

February 2014

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

My bank...

is celebrating our first 10 years!

The Best is Yet to Come

By JOHN DALBY

March 23, 2014 marks Redwood Capital Bank's 10 year anniversary. Looking back, I remember the small, two-room office we started out in, Board meetings held around Chairman Burke's dining room table and the day we moved into our new building in the heart of downtown Eureka.

We began with 16 founding employees. Ten years later more than half of those original 16 people are still with us. Thank you to Fred Moore, Cindy Conn, Nanette Jones, Dan Haskins, Tina Susmilch, Libby Charlton, Vickie Hensley and Nichol Beauchamp who along with our Board of Directors and Organizers have been with Redwood Capital Bank from the very start.

Building and growing a community bank has been an adventure. When we opened our doors in 2004, we set out to do something different – to be a true local bank that provides a level of understanding and involvement in Humboldt County that regional and national banks just can't match. Thankfully, the community responded with overwhelming support for our efforts. I am proud of what we have built together.

There have been many highlights over the years, including: eight consecutive



*... we love doing
business with you.*

years of annual profitability, becoming a Super Premier Performing Bank by the Findley Group, Bauer Companies 5-Star rating, being ranked among the top of California community banks, the opening of our Fortuna branch, the Greater Eureka Chamber of Commerce Customer Service Award and the soon to be opening of our Arcata branch. None of these highlights would have been possible without you – our valued customers and shareholders. We appreciate the trust you have placed in us and we will continue to earn that trust every day.

No matter what lies ahead, we look forward to our next ten years and to serving Humboldt County as your local banking choice. Thank you Humboldt County, we love doing business with you.

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



Katie MacCallum

Congratulations Katie MacCallum

The Eureka Branch is pleased to announce Katie MacCallum has accepted the position of File Clerk. Katie first started working for Redwood Capital Bank in August, 2012 as a Teller. In her new position, Katie will be assisting the Loan Department in preparing loan documents for scanning and filing.

Katie resides in Eureka with her two children.

My First Six and a Half Years



By DON HARTMANN

Unlike a number of my colleagues here at Redwood Capital Bank, I was not here when the Bank was founded. I was running another bank that I had founded outside of Vail, Colorado at the time. I joined Redwood Capital Bank in September of 2007. While it seems like only yesterday, when I look back at our accomplishments over that period of time I am truly humbled. Here are just a few:

- The bank more than doubled in size;
- Many talented people have been hired to support this growth;
- A new branch was opened in Fortuna and a new branch will be opening later this year in Arcata;
- We survived the Great Recession. Many community banks did not. In fact, we've come out of it stronger than ever;
- I've captured over 50 gophers in my yard!

We *never* forget that we could not have accomplished this without you, our loyal clients and friends. Thank you for making us successful.

Don Hartmann is the EVP/Chief Credit Officer of Redwood Capital Bank. He can be reached at (707) 444-9822 or via email at dhartmann@rdwo.com



Milestones, Part II

In Part I of our "Milestones" series from the November, 2013 newsletter, we interviewed founding employees, John Dalby, Fred Moore and Cindy Conn. Featured in this final installment are the remaining founding employees who are celebrating their 10-year mark with Redwood Capital Bank.

Each were asked to answer three questions: 1.) Looking back over the past 10 years, what are some of the highlights? 2.) What does Redwood Capital Bank mean to you? 3.) Where do you see things going in the next 10 years?

Nanette Jones, VP/Eureka Branch

Manager: "I worked for John Dalby at Humboldt Bank. I remember feeling so lucky to be asked to be a part of this new bank from the ground up. Tina Susmilch and I picked out paint colors, name tags, typed up the brochures, named the accounts – it was

exciting to see everything come together. To me, Redwood Capital Bank means family, friends and stability. In the next 10 years, I see the company growing in a way that is mutually beneficial to the bank and the community. John is so innovative; always thinking outside of the box and looking at what is best for our shareholders and the community."

Dan Haskins, VP/Commercial Loan

Officer: "A highlight for me is working with a number of customers, many of whom have become friends. It's the way banking is supposed to be and an opportunity to treat people the way you'd like to be treated. To me, Redwood Capital Bank represents personal service. It is a place where we have the freedom and are encouraged to help people within our parameters. Ten years from now, I hope to be continuing on the same path as the first 10 years, always

growing and improving."

Tina Susmilch, VP/Commercial Loan

Underwriter: "Looking back, a highlight was coming here before the bank was open and all of the projects we needed to complete in order to prepare for the opening. Everyone has good things to say about Redwood Capital Bank and it is good to be associated with it. In the next 10 years, I think we will continue to grow and expand as needed based upon customer demand."

Libby Charlton, AVP/Human Resources

Manager: "A highlight for me personally is the opportunity for growth within the company. Redwood Capital Bank represents a future and security. Later this year, we will be opening the Arcata branch and in the long-run for the company, I see growth and change."

