773	10%

		Current Quarter		%
		6/30/2023	6/30/2022	Change
<b>Summary of Operations</b>				
(In Thousands)	Interest income	\$5,138	\$4,210	22%
	Net Income	\$1,712	\$1,528	12%
	Earnings per common share (fully diluted)	\$ 0.88	\$ 0.77	14%

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](mailto:rbyers@rdwo.com)



## Times Like These

By JENNIFER BUDWIG

Inflation is a result of the cost of goods and services increasing and purchasing power decreasing. Not only have personal and business expenses risen consistently over the past year, but interest rates are the highest they have been in 22 years. As of July 27, 2023, the Federal Reserve has increased interest rates 11 times in 15 months.

### What does this mean in the world of commercial lending (including 5+ unit residential properties)?

Increased expenses, such as insurance, maintenance costs and utilities can lead to a reduction in the property's Net Operating Income (NOI). NOI is a key metric used to assess the profitability and return on investment of commercial properties.

Any increase in expenses will directly affect the bottom line unless there is an offset of increased rents. This, coupled with higher monthly loan payments as rates have increased, will

result in a decrease to the property's cash flow.

To mitigate the impact of increased expenses and rates on commercial properties, property owners and investors can focus on effective property management, strategic expense planning and maintaining a balanced and diversified tenant mix.

It's also crucial to stay informed about market trends and economic conditions that could impact expenses and rental rates, allowing for more informed decision making.

A key component to managing through an inflationary climate is having a solid financial partner. Redwood Capital Bank is here for Humboldt County. We understand this area, the people who live here and have a solid investment and commitment to the health and well-being of our customers, shareholders and our community.

In times like these, it really makes sense to do business with people who have your long-term, best interest at heart.

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](mailto:jbudwig@rdwo.com)







# Fortuna Branch Update

By BRIAN GONZALEZ

Greetings – I hope this newsletter finds you well and enjoying the summer season. The Fortuna Branch has been bustling with activity and I am excited to share some recent highlights with you.

First, I am thrilled to announce that Rodeo Week in Fortuna was a tremendous success! Our RCB team participated in various events and competitions and I am proud to inform you that Redwood Capital Bank won “Best Booth” in the Chili Cook-Off. Our chili booth was a hit and we are all grateful for the overwhelming support from the community. Thank you to our amazing chili crew led by Tracy Stewart and Charlene Donoho for all of their hard work and enthusiasm.

Additionally, I am delighted to share that we received a first place trophy in the “Commercial” category for the Fortuna Rodeo Parade. Our team put in a tremendous effort to create and encompass the theme of “102 This Rodeo’s For You.” Special thanks to our RCB float crew and to Ron Brown and Blossom’s Florist for all of their help. We greatly appreciate the recognition that we received.

In other news, I’d like to remind you that Redwood Capital Bank is a pet-friendly establishment. We encourage you to bring your furry friends along when you visit the bank. Furthermore, we are excited to bring back our “Dog of the Month.” Bring in your beloved pets to our branch for a chance to be featured as our “Dog of the Month.” We can’t wait to meet your adorable companions!

Looking ahead, we are eagerly anticipating the Humboldt County Fair. As a community bank, we are committed to actively participating in local events. This year, we are particularly excited about the Junior Livestock Auction and Ladies Hat Day. Redwood Capital Bank is a long-time sponsor of the Humboldt County Fair and we hope to see you there!

Lastly, the Fortuna Branch would like to express our gratitude for your continued support. We are proud to be your trusted financial institution and appreciate the opportunity to serve you. Thank you for being a part of the Redwood Capital Bank family. We look forward to seeing you soon!

