“We appreciate the local feel. I feel like we’re valued Members. We always feel heard and appreciated. I know exactly what I’m getting – no random fees!”

– Jenn G. with family
Members since 1994
2016 Highlights – RCU by the Numbers

- **Over 275,000 Members served**
- **$2.8 million** in support to local nonprofits and community groups
- **1,282** dream cars purchased through RCU Auto Services
- **More than 4,100 hours** volunteered in our communities
- **Over 16 million logins** to RCU online and mobile banking
- **Top 4 Credit Card** in value and rewards among credit union cards nationwide, according to MoneyNation.com
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- **Top 4 Credit Card** in value and rewards among credit union cards nationwide, according to MoneyNation.com
- **More than 734 million** in loans helped Members achieve the dream of home ownership
- **741,987** checks deposited via RCU’s mobile app
- **Top 5 Healthiest credit union in the US** according to Glatt Consulting HealthScore

Honored by more than 20 AWARDS AND RECOGNITIONS from our local communities and the credit union industry, including:

- **Best Place to Work** – 11th consecutive year! North Bay Business Journal
- **Best Credit Union** – Press Democrat, North Bay Bohemian, NorthBay biz
- **Best Financial Institution** – Petaluma Argus-Courier, Sonoma Index-Tribune
- **Corporate Philanthropy Award** – North Bay Business Journal
- **Latino Leadership Award: Brett Martinez** – North Bay Business Journal
- **Community Credit Union of the Year** – honorable mention Credit Union National Association
On behalf of your volunteer Board of Directors, I want to thank you for choosing Redwood Credit Union (RCU) for your banking needs. When you bank with a credit union, your money is put to work helping other Members, neighborhood businesses, and local nonprofits—which means your money stays in the community and helps our local economy grow and thrive.

I’m happy to report 2016 was an excellent year for your Credit Union. Not only did we achieve amazing financial results (see pages 4-5), but we were honored to be recognized with numerous awards by our local communities and the credit union industry for our commitment to serving the best interests of our Members, employees and communities.

As a financial cooperative, our goal is to provide you the best banking services at the best value. To put it simply, we work for you. We listen to your feedback, and we are continually striving to improve service to make your financial life easier and more convenient.

Thank you for your trust and loyalty. We are honored to serve your financial needs every day, and we look forward to helping our Members succeed for many years to come.

Robert Eyler
Board Chair
Message from the President & CEO

There has never been a better time to belong to Redwood Credit Union. Thanks to your participation, RCU has experienced another excellent year, with incredible results across the board. Our exceptional financial results are shown on pages 4-5... but that’s only part of the story.

RCU is on a journey to provide you the best banking experience possible, so you can spend less time worrying about money, and more time enjoying what you love. We are continually focused on technology and service improvements to allow you to do your banking at your convenience, anytime, anywhere.

We’ve added more tools and resources to help you achieve financial wellness, including an interactive educational section of our website featuring videos, online courses, and other content to help you navigate your financial situation at every stage of your life. We’ve added the ability to see your credit score in online banking so you can have a better understanding of your financial picture. We’re also improving our branches to give you a more comfortable, convenient place to seek guidance for the important financial decisions that affect your family and your future.

We are passionate about making a difference in our communities, and in 2016, we continued to support local nonprofits through sponsorships, fundraising, and volunteer efforts. We provided more than $2.8 million in support to local nonprofits and community groups, and we collectively volunteered more than 4,100 hours to make a difference in our communities. We also helped raise and distribute more than $260,000 to victims of the Clayton Fire in Lake County.

I hope you enjoy reading this report to learn all your Credit Union has accomplished this past year to better serve you, as well as some of the ways we’ve helped our Members succeed. We couldn’t do it without you, so thank you for allowing RCU to serve your financial needs.

Brett Martinez
President & CEO
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.

Your volunteer Supervisory Committee is responsible for overseeing RCU’s financial strength and stability, focusing on the accuracy and integrity of RCU’s financials, and the safety of our Members’ assets.

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. The results concluded that your 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 2016 audit.

Bauer Financial gave RCU their highest possible rankings for financial strength in 2016. Glatt Consulting, an independent firm providing financial health scores specifically for the credit union industry, rated RCU as one of the top 5 healthiest credit unions in the nation for the 3rd year in a row.

