

November 2022

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

PHOTO BY: MICHAEL MCCOY



PHOTO BY: MARY CURLESS SMITH

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Follow the Money

By JOHN DALBY

Every October, the Redwood Capital Bank team comes together for our annual Staff In-Service Day. It is a day of team building, learning and a time to have some fun. After a two-year hiatus, it was so great to finally be able to gather together with the entire staff.

The morning portion of the day was spent at Hatchet House Throwing Club, followed by a luncheon, a few surprises and a presentation at the historic Carson Mansion. The presentation that I gave pertained to the history of the bank and the reasons for Redwood Capital Bank's formation.

The primary driving force for starting Redwood Capital Bank was the need in our rural community for a community bank. I think back to 2002 and the belief I had that the only remaining community bank in our area was preparing to sell. This was the impetus for starting the process of opening a new community bank. Indeed, three days before Redwood Capital Bank opened (March 24, 2004), the sale of that bank was announced.

Why is a local bank so important to the community? Though there are many reasons, one of the biggest is the reinvestment of local dollars back into our community – also known as the “Round Trip Dollar.” The Round Trip Dollar is a fairly simple concept that has an important impact on the local economy.

The Round Trip Dollar
Dollars deposited at a local community



*...We invest deposit dollars
into the local community.*

bank are used to fund loans right here at home for individuals, families and businesses. These businesses generate jobs, which create commerce, keeping local wealth in our community. It is a continuous, ever-expanding cycle.

The big banks take deposits out of a community and focus on making loans in remote urban areas. At Redwood Capital Bank, deposits stay right here and are re-invested back into the local community. Furthermore, all of the administrative and back office jobs are kept right here in Humboldt County. Redwood Capital Bank has grown from 16 employees to 78 employees, all of which are employed right here in Humboldt County.

With a locally owned community bank - when you follow the money, it leads you home. Redwood Capital Bank is proud to be Humboldt County's local community bank of choice. Here's wishing you and our community a joyful holiday season from all of us at Redwood Capital Bank.

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



An Economic Lifesaver

As Redwood Capital Bank's Chief Financial Officer, I often find myself wishing for a crystal ball to see the future - this is especially true regarding rate stabilization. With the ever-increasing rate environment, it is more important than ever to partner with a financial institution that puts their customers first.

Redwood Capital Bank was a local economic lifesaver with the Paycheck Protection Program (PPP). As a result, the bank gained many new customers and further solidified established relationships. Our service does not end there. Just as we partnered with the community during the PPP process, the same level of service continues.

From 2018 to 2021, deposit rates were at all-time lows. Currently, we are all battling rising costs and rates together. Redwood Capital Bank's staff works tirelessly to maintain a strong balance sheet and to support our customers and our community.

When determining where to put your funds, remember who is here for you on the local level in both good and challenging times. We love doing business with you!

Third Quarter 2022 Earnings Release

By RENÉE BYERS



		At Period End		%
		9/30/2022	6/30/2022	Change
Balance Sheet data				
(In Thousands)	Total assets	\$553,682	\$548,095	1%
	Total deposits	\$507,284	\$500,165	1%
	Total loans (net)	\$359,209	\$350,773	2%

		Current Quarter		%
		9/30/2022	6/30/2022	Change
Summary of Operations				
(In Thousands)	Interest income	\$4,861	\$4,210	15%
	Net Income	\$1,729	\$1,528	13%
	Earnings per common share (fully diluted)	\$ 0.87	\$ 0.77	13%

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



Accessory Dwelling Units

By JENNIFER BUDWIG

One of the many benefits of doing business locally is that a local company can take the needs of the community to heart and create ideas and products to help with issues that are specific to that particular area.

Case in point - there is a need for affordable housing in Humboldt County. In 2007, the Humboldt County Planning Department teamed-up with the Humboldt Association of Realtors to make construction plans for three different accessory dwelling unit (ADU) designs available. Also known as secondary dwelling units, ADU's are independent living units built on the same lot as an existing primary residence. These ADU's can be attached, detached, or built above a garage.

According to the California Department of Housing and Community Development, "ADU's are an innovative and effective option for adding much needed housing in California."

Redwood Capital Bank has created a loan product specifically for financing ADU's. These loans are for residential properties with the following requirements:

- Redwood Capital Bank can lend up to 90% of the value of the existing, primary residence
- Construction permits are required
- Borrower is responsible for all closing costs
- Maximum loan amount is \$200,000
- No pre-payment penalties
- All loan applications are subject to approval

Redwood Capital Bank provides in-house underwriting and financing - all from our established consumer lending team. In addition, we use local appraisers and make loan decisions quickly.

