

Redwood Capital Bancorp
402 G Street
Eureka, California 95501

Notice of Annual Meeting of Shareholders

May 17, 2017

**To the Shareholders of
Redwood Capital Bancorp:**

NOTICE IS HEREBY GIVEN that, pursuant to the call of its board of directors, the annual meeting of shareholders of Redwood Capital Bancorp will be held at Sequoia Conference Center located at 901 Myrtle Avenue, Eureka, California, on Wednesday, May 17, 2017 at 6:00 p.m, for the purpose of considering and voting upon the following matters:

1. **Election of Directors.** To vote on the election of ten (10) persons to the board of directors to serve until the 2018 annual meeting of shareholders and until their successors are elected and have been qualified. The persons nominated to serve as directors are:

Russell N. Britt	W. Timothy Needham
Craig L. Perrone	John E. Dalby
John R. Selvage	Larry A. DeBeni
James R. Seiler	John J. Gierek, Jr.
Steven M. Strombeck	James William McAuley

2. **Ratification of Accountants.** To ratify the selection of Richardson & Company to serve as the Company's independent public accountants for 2017.
3. **Bylaws Amendment.** To vote on an amendment to the Company's bylaws providing for additional qualifications for directors.
4. **Other Business.** To transact such other business as may properly come before the meeting or any adjournments thereof.

The board of directors has fixed the close of business on April 7, 2017 as the record date for determination of shareholders entitled to notice of, and to vote at, the meeting.

Provisions of the Bylaws of the Company govern nominations for election of members of the board of directors, as follows:

Nominations for election of members of the board may be made by the board or by any holder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations (other than for persons named in the notice of the meeting called for the election of directors) shall be made in writing and shall be delivered or mailed to the president of the corporation by the later of: (i) the close of business twenty-one (21) days prior to any meeting of shareholders called for the election of directors; or (ii) ten (10) days after the date of mailing of notice of the meeting to

shareholders. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of capital stock of the corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder; (e) the number of shares of capital stock of the corporation owned by the notifying shareholder; (f) the number of shares of capital stock of any bank, bank holding company, savings and loan association or other depository institution owned beneficially by the nominee or by the notifying shareholder and the identities and locations of any such institutions; and (g) whether the proposed nominee has ever been convicted of or pleaded nolo contendere to any criminal offense involving dishonesty or breach of trust, filed a petition in bankruptcy or been adjudged bankrupt. The notification shall be signed by the nominating shareholder and by each nominee, and shall be accompanied by a written consent to be named as a nominee for election as a director from each proposed nominee. Nominations not made in accordance with these procedures shall be disregarded by the chairperson of the meeting, and upon his or her instructions, the inspectors of election shall disregard all votes cast for each such nominee. The foregoing requirements do not apply to the nomination of a person to replace a proposed nominee who has become unable to serve as a director between the last day for giving notice in accordance with this paragraph and the date of election of directors if the procedure called for in this paragraph was followed with respect to the nomination of the proposed nominee.

BY ORDER OF THE BOARD OF DIRECTORS



Fred J. Moore III, Secretary

April 17, 2017

We urge you to vote in favor of management's proposal by signing and returning the enclosed proxy as promptly as possible, whether or not you plan to attend the meeting in person. The enclosed proxy is solicited by the Company's board of directors. Any shareholder giving a proxy may revoke it prior to the time it is voted by filing with the secretary of the Company an instrument revoking it or a duly executed proxy bearing a later date, or by attending the meeting and voting in person. Please indicate on the proxy whether or not you expect to attend the meeting so that we can arrange for adequate accommodations.

Redwood Capital Bancorp
Proxy Statement
Annual Meeting of Shareholders

May 17, 2017

Introduction

This proxy statement is furnished in connection with the solicitation of proxies for use at the 2017 Annual Meeting of Shareholders of Redwood Capital Bancorp (the “Company”) to be held at the Sequoia Conference Center located at 901 Myrtle Avenue, Eureka, California, on Wednesday, May 17, 2017 at 6:00 p.m., and at any and all adjournments thereof.

It is expected that this proxy statement and the accompanying notice and form of proxy will be mailed on or about April 17, 2017 to shareholders eligible to receive notice of and vote at the meeting.

General Information

Voting By Proxy. Whether or not you plan to attend the annual meeting, you may submit a proxy to vote your shares via Internet, telephone or mail as more fully described below:

- By Internet: Go to www.investorvote.com/RWCB and follow the instructions. You will need information from your proxy card or electronic delivery notice to submit your proxy.
- By Telephone: Call **1-800- 652-VOTE (8683)** and follow the voice prompts. You will need information from your proxy card or electronic delivery notice to submit your proxy.
- By Mail: Mark your vote, sign your name exactly as it appears on your proxy card, date your proxy card and return it in the envelope provided.

