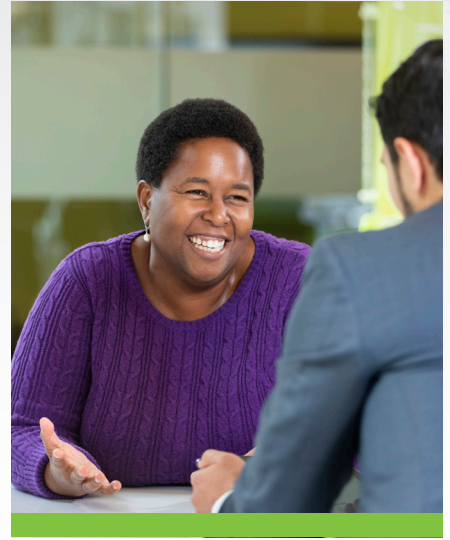


2019 Annual Report



HERE WHEN YOU NEED US



Redwood
Credit Union®

Federally Insured by NCUA



Message from the Board Chair

We know you have many options when choosing your financial institution. On behalf of your volunteer Board of Directors, I want to thank you for choosing Redwood Credit Union. In working together as credit union members, we improve our financial lives and build up the communities in which we live.

I'm happy to report that 2019 was a strong year for Redwood Credit Union. Thoughtful planning for the future and ongoing investment in our Members and communities benefitted all. Within the pages of this report, you'll see that evidenced in the financial results and the stories and photos of RCU making a difference.

We were honored to once again receive Best Credit Union or Financial Institution awards from readers of the *Press Democrat*, *Northbay biz*, *Sonoma Index-Tribune*, and the *Bohemian*. And we were thrilled to again receive the Community Philanthropy Award from the *North Bay Business Journal*.

We were very proud of Brett Martinez's leadership serving as 2019 Chair of the CUNA Board, the national trade association for all credit unions in the United States. In this role, he helped pass a resolution that makes diversity, equity, and inclusion a cooperative principle of America's credit unions. He has advocated for free financial education, and he's spoken to credit unions across the U.S. about how best to assist Members in times of disaster.

We hope you know that we're there when you need us, offering a high level of service and convenience to help you achieve financial wellness and live a life you love.

Lisa Wittke Schaffner
Chair, Board of Directors

Front cover photos:

Top, left to right: Anna, Member since 2008;
Crazybull-Jones Beltran Family, Members since 2014;
Carla, Member since 2014.

Bottom, left to right: Claudia, RCU employee;
Gabriel, RCU employee; Veronica and Aaron,
RCU employees

Honored to be Recognized

Here are just a few of the awards and recognitions we received in 2019:

- Top 5 healthiest credit unions in the U.S. by Glatt Consulting's HealthScore
- Best Credit Union – multiple local publications
- Community Philanthropy Award – *North Bay Business Journal*
- Best Place to Work – *North Bay Business Journal*
- North Bay's Healthiest Companies – *North Bay Business Journal*

Volunteer Board of Directors



Lisa Wittke Schaffner
Board Chair
Volunteer since 2012



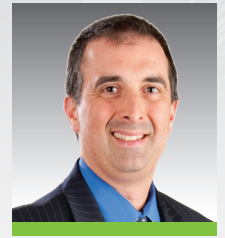
Debra Watts
Board Vice Chair
Volunteer since 1976



Rod Dole
Board Secretary
Volunteer since 1978



Greg McGuirk
Board Treasurer
Volunteer since 1980



Robert Eyler
Board Member
Volunteer since 2009



Judy Herrerias-James
Board Member
Volunteer since 2013



Jim Olmsted
Board Member
Volunteer since 1993



M. Christina Rivera
Board Member
Volunteer since 2014



Robert Steele
Board Member
Volunteer since 1999

Volunteer Supervisory Committee



David Gouin
Committee Chair
Volunteer since 2008



Martin Grove
Committee Vice Chair
Volunteer since 2003



David Imoto
Committee Secretary
Volunteer since 1989

RCU Services Group Board



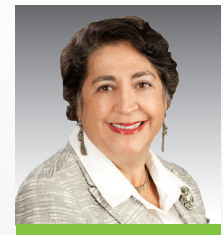
Redwood Credit Union's wholly owned subsidiary provides a full-service auto lot and purchasing experience through RCU Auto Services and insurance through RCU Insurance Services.



