



MAKING A DIFFERENCE



2017 ANNUAL REPORT



FOR ALL THAT YOU LOVE.

Federally Insured by NCUA



Message from the BOARD CHAIR

On behalf of your volunteer Board of Directors, thank you for choosing Redwood Credit Union (RCU) for your financial needs. By choosing us, you've chosen to invest in your fellow Members, neighbors, and community—because we're a local, Member-owned cooperative, shared by everyone who banks with us. This means your money stays in our community, helping your family, friends, neighbors, and local businesses to succeed.

I'm happy to report 2017 was an excellent year for your Credit Union. In addition to achieving extraordinary financial results, we further improved service and value to you, and we supported our community in many ways, including providing significant fire relief support after last fall's devastating wildfires—details are available on page 6. We acknowledge and thank RCU's staff for their hard work taking care of our Members and helping our community during and after the fires.

We were honored to be recognized for our efforts and support of the communities we serve. We received the North Bay Business Journal's Community Philanthropy Award and the 2017 Heart of Marin Award for Corporate Community Service, as well as many other meaningful recognitions from local and national publications. RCU was also recognized as the 2nd healthiest credit union in the nation by Glatt Consulting, which rates credit unions' strength and growth based on 17 performance metrics. We're the only credit union to be named to the top 5 healthiest for the past 4 consecutive years, which means you can be confident in the safety and soundness of your Credit Union.

Helping our Members succeed is what truly defines us. One of the primary ways we do this is by listening to understand your needs and offering personalized solutions and service at the best value in the market. We're continually striving to improve service to you, to make banking easier and more convenient, so you can have peace of mind to enjoy the things that really matter.

Thank you for your trust and loyalty. We're honored to serve you every day, and look forward to continuing to do so.

Robert A. Steele

Robert Steele
Chair, Board of Directors

Honored to be Recognized

Following are a few of the awards and recognitions received by RCU in 2017:

- 2nd Healthiest Credit Union in the U.S. - Glatt Consulting
- Large Business of the Year - Napa Chamber of Commerce
- Best Credit Union - multiple local publications
- Best Company to do Business With in Sonoma County - North Bay biz
- Community Philanthropy Award - North Bay Business Journal
- Best Place to Work - North Bay Business Journal
- North Bay's Healthiest Companies - North Bay Business Journal

Front cover photos (top to bottom): The Parchman Family, Members since 2004; North Bay Fire Relief Fund partners Steve Falk (CEO, The Press Democrat), Senator Mike McGuire, Cynthia Negri (Redwood Credit Union Community Fund Board President), and Brett Martinez (RCU President & CEO) represent the over \$32 million collected and distributed to assist North Bay fire survivors; RCU employees volunteering at Redwood Empire Food Bank.

VOLUNTEER BOARD OF DIRECTORS



ROBERT STEELE
Board Chair
Volunteer since 1999



JIM OLMSTED
Board Vice Chair
Volunteer since 1993



LISA WITTKE SCHAFFNER
Board Secretary
Volunteer since 2012



DEBRA WATTS
Board Treasurer
Volunteer since 1976



ROD DOLE
Board Member
Volunteer since 1978



ROBERT EYLER
Board Member
Volunteer since 2009



DAVE IMOTO
Board Member
Volunteer since 1989



GREG MCGUIRK
Board Member
Volunteer since 1980



ROBERT WIECK
Board Member
Volunteer since 1976



JUDY JAMES
Associate Board Member
Volunteer since 2013

VOLUNTEER SUPERVISORY COMMITTEE



DAVID GOUIN
Chair
Volunteer since 2008



M. CHRISTINA RIVERA
Vice Chair
Volunteer since 2014



STEVE SHARPE
Secretary
Volunteer since 1992



BRIAN ELLIOTT
Committee Member
Volunteer since 2010



MARTIN GROVE
Committee Member
Volunteer since 2003

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 WIECK
Chair
Volunteer since 1976



JUDY JAMES
Vice Chair
Volunteer since 2013



ROBERT STEELE
Secretary
Volunteer since 1999



GINA CARTER
Board Member
Volunteer since 2015



BRETT MARTINEZ
Board Member
Serving Members since 2002



GREG MCGUIRK
Board Member
Volunteer since 1980



DEBRA WATTS
Board Member
Volunteer since 1976





Message from the PRESIDENT & CEO

Our annual report is our opportunity to share with you how your credit union performed and served you and our community in 2017. It's impossible to do so without acknowledging the wildfires that occurred in October, devastating our community in unprecedented ways. In addition to working diligently to provide uninterrupted service to our Members following the fires, we also worked to support our community and our employees, including 23 staff and Officials who lost homes, in a multitude of ways.