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.

David Gouin
Supervisory Committee Chair
### Consolidated Statement of Financial Condition ( unaudited )

#### Assets
- Loans to Members, Net of Allowance for Loan Losses: $2,469,732,939
- Cash and Investments: 689,673,748
- Property and Equipment: 38,697,044
- Accrued Interest Receivable: 6,585,069
- National Credit Union Share Insurance Fund Deposit: 25,243,812
- Other Assets: 46,796,987
- Total Assets: $3,276,729,599

#### Liabilities
- Members’ Shares: $2,866,273,331
- Accrued Expenses and Other Liabilities: 24,245,005
- Total Liabilities: 2,890,518,336

#### Members’ Equity
- Realized Earnings: 386,136,894
- Unrealized Gain on Available-for-Sale Investments: 74,369
- Total Members’ Equity: 386,211,263
- Total Liabilities and Members’ Equity: $3,276,729,599

### Consolidated Statement of Operations ( unaudited )

#### For the Year Ended December 31, 2016

#### Interest Income
- Interest on Loans to Members: $94,902,450
- Interest on Investment and Cash Equivalents: 6,971,172
- Total Interest Income: 101,873,622

#### Cost of Funds
- Dividends on Members’ Shares: 5,457,831
- Interest on Borrowed Funds: 1,204,510
- Total Cost of Funds: 6,662,341

#### Net Interest Income
- Provision for Loan Losses: 4,288,380
- Net Interest Income after Provision for Loan Losses: 90,922,901
- Non-Interest Income: 50,355,476
- Non-Interest Expense: 84,058,768
- Net Income: $57,219,609
BETTER BANKING: TECHNOLOGY

All RCU credit and debit cardholders received updated EMV (Europay Mastercard Visa) chip cards, providing an additional layer of identity and account security when used at compatible point-of-sale terminals.

Additionally, Members now have the ability to log in and “freeze” their cards if they suspect unauthorized activity.

RCU’s online and mobile banking services continued to grow in popularity, with more than 16 million logins by Members in 2016.

Members with loans and credit cards now have the ability to view their FICO Score® in online banking, along with access to information about credit scores and how to improve them.

BETTER BANKING: CONVENIENCE

Members can now conveniently make their RCU loan payments anytime, anywhere using their debit card, mobile check deposit or by scheduling one-time or recurring transfers.

We are continuing to improve to our online and mobile functionality, design, and security alerts, based on feedback we receive from Members.
RCU opened a new Marin County branch in Mill Valley last year, and moved our Santa Rosa Mendocino Avenue branch to a more spacious location with better parking and a modernized interior.

Our new branch design includes interactive tablets, digital signs and video, a children’s activity area, and enhanced consulting spaces for assisting Members with new accounts; home, business and other financing; budgeting and debt consolidation; insurance; investments; and more.

RCU’s Petaluma branch remodel was completed in the first quarter of 2017, and we’ll be making similar improvements to several other branches this year.
RCU IN THE COMMUNITY

RCU’s strong commitment to its communities was evidenced by the generous efforts of its employees and officials who volunteered more than 4,100 hours at nearly 350 nonprofit and community events in 2016.

Throughout the year, RCU and its employees helped generate more than $2.8 million to support the community, including over $105,000 pledged to United Way during RCU’s workplace giving campaign, as well as support for Redwood Empire Food Bank, Sonoma County Volunteer Center, Social Advocates for Youth, Boys and Girls Clubs, SchoolsRule Marin, and many others.

FINANCIAL WELLNESS

RCU hosted 63 educational events throughout our communities providing financial education to more than 2,500 people, including many events at high schools and youth groups.

RCU’s popular “Bite of Reality” financial fair allows high school students to experience real-world money challenges such as paying for housing, transportation, and childcare, to introduce them to some of the financial decisions they’ll face as adults.

RCU also launched a new online Financial Wellness center, featuring interactive learning modules, videos, podcasts, articles, and other tools to help people make informed financial decisions at every stage of life.
“We were used to conventional bankers and Redwood Credit Union’s not conventional banking. RCU checks in on us on a regular basis to see how they can help.”

— Robert M.

“It’s a feel-good relationship.”

— John M.

— Brothers and owners of Inn Marin and Rickey’s restaurant Business Members since 2013