Robert Steele
Board Chair
Volunteer since 1999



Debra Watts
Board Vice Chair
Volunteer since 1976



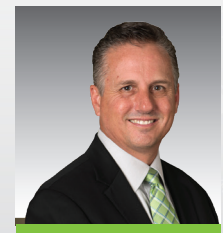
Gina Carter
Board Secretary
Volunteer since 2015



Judy Herrerias-James
Board Member
Volunteer since 2013



Greg McGuirk
Board Member
Volunteer since 1980



Brett Martinez
Board Member
Serving Members since 2002



Message from the President & CEO

I'm pleased to report we had an excellent year in 2019. We're going strong and continue to be here to support our Members, employees, and communities when they need us. During the Kincadee fire and power outages, we offered monetary assistance for temporary housing, urgent food and other basic needs, trauma recovery, and more. We kept most branches open on generator power—in some areas, we were the only financial institution and/or ATM operating. We offered zero percent loans for urgent needs, discounted loans for autos and RVs, automatic increases of credit and debit limits, and loan and credit card payment relief. And those are just a few examples of how we helped.

In October, we took our Bite of Reality financial education program "on the road" for one big day of impact in our communities. Our entire staff of nearly 700 employees went to 15 high schools across Napa, Sonoma, and Marin counties on a single day to help 3,100 high school students experience real-world money management challenges to better prepare them for the future.

We opened new branches. Early in the year, we celebrated the grand opening of a new San Francisco location. We began moving staff into our new Napa back office and opened a branch in American Canyon. At the start of 2020, we opened a much-anticipated branch in Lower Lake and welcomed nearly 600 members of the City of Ukiah Employees Credit Union through a merger.

We made improvements to our Redwood Rewards site. Points update daily and friendly navigation makes it easier than ever to redeem points on credit and debit cards—online and on mobile. We added another layer of security to cards, alerting Members to suspicious activity and giving them greater control to freeze or cancel a card, if needed. And we made it easier to open accounts online, and to schedule appointments at our branches through our website.

For the 14th year in a row, RCU was named a Best Place to Work in the North Bay. We're very proud to be one of the eight North Bay companies to receive this distinction every year since it started. This is my favorite award, since it shows we're doing well by our employees who, in turn, do well by you.

You've chosen us as your financial institution and we take that responsibility seriously. We're honored to serve you every day and help you attain goals to live a life you enjoy.

Brett Martinez
President & CEO

2019 BY THE NUMBERS



355,000
Members

8TH

largest credit union in California



42ND

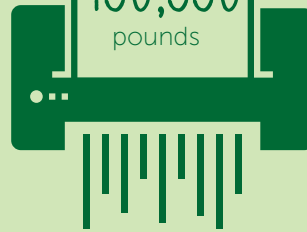
largest credit union in the
United States

9,947

hours volunteered



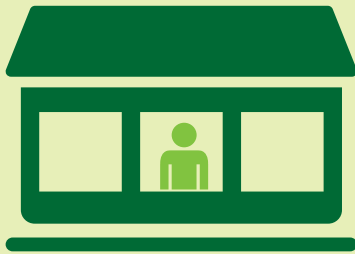
150,550
pounds



of sensitive documents
shredded

1,147

new and used cars
purchased through RCU
Auto Services



10,015

local businesses banked with RCU



95%

employee engagement
(average of Gallup top 40
companies is 80%)

82,803

times Members sent
money using RCU pay—our
person-to-person mobile
payment service



3,093

home financings
funded through RCU,
resulting in

\$821

million in loans



635,570

calls served by our local
Member Service Center

81.86

Member satisfaction score, which
means nearly 82% of Members
would recommend RCU to
friends and family





Message from the Supervisory Committee Chair

On behalf of your volunteer Supervisory Committee, I'd like to thank you for making Redwood Credit Union your trusted financial institution. We take that trust seriously and always keep RCU's financial strength and security as our primary goal so you can know your funds are protected. One of the ways we do that is by confirming the accuracy and integrity of RCU's financial statements, and the safety of our Members' assets.

As Chair of the Supervisory Committee, I'm happy to report that RCU remains safe, sound, and in excellent financial condition.

The results of our annual opinion audit, conducted by an independent certified public accounting firm, concluded that Redwood Credit Union continues to be financially strong and stable. Our industry regulator, the National Credit Union Administration, also confirmed these findings in their 2019 audit. And Bauer Financial once again gave RCU its highest 5-star rating for financial strength.

We know it's important to you to have a safe place to conduct your financial business and we remain committed to keeping RCU strong and financially healthy. The Supervisory Committee is honored to serve you.

A handwritten signature in black ink that reads "David Gouin". The signature is fluid and cursive, with a large initial "D" and "G".