RCU played a vital role in providing direct support to fire survivors through the North Bay Fire Relief Fund. We are honored to have played a part in supporting our community in its time of greatest need, and have included details on page 6. Our hearts go out to everyone affected by the fires, and we're grateful to all who contributed to help the relief efforts.

Amazing things can be accomplished when people come together to help each other and lift each other up. That's what credit unions are all about: people helping people—Members coming together to create a cooperative banking experience where family, friends, neighbors and local businesses are contributing to a better financial life for each other, and to a better community for everyone.

Thanks to your participation, your Credit Union experienced another excellent year in 2017, with incredible results across the board, which you'll see on pages 12-13. Our financial strength and stability allows us to continually improve service and make banking simpler and more convenient for our Members, support our communities, and provide free financial education—which is illustrated throughout this report.

For the 12th year in a row, RCU was named a Best Place to Work in the North Bay. We're extremely proud of this, because providing our employees with a positive, productive and fun work environment is key to our success and ability to serve you well. I hope you're experiencing our commitment to service in every interaction you have with us.

Thank you for supporting your Credit Union, and trusting us with your financial needs. We're honored to serve you, and we look forward to continuing to help you succeed.

A handwritten signature in black ink that reads "Brett Martinez". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Brett Martinez
President & CEO

2017 HIGHLIGHTS – RCU BY THE NUMBERS



Over
302,000
Members served



More than
7,300
HOURS

volunteered in our communities



Over
\$32 MILLION

in donations collected and distributed to help North Bay fire survivors (see page 6)



42ND LARGEST
credit union in the U.S.



101,720

pounds of sensitive documents shredded at our free community Shred-a-Thons



34,928

pounds of e-waste collected and recycled at our free community Shred-a-Thons

3,556 ATTENDEES



learned valuable financial skills at RCU's educational events

2ND HEALTHIEST



credit union in the U.S. by Glatt Consulting's HealthScore



1,463

new and used cars purchased through RCU Auto Services



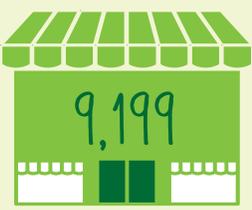
3,223 HOMES FOR \$656 MILLION IN LOANS

to help Members achieve the dream of homeownership



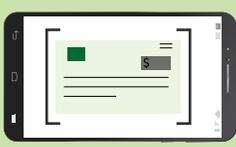
515,640

calls served by our local Member Service Center



9,199

local businesses benefiting from RCU's banking services



17,728

times Members sent money to friends and family using RCUpay—our new person-to-person mobile payment service



Message from the SUPERVISORY COMMITTEE CHAIR

We're honored that you trust Redwood Credit Union with your hard-earned money, and we take that trust seriously. Your volunteer Supervisory Committee is responsible for ensuring our Members can rely on RCU's financial strength and security. We do this by focusing on the accuracy and integrity of RCU's financial statements, and the safety of our Members' assets.

As Chair of your Credit Union's Supervisory Committee, I am pleased to report that RCU continues to be safe, sound, and in excellent financial condition.