Vickie Hensley, AVP/Note Department

Manager: "My number one highlight would

A Milestone Year

2013 was a milestone year for Redwood Capital Bank and the community we serve. With ample capital levels, strong asset quality and a high performing balance sheet, we are uniquely positioned to continue our pattern of solid growth as well as strengthen our reputation as a local organization that is committed to serving its shareholders, clients and our community.

As we begin to celebrate our tenth year in business, we are humbled by and grateful for the extraordinary level of loyalty and support that we have received from each and every one of you. From the very beginning, the commitment made by over 600 local investors proved the need for a truly local community bank. Thank you Humboldt County for investing in the future prosperity of the place that we call home.



Congratulations to Founding Employees, (l-r) back row: Nanette Jones and Tina Susmilch, front row: Vickie Hensley, Libby Charlton, Nichol Beauchamp and Dan Haskins for 10 great years!

be working with my co-worker friends. Most of us have worked together over 20 years and we do it well. Redwood Capital Bank means friendship, honesty and integrity. I embrace John's mission every day. In the next 10 years, I see several more branches while keeping Redwood Capital Bank local and for the local economy. And I see myself retired."

Nichol Beauchamp, Back Office Support: "Over the past 10 years, I have gotten married and had two children. I have basically grown up at

the bank. I have watched us go from 16 employees to 50. Redwood Capital Bank is my family. I have made some wonderful friendships here – I would not have worked here so long if I didn't enjoy my time here with these people. Ten years from now, I see a lot more employees, maybe a fourth branch and still be as strong as ever."

Congratulations Nanette, Dan, Tina, Libby, Vickie and Nichol. Here's to the next ten years!



2013 Fourth Quarter Earnings Release

By FRED MOORE



		Period Ended		%
		12/31/2013	12/31/2012	Change
Balance Sheet data (at period end)				
(In Thousands)	Total assets	\$253,003	\$241,513	5%
	Total deposits	\$227,449	\$214,998	6%
	Total loans (net)	\$175,305	\$158,785	10%

		Year Ended		%
		12/31/2013	12/31/2012	Change
Summary of Operations (current quarter)				
(In Thousands)	Net income	\$ 1,869	\$ 1,213	54%
	Net Interest Income	\$ 8,957	\$ 8,369	7%
	Earnings per Common Share	\$ 1.03	\$ 0.68	53%
	(fully diluted)			

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



Dr. John Burke and John Dalby

Fortuna Branch Hosts Chamber of Commerce Mixer

This past December, the Fortuna Branch co-hosted the Fortuna Chamber of Commerce's December Mixer. The event was co-hosted with Demello, McAuley, McReynolds and Holland, LLC, Humboldt Land Title Company and the North Coast Small Business Development Center. Thank you to all who attended, especially those who brought a toy to donate to the Santa's Sleigh Program.

My bank... is independent.

Arcata
B R A N C H

Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the eighth consecutive quarterly cash dividend. The dividend of \$0.055 per share is payable on January 31, 2014 to shareholders of record at the close of business on January 27, 2014. The dividend is equivalent to an annual rate of \$0.22 per share or 2.47%, based upon a market price of \$8.90 per common share as of January 28, 2014.

Since December 31, 2011, the company's stock price has risen by over 52% and its book value, combined with dividends, increased approximately 13% over the same period.

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



BANK HOLIDAYS/ HOLIDAY HOURS

Monday, February 17:
Washington's Birthday*
* denotes closure

Cover Nature Photos

Marc Chaton Photography
Marc Chaton is the
AVP/Network Administrator
at Redwood Capital Bank.
marcchaton.com

Bank Exterior Photos

Gary Todoroff
northcoastphotos.com

Local Calendar of Events
can be found at:
redwoodcapitalbank.com



The future home of
Redwood Capital Bank

Arcata Branch Update

Plans have been submitted to the City of Arcata to begin the construction project of transforming the former Natural History Museum site into our much-anticipated third branch.

The Natural History Museum is currently relocating into their newly remodeled building at 1242 G Street, which was formerly Figueiredo's Videos.

We look forward to serving the northern Humboldt market in 2014!

Senior Management

John E. Dalby, President & CEO
Fred J. Moore III, EVP/CFO
Don Hartmann, EVP/CCO
Jennifer Budwig, SVP/CLO

Board of Directors

John E. Burke, Chairman
John J. Gierck Jr., Vice Chairman
Russell N. Britt
John E. Dalby
Larry A. DeBeni
J. William McAuley
W. Timothy Needham
Craig L. Perrone
James R. Seiler
John R. Selva
Steven M. Strombeck



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Fortuna, California 95540
(707) 725-4722



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.

MEMBER FDIC