For more information regarding Redwood Capital Bank's ADU loan product, please contact Tia Tupper-Brownell, VP/Consumer Loan Manager, NMLS# 466374 at (707) 444-9829 or tbrownell@rdwo.com Member FDIC/Equal Housing Lender.

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





Fraud is All Around Us

By MICHAEL McCOY

Fraud is all around us. It seems to be more prevalent than ever - and it is. There are multiple ways that criminals try to defraud you. A common approach is to call you directly, prey on your fears and try to con you into releasing personal information - including bank account numbers and passwords. Unfortunately, these methods can be very successful, but there are ways to avoid being deceived. Being skeptical is key.

How might you recognize if you are being scammed? Scammers often pretend to be contacting you on behalf of the government or a business that you know. A common scam is based on the pretense that the caller is with the IRS and there is a problem with your taxes. Perhaps the caller will pose as an employee of Amazon or VISA® and state that there is a problem with your account.

There is always an urgent problem that the scammers are trying to fix for you; a problem you don't really have and hadn't heard about until this call or email. The fraudster might say you are in trouble with the government, that you owe money, there is a problem with your account, or that there is an emergency.

To amplify the urgency and fear, they will tell you not to hang up or even worse, they might threaten to arrest you, sue you, take away your driver's or business license, or deport you. They might say your computer is about to be corrupted. All of these are lies and efforts to coerce you into giving them what they want. Once you are hooked, they will want you to either provide passwords and/or access to your accounts, or to engage in some form of transaction with them. Following any of these actions will result in the permanent loss of your money.

What should you do? Hang-up, end the communication, the email or text and block those numbers. If you have lingering doubts, contact the company or agency that supposedly called you using their published phone numbers - not the number that just called you.

Remember, real companies and real agencies will not do any of these things. Legitimate organizations will not call, email, or text to ask for your personal information, such as your Social Security, bank account, or credit card numbers. Our increasingly connected world of social media and electronic payments is convenient and fun, but it also requires vigilance and awareness so that we can enjoy the benefits and avoid the pitfalls.

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



Little Pig, Little Pig, Let Me in

By DAVE TIERNRY



Most of you are familiar with the fable of *The Three Little Pigs*. In the story, the three little pigs all set out to build a house. The first pig builds a house of straw, the second a house of sticks and the third a house of stone.

Along comes the big bad wolf, who asks each of the three pigs to let him into their houses so he can eat them. When they refuse, the big bad wolf huffs and puffs, and blows down the weakly-built houses of the first two pigs.

When he gets to the third pig's house, however, he cannot blow it down. The stone is too strong. The wolf eventually tries to come down the chimney, but the pig has a large pot of boiling water waiting and the wolf is vanquished.

Who doesn't love a story with a happy ending? Unless you're the wolf, that is. But imagine for a moment that the wolf had tried a different tactic with the third pig.

What if, for example, the wolf had disguised his voice and told the third pig that his two siblings were in trouble and needed his help? Maybe then the frightened little pig would have come running out of his house, straight into his own demise. Or perhaps the wolf could have told the third pig that he was there to fix a problem with the house and would need to come inside to inspect the walls. Would the pig have let him in then?

Yes, these are silly illustrations, but as my colleague Michael McCoy wrote in the neighboring column, there are "big bad wolves" everywhere, trying to get into your "house". You may have firewalls, up-to-date anti-virus software and strong passwords - the security equivalent of a house made of stone with a boiling pot of water in the fireplace, but if you open your door to the wolves, you will be no better off than the first two little pigs.

For more fraud prevention tips, please visit Redwood Capital Bank's website at: www.redwoodcapitalbank.com

The Three Little Pigs was included in *The Nursery Rhymes of England* (London and New York, c.1886), by James Halliwell-Phillipps.

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





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. 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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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**
Friday, November 11:
Veteran's Day*
Thursday, November 24:
Thanksgiving Day*
Friday, November 25:
9:00 a.m.-3:00 p.m.
Monday, December 26:
in observance of
Christmas Day*
Monday, January 2:
in observance of
New Year's Day*
Monday, January 16:
Martin Luther King, Jr. Day*
* denotes closure
Bank Exterior Photos by
Gary Todoroff -
northcoastphotos.com



Dividend Increased

The Redwood Capital Bancorp Board of Directors recently declared an increase to the the 43rd consecutive quarterly cash dividend, from \$0.07 per share to \$0.08 per share. This is a 14.3% increase from the previous quarter. The dividend was payable on November 14, 2022 to shareholders of record at the close of business on October 31, 2022. The dividend is equivalent to an annual rate of \$0.32 per share or 1.84%, based upon a market price of \$17.40 per common share. For more information regarding investing in Redwood Capital Bancorp, please visit 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
Jennifer Budwig, SVP/CLO
Tammy Brown, SVP/CCO
Renée Byers, SVP/CFO
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
Benjamin McWhorter
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