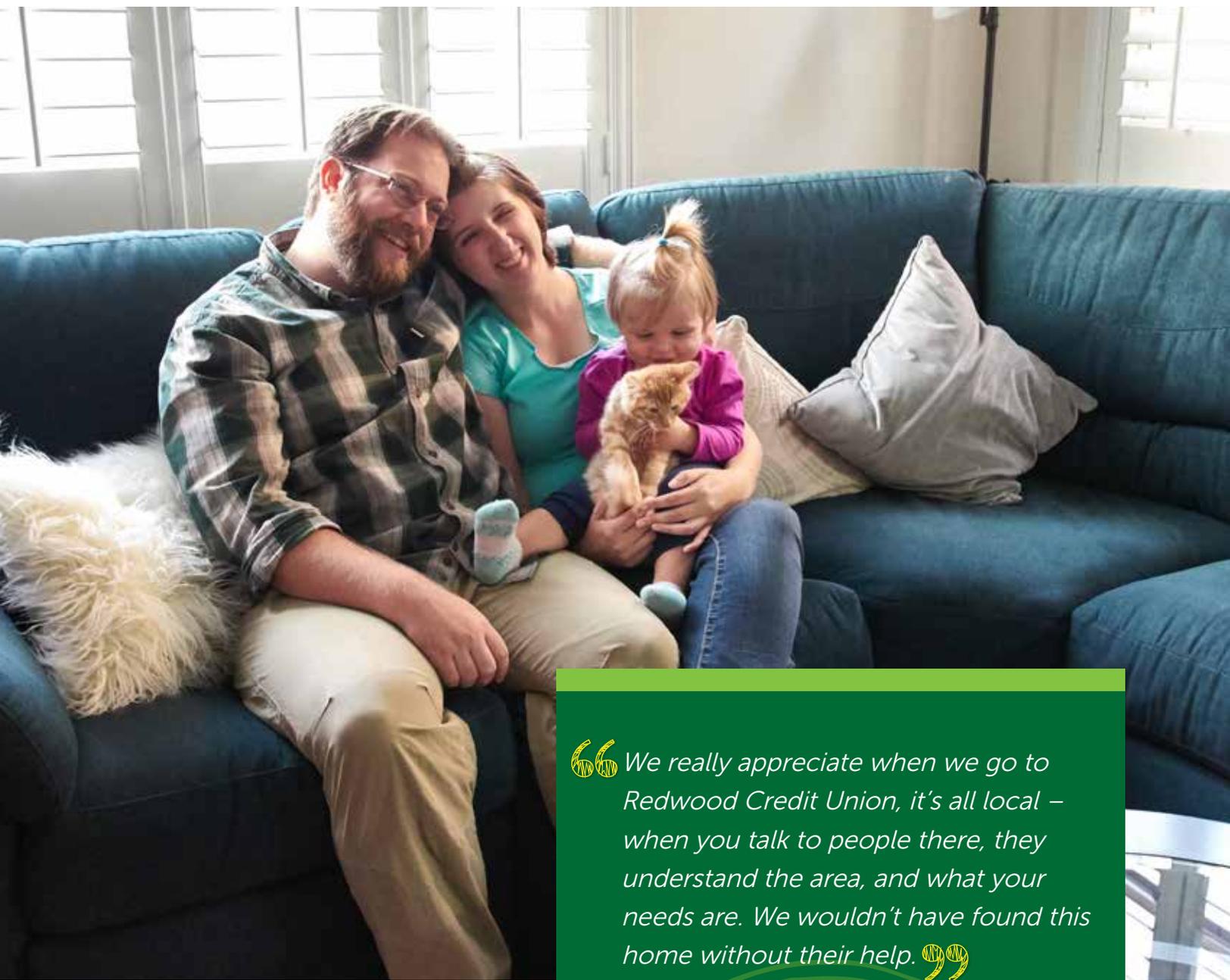
The results of our annual opinion audit, conducted by an independent certified public accounting firm, concluded that Redwood Credit Union continues to be a model of financial strength and stability. Our industry regulator, the National Credit Union Administration, also confirmed these findings in their 2017 audit, and Bauer Financial once again gave RCU their highest possible rankings for financial strength in 2017.

We understand the importance of having a safe, sound place where you can save, borrow, and conduct your financial business. We're committed to ensuring your Credit Union remains strong and financially healthy so you can have peace of mind. On behalf of your Supervisory Committee, it's an honor to serve you.

A handwritten signature in black ink that reads "David Gouin".

David Gouin,
Chair, Supervisory Committee





“We really appreciate when we go to Redwood Credit Union, it’s all local – when you talk to people there, they understand the area, and what your needs are. We wouldn’t have found this home without their help.”

–The Powner Family
Members since 2016

NORTH BAY FIRE RELIEF

When the North Bay fires broke out in Sonoma, Napa, Mendocino, and Lake counties on October 8, 2017, Redwood Credit Union immediately partnered with The Press Democrat and Senator Mike McGuire to create the North Bay Fire Relief Fund through the Redwood Credit Union Community Fund, our 501(c)(3) nonprofit fund. We're honored to have played a role in supporting the immediate needs of fire survivors in our communities.