David Gouin
Supervisory Committee Chair

Members Are Saying...



—Ashley, Member since 2011

“With RCU, I know that I’m being taken care of.”

“I’ve bought all my cars through RCU Auto Services, and I love RCU Auto Services.”



—Sean, Member since 1987

Here for our Communities

Kincadee Fire Relief

In response to the October Kincadee Fire, power shut-offs, and evacuations, the Redwood Credit Union Community Fund partnered with local nonprofits to serve the immediate needs of our Members, employees, and communities.

Redwood Credit Union Community Fund distributed a total of \$139,554—including \$20,244 in donations received from RCU business vendors and credit union industry partners—to impacted communities in the form of grants, gift cards, meals, and more. Through these efforts, the Fund helped serve 27,145 people impacted by the Kincadee Fire and its related evacuations and power shut-offs.

- **Housing:** Temporary support was given to those who lost their home or were at-risk of becoming homeless due to loss of income related to the fires.
- **Food:** Urgent food support was given to people directly impacted by power outages, evacuations, and loss of employment or income.
- **Community Wellness:** RCU supported community-building efforts to promote resilience, connection, and healing to affected individuals and small businesses.
- **Mental Health:** We supported trauma recovery programs and services for those impacted by the fires.

We offered 0% APR loans up to \$5,000, loan and credit card payment relief and deferrals, and other financial assistance. We opened our main offices as an evacuation shelter for employees, their families and pets. We let employees bring their children to work and provided onsite day care due to school closures. We also supplied free, hearty meals to employees and provided payment of lost wages due to the events.



RCU provided dinner to officers at the Santa Rosa Police Department and the City of Santa Rosa Fire Department.

Day of Impact

While other financial institutions were closed for the federal holiday on October 14, 2019, RCU's entire workforce was deployed to 15 schools across 3 counties for one big Day of Impact. On this first-ever day of its kind in California, RCU provided financial education to approximately 3,100 teens in a single morning with an adult personal finance simulation via the Bite of Reality program.

Students love the interactive aspect of Bite of Reality. They're given fictional occupations, salaries, families, and debt. They then visit stations to purchase housing, transportation, food, child care needs, and other essentials. There's even a credit union station to help with their financial needs if they overspend.

We were proud to have Senator Mike McGuire, Congressman Jared Huffman, and Congressman Mike Thompson take part in the event. About his experience, Senator McGuire said, "I wish I had this in high school. We see across the state and country that financial literacy is critical for the future success of our communities." And Congressman Huffman similarly stated, "I remember when I showed up to college as a freshman and made some bad decisions. I would have benefited from a program like this." We hope this experience will help inform their efforts as they contemplate mandatory financial education in our schools.



State Senator Mike McGuire, Congressman Jared Huffman, Mary Jane Burke, Marin County Superintendent of Schools, and Brett Martinez

Shred-a-Thons

RCU successfully hosted free Shred-a-Thons in four counties last summer. Here are the results:

- 104 Employee volunteers
- 520+ Community hours
- 3,656 Attendees served
- 150,550 Pounds shredded, an **all-time high!**
- 18,226 eWaste pounds collected
- \$10,432 Nonprofit donations
- 348 Pounds of canned food collected



RCU employees in green: Greg, Katelynn, Christina, and Devon, with Shred-It employee

Partnership and Event Spotlights

We supported many events in 2019 throughout our field of membership. Here are some highlights by county.



Congressman Mike Thompson and his wife were RCU's guests at the Lake County Wine Auction.

Lake/Mendocino County

RCU was the presenting sponsor at the Lake County Wine Auction, which raised substantial funds for local nonprofits, schools, and first responder organizations.



Dolores Huerta (center) with RCU employees Priscilla and David.

Marin County

RCU supported West Marin Community Services' Si Se Puede event featuring a Q&A with American labor leader Dolores Huerta. This inclusive event reflected the diversity of the bi-cultural community and was presented in Spanish and English.



American Canyon Mayor Leon Garcia (bottom right), his wife (center), and RCU ambassadors.

Napa County

RCU backed American Canyon Community & Parks Foundation's Evening at the Ruins event. Proceeds help connect the community to the outdoors through parks, programs, and play.

Partnership and Event Spotlights (Continued)



RCU employees at Project Open Hand's holiday luncheon.

San Francisco County

RCU sponsored Project Open Hand's "Hand to Hand" Holiday Luncheon, with funds raised going to support programs and outreach efforts to provide nutrition services to the sick and vulnerable in San Francisco.



