2015 Annual Report

LOVE WHERE YOU BANK.
As your financial cooperative, we’re here to help you with your money. We understand you work hard to earn it and to save it. You want fair rates when you need a loan. And you want a trusted partner when you have a challenge or simply need guidance. We’re here to help with all these things and more. And in this report, we’ll share the many ways we’ve been working to improve service and convenience so you have more time to enjoy the things you love.
2015 HIGHLIGHTS – RCU BY THE NUMBERS*

- Over 256,000 Members served
- Rated a top financial institution in the U.S. by Consumer Reports
- Over $4 MILLION in support to local nonprofits and community groups
- More than 2,507 attendees received financial education at 48 RCU seminars and workshops
- More than $3 MILLION in cash back redeemed by Members using our free credit and debit rewards program
- Over 1,079 cars sold through RCU Auto Services
- Over $4 MILLION in support to local nonprofits and community groups
- Over $2.5 MILLION raised for Lake County fire relief, thanks to more than 12,000 donors!
- $82 MILLION in funding to help Members purchase their dream homes
- 139,500 lbs. of Members’ sensitive documents shredded at RCU security events
- 8,010 local businesses served
- $42.6 MILLION in “green” loans to fund solar panels and hybrid/fuel-efficient vehicles
- $3 million in cash back redeemed by Members using our free credit and debit rewards program

HONORED TO BE RECOGNIZED

- One of the Top 5 Healthiest Credit Unions in the U.S. – Glatt Consulting
- Best Company to Do Business With in Sonoma County – NorthBay biz
- Best Place to Work – North Bay Business Journal, 10th consecutive year!
- Best Credit Union – NorthBay biz, Press Democrat, Bohemian
- Corporate Philanthropy Award – North Bay Business Journal
- Best Local Financial Institution – Petaluma Argus-Courier, Sonoma Index-Tribune
- Excellence in Environmental Stewardship – North Bay Leadership Council

*Based on year-end 2015 data.
We work hard every day to ensure our cooperative is performing well so we can provide you the best possible service and value.

**Your Credit Union is stronger than ever, and we had excellent results in 2015.**

I encourage you to review our financial report on page 9. But financial performance is only part of RCU’s story. In 2015, we made significant improvements to service, including updating our branches in Rohnert Park and Sonoma; adding enhancements to online and mobile banking; issuing chip credit and debit cards for increased security; purchasing a local insurance agency to enhance service; and more.

We also provided more support than ever to our local communities through donations and sponsorships, volunteer hours, and leadership on nonprofit boards. And when the wildfires broke out in Lake County last fall, we helped raise $2.5 million to assist the Lake County community with recovery, thanks to over 12,000 donors.

You’ll find more details throughout the report, and we hope our results make you proud to bank with RCU. We’re grateful to our hardworking staff, volunteer Board, and Supervisory Committee for all they do to contribute to our success, and we never forget that we couldn’t do any of this without the support and participation of our loyal Members.

Moving forward, we’ll continue to find ways to make banking easier for you. As always, we welcome your feedback. We know our best investment is in our Members, and we love to help you succeed.

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Greg McGuirk
Board Chair

Brett Martinez
President & CEO
As Chair of Redwood Credit Union’s Supervisory Committee, I am pleased to report that your Credit Union is safe, sound, and in excellent financial condition.

To ensure accuracy, we annually engage an independent certified public accounting firm to verify Member accounts and perform an opinion audit of the Credit Union’s financial statements.

I’m pleased to report, the results concluded that your Credit Union continues to be a model of financial strength and stability.

In addition, our industry’s regulator, the National Credit Union Administration, also confirmed these findings in their 2015 audit. And independent rating firms Bauer Financial and Weiss Ratings awarded your Credit Union their highest possible rankings for financial strength in 2015.

We understand the importance of having a safe, sound place where you can save, borrow, and conduct your financial business. We’re committed to doing all we can to meet our Members’ needs. It’s an honor to serve you.

Brian Elliott
Supervisory Committee Chair
FOR SERVICE

New Branch Model

The way people do their banking is changing, so we’ve redesigned our branch model to provide enhanced service and access to technology. Starting last year with our Rohnert Park and Sonoma branches, we’ve updated the branches to feature convenient technology, a children’s activity area, and areas for Members to consult with our knowledgeable staff about loans, insurance, investments, and more.

RCU Insurance Services

In 2015, we purchased a full-service local insurance agency to enhance and expand our existing insurance services. We are still working with the same reputable carriers and have added additional top-rated carriers to provide even more options for Members.
FOR CONVENIENCE

Mobile and online technology has made it easier and more convenient than ever to do your banking, make payments, and manage your money, anytime, anywhere:

• In 2015, RCU was among the first financial institutions in the North Bay to offer Apple Pay™.

• We recently added Samsung Pay, Android Pay, and Visa Checkout, and we will introduce person-to-person payments in 2016.

• We added bill pay and other features to our mobile app.

• We continue to make enhancements to mobile and online banking to make banking easier and more convenient.

FOR SECURITY

• In 2015, RCU began issuing EMV (Europay MasterCard Visa) chip cards to all cardholders. Chip card technology means your card number is not transmitted during transactions, so you are better protected from card fraud.