Donations supported:

- People who lost homes and/or experienced economic hardship due to the fires
- First responders who lost homes while fighting the fires and protecting our community
- Gift cards to K-12 and college students who lost homes to help replace school supplies and clothes
- Grants to local nonprofits who supported immediate needs of fire survivors, including food, temporary housing and shelter, family support, and other vital services
- Small businesses impacted by the fires
- Fire survivor health and well-being, including health and dental care, replacement of lost sporting equipment to support impacted kids, and local holiday programs

HELPING OUR COMMUNITY

Throughout 2017, your Credit Union provided support to many local nonprofits and community groups, volunteering more than 7,300 hours in our communities and providing more than \$2.5 million in donations, sponsorship, and fundraising (over and beyond the North Bay fire relief efforts).

Our annual Shred-a-Thon events proved more popular than ever this year, with nearly 3,400 attendees across the 4 counties where they were held. We helped Members safely dispose of more than 100,000 pounds of sensitive documents, and securely recycle nearly 35,000 pounds of e-waste.



Clockwise from top left: RCU volunteer Antonio helps Member Angela shred confidential documents at our annual Shred-a-Thon; RCU employees Priscilla, Alma, Merlinda, and Wrynn at the Hispanic Chamber Awards; Matt and Meg (center) accepting the Corporate Community Service Heart of Marin Award for fire relief efforts; RCU employee Judy and Board Member Dave Imoto helping out at Harvest for the Hungry Garden; team RCU at the Center for Well-Being's Heroes for Health Run.



SERVING YOU BETTER

In 2017, we added an ATM at Sonoma State University to provide easy access to cash and other services for Members, students, faculty, staff, and visitors.

We made improvements to several branches in 2017 to better serve the changing ways people do their banking. Updated branches include:

- Cloverdale
- Petaluma
- Sebastopol
- Windsor
- 4th Street, Santa Rosa
- Cleveland Avenue Administrative Offices, Santa Rosa

Over the next year, we'll be adding more back office space in Napa, moving and updating our San Francisco branch, and adding a branch in American Canyon, and we'll continue to make improvements to our existing branches to better serve your needs.



*Top: panoramic view of RCU's updated 4th Street branch
Bottom (l to r): Sonoma State ATM; feature walls in our updated branches highlight our commitment to Making a Difference*

THERE WHEN AND WHERE YOU NEED US

Banking should be simple and convenient, so we're continually adding or improving services, based on Members' feedback. Here are some of the ways we made banking easier in 2017.

- **More Free ATMs!** Members can now get cash at ANY bank, airport, or other ATM in the U.S. (except casinos), and RCU will reimburse the fees, up to four times a month if you have checking and a loan or credit card with us.* This is in addition to the 30,000 free CO-OP network ATMs already available to you as an RCU Member.
- **RCUpay.** Our person-to-person payment service allows you to securely send money using your smartphone. RCUpay makes it quick and easy to split the bill at lunch, send birthday money to a relative, or pay your dog-sitter or other service provider right from our mobile app.
- **Visa Signature Card.** Our premium Visa card includes benefits such as complimentary wine tastings, concierge service, travel assistance, and enhanced rewards, including more rewards points for every dollar spent.
- **Visa Credit Card Enhancements.** Your RCU credit card now features:
 - Two-way text fraud alerts, giving you greater security and control of your cards.
 - Transactions and payments now show in real-time in online and mobile banking.
 - Joint cardholders will soon be able to identify individual transactions by cardholder.
- **Business Online Deposit.** Small businesses can now deposit checks remotely from their business.



Clockwise from top left: RCUpay lets you send money using our mobile app; Business Online Deposit lets business Members deposit batches of checks from their desktop; get cash at any ATM with our reimbursement program; RCU's new Visa Signature card.

*Excluding ATMs at casinos and gambling locations, and ATMs located outside the U.S. Active loan or credit card = at least one transaction or payment in prior month.

FOCUS ON WELLNESS

We continue to focus on financial education and wellness for our Members and communities. Last year, we held 66 free financial education events, attended by more than 3,500 people. These included:

- 33 “Bite of Reality” events, where teens can learn money management skills by experiencing everyday financial decisions—such as paying for housing, transportation, and childcare—through a fun, interactive role-playing session.
- In September, RCU brought “Today Show” personal finance expert Jean Chatzky back to the North Bay to speak and share smart money management tips at Napa Valley College. Jean focused on the relationship between physical and financial wellness and the importance of maintaining both.
- We added more articles and learning tools to our online Financial Wellness Center at redwoodcu.org/wellness to help Members take control of their money. We also added many valuable articles to our online Security Center to help Members protect themselves from fraud and scams.
- For our younger Members, we worked with our partners at BALANCE Financial Fitness to update our youth web pages, featuring financial education and tips to help kids and teens learn basic principles of money management.