Restaurant owners Pedro Diaz and Octavio Diaz with Brett Martinez at the Hispanic Chamber of Commerce mixer.







Sonoma County

In celebration of a 13+ year partnership, RCU hosted the Hispanic Chamber of Commerce's End of Summer mixer. Hosted at RCU's Grove Café, it yielded positive results and fruitful conversations.

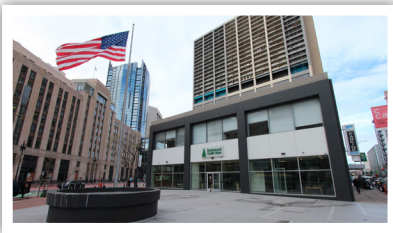


Here with the Services and Technology You Need

Services:

-  **Mobile app in Spanish.** We created a Bilingual Advisory group in 2019 to support our Spanish-speaking Members in achieving their goals and dreams. Over the course of the year, approximately 4,000 Members began using their mobile app in Spanish.
-  **Card controls.** You can now choose to be alerted by email or text when certain transactions are performed on your card. You can also freeze your card temporarily if you misplace it. Just another way we're partnering with you to protect against fraud!
-  **Schedule an appointment online.** From our home page, click the green Schedule an Appointment button to set a meeting with a representative who can assist you at a time and location that fits your needs. We translated all the appointment information to Spanish, which you can access by clicking the cita en Español button.
-  **Easier online account opening.** We've improved the experience of opening a new RCU account online, making it faster and easier than ever before.
-  **Improved Redwood Rewards.** All Members are now automatically enrolled in the rewards program and points build daily on credit and debit cards. You can view and redeem rewards on the mobile app! And if you'd like to use your points to send a gift card, you can do that electronically.
-  **Fraud Busters.** Last year we saved our Members over \$1 million through scam prevention efforts!

Branches:



San Francisco.

In early 2019, we relocated our San Francisco branch to 1390 Market Street (still in Fox Plaza). The larger floor plan allows for improved interaction between Members and staff, plus private consulting spaces for discussing financial needs from new accounts and credit cards to mortgage loans, wealth management, and insurance.

American Canyon.

In August, we opened a branch in American Canyon at 406 Napa Junction Road, in the Napa Junction Shopping Center. The new branch offers the community competitive personal and business loans, free checking, high-yield deposit options, home and auto loans, and concierge auto-buying services.



Napa.

RCU's primary headquarters remain in Santa Rosa, but in 2019, we began expanding our back-office functions at 1190 Airport Blvd. in Napa Valley Gateway Business Park. This added location allows us to attract talent from a wider geographic area and provides an alternate site to support disaster recovery.

Lower Lake.

We began planning a much-anticipated Lower Lake branch in 2019 and in January 2020 opened the doors. Located at 16095 Main Street, at the corner of Hwy 53 and Hwy 29, it stands out as a beautiful new addition to a growing community.



Members are Saying...

“RCU was there to lend us a helping hand at a time that we needed it most.”



—Jim, Mark & Curt, Partners, Carlile Macy Business Members since 2010

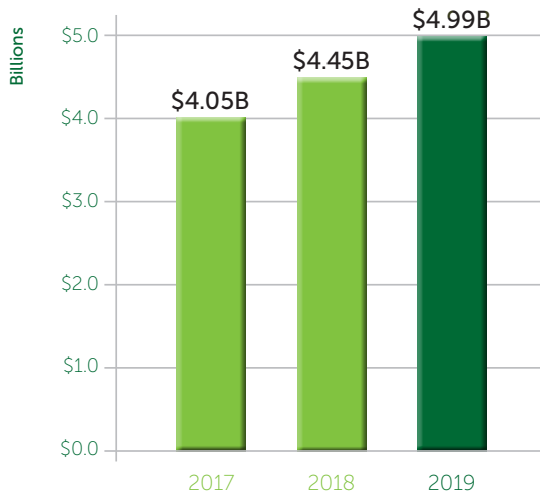


—Molly, Member since 2013

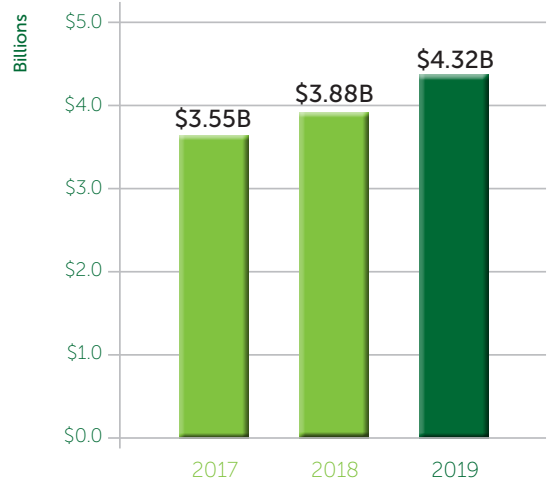
“Since I’ve been a Member at RCU, I feel like it’s really evolved, and I enjoy being part of that process.”