• We shredded nearly 70 tons of sensitive documents for Members and the community at four free Shred-a-Thon events in Santa Rosa, Napa, Ukiah, and Novato!
Lake County Fire Relief

When wildfires erupted in Lake County in 2015, RCU was there to help. We partnered with the Press Democrat to create the Lake County Fire Victims Relief Fund and successfully collected $2.5 million in 12 weeks from over 12,000 generous donors. The Credit Union paid for all administrative costs, so 100% of the donations went directly to help fire victims and relief efforts.

- How funds were used:
  - Urgent needs for food, shelter, and housing
  - Gift cards for students, teachers, and school employees to replace clothes and supplies
  - Support for first responders, including firefighters and sheriff’s office employees who lost homes while protecting the community
  - Funding to build paddocks to keep large animals safe
  - Support throughout the holiday season, including food and gift cards to local families and residents, sponsorship of several holiday events, and a free holiday pasta feed in Middletown
  - Aid to over 1,000 fire victims to support unmet needs
  - Support for top community needs, including rebuilding and economic recovery

- RCU also provided financial assistance to the fire victims through interest-free loans, credit line increases, and other solutions to help Members’ immediate needs following the fires.

- Partnered with the credit union industry to provide additional grants and support to the Lake County community.

FOR OUR COMMUNITY

- In 2015, we volunteered more than 3,800 hours at local nonprofits and community events.
- We supported more than 220 nonprofit and community organizations.
- Through sponsorships, donations, fundraising, and partnerships, we contributed or generated more than $4 million in community support last year.
- Last year, RCU employees pledged $100,000 to United Way.
FOR FINANCIAL WELLNESS

In 2015, RCU provided 48 free financial education events attended by more than 2,500 people. Here are some of the ways RCU supported financial wellness:

- 34 “Bite of Reality” events taught teens how to make everyday financial decisions during a fun, interactive simulation game.

- More than 900 people attended RCU’s free financial wellness event featuring Jean Chatzky, TODAY Show finance expert, at Sonoma State University’s Green Music Center.

- RCU paid to provide our Members free credit counseling and financial advice through BALANCE™ Financial Fitness, who opened a convenient new office inside RCU’s Cleveland Avenue building in Santa Rosa last year.

- RCU regularly features financial tips on our website and social media.

FOR THE PLANET

RCU cares about the environment and we’re committed to sustainable practices. The following are a few ways we showed this commitment during the past year. You can learn more about RCU’s environmental commitment at redwoodcu.org/green.

- Installed more than 2,000 solar panels on our Administrative Offices in Santa Rosa, which provide approximately 61% of the building’s power and is expected to pay for itself within seven years.

- RCU funded over 1,800 hybrid or fuel-efficient vehicle loans and 36 solar loans for our Members last year.

- RCU received North Bay Leadership Council’s “Paint the Community Green” award for excellence in environmental stewardship.
What makes credit unions different from banks? Our not-for-profit cooperative model, our volunteer Board and Supervisory Committee, and our commitment to providing free financial education, to name a few differences. But the best way to illustrate the credit union difference is through the words of our Members.

“"I was really made to feel welcome. RCU listened carefully to my needs, and the auto-buying process was smooth and easy. I always tell my friends to come here first!”

— Cesar
Member since 2012

“I recommend Redwood Credit Union to my friends all the time. I feel like a valued Member and RCU has my best interests in mind.”

— Roxy
Member since 2013

“How often do people say they like going to their bank? I find that a visit to RCU is always a pleasure because the staff is genuinely friendly and helpful. Clearly, when RCU hires, they look for outstanding individuals.”

— Julie
Member since 1988

“When we travel – cruises or air – we take only our RCU Visa. With no foreign transaction fee, it can’t be beat!”

— Joe and Linda
Members since 1987
2015 FINANCIALS

Consolidated Statement of Financial Condition (unaudited)  December 31, 2015

Assets
Loans to Members, Net of Allowance for Loan Losses $2,064,932,189
Cash and Investments 666,064,051
Property and Equipment 34,819,763
Accrued Interest Receivable 5,593,986
National Credit Union Share Insurance Fund Deposit 22,246,839
Other Assets 34,293,290
Total Assets $2,827,950,118

Liabilities
Members’ Shares $2,469,243,895
Accrued Expenses and Other Liabilities 29,678,299
Total Liabilities 2,498,922,194

Member’s Equity
Realized Earnings 328,917,285
Unrealized Gain on Available-for-Sale Investments 110,639
Total Members’ Equity 329,027,924
Total Liabilities and Members’ Equity $2,827,950,118

Consolidated Statement of Operations (unaudited)  For the Year Ended December 31, 2015

Interest Income
Interest on Loans to Members $80,970,283
Interest on Investments and Cash Equivalents 3,567,242
Total Interest Income 84,537,525

Cost of Funds
Dividends on Members’ Shares 4,673,167
Interest on Borrowed Funds 355,679
Total Cost of Funds 5,028,846

Net Interest Income 79,508,679
Provision for Loan Losses 2,713,254
Net Interest Income after Provision for Loan Losses 76,795,425
Non-Interest Income 46,112,964
Non-Interest Expense 74,653,329
Net Income $48,255,060