From left to right: Today Show personal finance expert Jean Chatzky provided a free seminar at Napa Valley College, RCU’s Bite of Reality teen fair teaches high school students about everyday money management challenges.



“RCU has taken a personal interest in me – not just the money I deposit and withdraw, but how they can help me. I feel secure there. I feel that they care about my money; they care about my well-being.”

–Marcus, owner Flooring FX
Member since 1998

2017 FINANCIALS

ASSETS



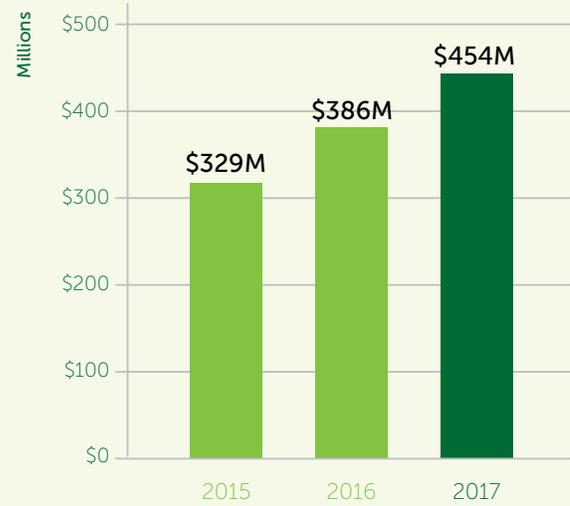
SHARES (DEPOSITS)



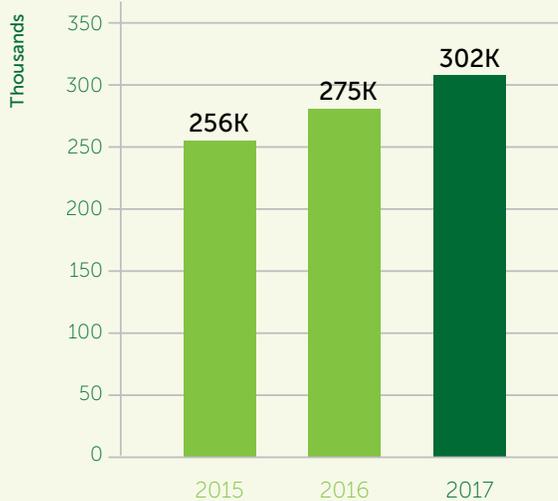
LOANS



EQUITY



MEMBERSHIP



2017 FINANCIAL STATEMENT

Consolidated Statement of Financial Condition (unaudited)

Assets

December 31, 2017

Loans to Members, Net of Allowance for Loan Losses	\$2,949,253,352
Cash and Investments	950,527,286
Property and Equipment	51,876,850
Accrued Interest Receivable	8,860,823
National Credit Union Share Insurance Fund Deposit	29,386,543
Other Assets	39,956,456
Total Assets	<u>\$4,029,861,310</u>

Liabilities

Members' Shares	\$3,551,626,814
Accrued Expenses and Other Liabilities	24,415,485
Total Liabilities	<u>3,576,042,299</u>

Members' Equity

Realized Earnings	453,768,258
Unrealized Gain on Available-for-Sale Investments	50,753
Total Members' Equity	453,819,011
Total Liabilities and Members' Equity	<u>\$4,029,861,310</u>

Consolidated Statement of Operations (unaudited)

For the Year Ended
December 31, 2017

Interest Income

Interest on Loans to Members	\$114,429,293
Interest on Investment and Cash Equivalents	12,270,240
Total Interest Income	<u>126,699,533</u>

Cost of Funds

Dividends on Members' Shares	7,698,138
Interest on Borrowed Funds	3,028,247
Total Cost of Funds	<u>10,726,385</u>

Net Interest Income

115,973,148

Provision for Loan Losses

11,075,810

Net Interest Income after Provision for Loan Losses

104,897,338

Non-Interest Income

54,536,971

Non-Interest Expense

91,802,945

Net Income

\$67,631,364



Redwood
Credit Union®

FOR ALL THAT YOU LOVE.

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redwoodcu.org