Brian Gonzalez is the VP/Fortuna Branch Manager and Commercial Loan Officer of Redwood Capital Bank. He can be reached at (707) 726-7718, or via email at [bgonzalez@rdwo.com](mailto:bgonzalez@rdwo.com)



# Telephone Scams

By MICHAEL McCOY



Phone scams are fraudulent activities conducted over the phone with the intention of deceiving people and extracting money or personal information from them. Scammers use various tactics to manipulate and trick their victims into providing sensitive information or making financial transactions. Here are some common types of phone scams:

1. **Impersonation Scams:** The scammer pretends to be someone else, such as a representative from a government agency, a financial institution, a tech support company, or a charity organization. They might claim that you owe money, have won a prize, or that there is a problem with your account, aiming to extract personal information or money from you.
2. **Charity Scams:** Scammers pose as representatives of legitimate charities and ask for donations over the phone. They exploit people’s generosity and may use high-pressure tactics to convince victims to donate money that never reaches the intended cause.
3. **Tech Support Scams:** Scammers pretend to be technical support representatives from reputable companies, like Microsoft or Apple, and claim that there is a problem with your computer or device. They might ask for remote access to your device or try to sell you unnecessary software or services.
4. **Lottery or Prize Scams:** Scammers inform you that you have won a lottery or a valuable prize and ask for payment to cover taxes, processing fees, or delivery charges. They aim to convince you to send money or provide financial information.
5. **Debt Collection Scams:** Scammers pose as debt collectors and claim that you owe money. They may use aggressive tactics, threats, or harass you over the phone to coerce payment.

To protect yourself from phone scams, consider the following precautions:

- If you didn’t initiate the call do not provide any personal or financial information.
- Don’t trust caller ID alone, as scammers can spoof legitimate numbers.
- Be skeptical of unsolicited calls and offers that seem too good to be true.
- Register your phone number on the national Do Not Call Registry (where available) to reduce unwanted calls.

Remember, it’s important to stay vigilant and protect your personal information to avoid falling victim to phone scams.

Michael McCoy is the SVP/Chief Risk Officer of Redwood Capital Bank. He can be reached at (707) 444-9852, or via email at [mmccoy@rdwo.com](mailto:mmccoy@rdwo.com)







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](http://www.redwoodcapitalbank.com), select either Personal or Business and go to the Credit Card section. Download the application and submit. RCB customers can also apply online under online banking. See application for current APR's and fees. Application is subject to approval.



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**HENDERSON CENTER BRANCH**  
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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.

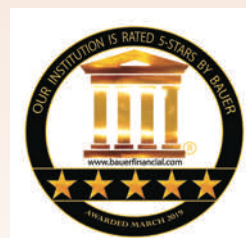
**BANK HOLIDAYS/  
HOLIDAY HOURS**  
Monday, September 4:  
Labor Day\*

Monday, October 9:  
Columbus Day\*

Thursday, November 23:  
Thanksgiving Day\*

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

\* denotes closure  
Bank Exterior Photos by  
Gary Todoroff -  
[northcoastphotos.com](http://northcoastphotos.com)



## Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the the 46th consecutive, quarterly cash dividend. The dividend of \$0.08 per share was payable on August 11, 2023 to shareholders of record at the close of business on July 31, 2023. The dividend is equivalent to an annual rate of \$0.32 per share.

For more information regarding investing in Redwood Capital Bancorp, please visit:

[www.redwoodcapitalbank.com](http://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](mailto:rbyers@rdwo.com).

## Senior Management

John E. Dalby, President & CEO  
Jennifer Budwig, SVP/CLO  
Tammy Brown, SVP/CCO  
Renée Byers, SVP/CFO  
Michael McCoy, SVP/CRO  
Dave Tierney, SVP/CIO

## Board of Directors

John J. Gierek, Jr., Chairman  
J. William McAuley, Vice Chairman  
Tyrone Champ  
John E. Dalby  
Jennifer Harris  
Benjamin McWhorter  
W. Timothy Needham  
K. Jeff Nelson  
Michele Rieke  
Steven M. Strombeck



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

MEMBER FDIC



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.