2019 FINANCIALS

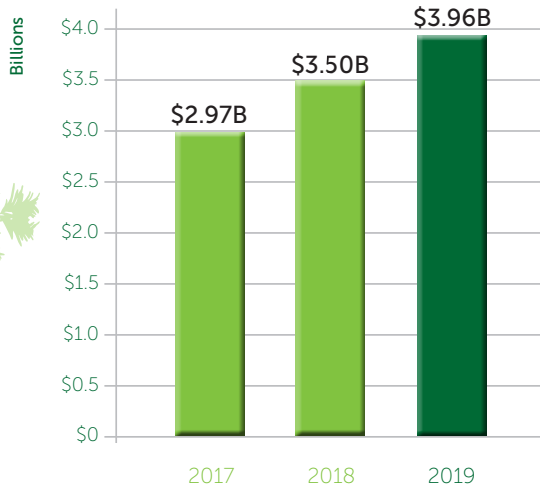
ASSETS



SHARES (DEPOSITS)



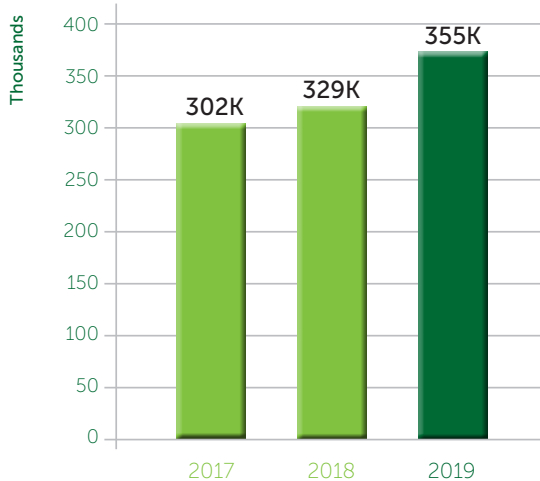
LOANS



EQUITY



MEMBERSHIP



2019 FINANCIAL STATEMENT

Consolidated Statement of Financial Condition (unaudited)

Assets

| | |
|--|-------------------------|
| Loans to Members, Net of Allowance for Loan Losses | \$ 3,932,969,684 |
| Cash and Investments | 894,309,512 |
| Property and Equipment | 64,336,510 |
| Accrued Interest Receivable | 12,021,443 |
| National Credit Union Share Insurance Fund Deposit | 37,807,144 |
| Other Assets | 48,482,375 |
| Total Assets | \$ 4,989,926,668 |

Liabilities

| | |
|--|----------------------|
| Members' Shares | \$ 4,322,695,543 |
| Accrued Expenses and Other Liabilities | 37,435,905 |
| Total Liabilities | 4,360,131,448 |

Members' Equity

| | |
|---|-------------------------|
| Realized Earnings | 629,758,355 |
| Unrealized Gain on Available-for-Sale Investments | 36,865 |
| Total Members' Equity | 629,795,220 |
| Total Liabilities and Members' Equity | \$ 4,989,926,668 |

Consolidated Statement of Operations (unaudited)

For the Year Ended
December 31, 2019

Interest Income

| | |
|---|--------------------|
| Interest on Loans to Members | \$ 165,609,390 |
| Interest on Investment and Cash Equivalents | 16,454,788 |
| Total Interest Income | 182,064,178 |

Cost of Funds

| | |
|------------------------------|-------------------|
| Dividends on Members' Shares | 24,526,626 |
| Interest on Borrowed Funds | 37 |
| Total Cost of Funds | 24,526,663 |

Net Interest Income

157,537,515

Provision for Loan Losses

13,710,165

Net Interest Income after Provision for Loan Losses

143,827,350

Non-Interest Income

59,088,239

Non-Interest Expense

114,213,198

Net Income

\$ 88,702,391

 Nearly **\$5**
billion strong



We welcomed
26,000
new Members



Grew
LOAN PORTFOLIO
by Half a Billion



Redwood
Credit Union®

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