If a bank, broker or other nominee holds your shares, you will receive voting instructions directly from the holder of record. All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via Internet or telephone. If you properly submit a proxy without giving specific voting instructions, your shares will be voted in accordance with the Board’s recommendations “FOR”:

- Proposal 1: Election of ten (10) persons named in this proxy statement to the board of directors of the Company to serve until the 2018 annual meeting of shareholders and until their successors are elected and have been qualified; and
- Proposal 2: Ratification of Richardson & Company as the Company’s independent public accountants for 2017.
- Proposal 3: Amendment to Redwood Capital Bancorp’s bylaws providing for additional qualification requirements for directors.

If other matters properly come before the annual meeting, the persons appointed to vote the proxies will vote on such matters in accordance with their best judgment. Such persons also have discretionary authority to vote to adjourn the annual meeting, including for the purpose of soliciting proxies to vote in accordance with the recommendations of the Company's board of directors.

Revocability of Proxies

You may revoke your proxy at any time before it is exercised by:

- delivering a written notice of revocation to the Corporate Secretary;
- executing a later dated proxy and mailing it to the Company;
- casting a new vote by telephone or Internet; or
- voting in person at the annual meeting, if you are the holder of record shareholder.

If you are a street name shareholder and you voted by proxy, you may revoke your proxy by informing the holder of record in accordance with that entity's procedures.

Persons Making the Solicitation

This solicitation of proxies is being made by the board of directors of the Company. The expense of preparing, assembling, printing and mailing this proxy statement and the materials used in the solicitation of proxies for the meeting will be borne by the Company. It is contemplated that proxies will be solicited principally through the use of the mail, but directors, officers and employees of the Company may solicit proxies personally or by telephone, without receiving special compensation therefore.

Voting Securities

There were issued and outstanding 1,903,575 shares of the Company's common stock on April 7, 2017, which has been fixed as the record date for the purpose of determining shareholders entitled to notice of, and to vote at, the meeting. On any matter submitted to the vote of the shareholders, each holder of the Company's common stock will be entitled to one vote, in person or by proxy, for each share of common stock he or she held of record on the books of the Company as of the record date.

In connection with the election of directors, shares may be voted cumulatively if a shareholder present at the meeting gives notice at the meeting, prior to the voting for election of directors, of his or her intention to vote cumulatively. If any shareholder of the Company gives such notice, then all shareholders eligible to vote will be entitled to cumulate their shares in voting for election of directors. Cumulative voting allows a shareholder to cast a number of votes equal to the number of shares held in his or her name as of the record date, multiplied by the number of directors to be elected. These votes may be cast for any one nominee, or may be distributed among as many nominees as the shareholder sees fit. If cumulative voting is declared at the meeting, votes represented by proxies delivered pursuant to this proxy statement may be cumulated in the discretion of the proxy holders, in accordance with management's recommendation.

Shareholdings of Certain Beneficial Owners and Management

Management of the Company knows of no person who owns, beneficially or of record, either individually or together with associates, 5 percent or more of the outstanding shares of the Company's common stock. The following table sets forth, as of March 14, 2017, the number and percentage of shares of the Company's outstanding common stock beneficially owned, directly or indirectly, by each of the Company's directors and principal shareholders and by the directors and officers of the Company as a group. The shares "beneficially owned" are determined under Securities and Exchange Commission Rules, and do not necessarily indicate ownership for any other purpose. In general, beneficial ownership includes shares over which the director, principal shareholder or officer has sole or shared voting or investment power and shares which such person has the right to acquire within 60 days of March 14, 2017. Management is not aware of any arrangements which may, at a subsequent date, result in a change of control of the Company.

<u>Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class⁽¹⁾</u>
<u>Directors:</u>		
Russell N. Britt	47,572 ⁽¹⁾	2.5%
John E. Dalby	35,802	1.9%
Larry A. DeBeni	53,522 ⁽²⁾	2.8%
John J. Gierak, Jr.	16,872 ⁽³⁾	.9%
James William McAuley	32,578 ⁽⁴⁾	1.7%
W. Timothy Needham	12,036	.6%
Craig L. Perrone	66,872 ⁽⁵⁾	3.5%
John R. Selvage	27,768 ⁽⁶⁾	1.4%
James R Seiler	17,987 ⁽⁷⁾	.9%
Steven M. Strombeck	22,448 ⁽⁸⁾	1.9%
All Directors and Executive Officers as a Group (13 in all)	353,418	20.2%

(Footnotes on the following page.)

- (1) Mr. Britt has shared voting and investment powers as to 30,000 of these shares.
- (2) Mr. DeBeni has shared voting and investment powers as to 26,200 of these shares.
- (3) Mr. Gierek has shared voting and investment powers as to 3,750 of these shares.
- (4) Mr. McAuley has shared voting and investment powers as to 14,402 of these shares.
- (5) Mr. Perrone has shared voting and investment powers as to 17,000 of these shares.
- (6) Mr. Seiler has shared voting and investment powers as to 15,571 of these shares.
- (7) Mr. Selvage has shared voting and investment powers as to 10,848 of these shares.
- (8) Mr. Strombeck has shared voting and investment powers as to 14,250 of these shares.

Proposal 1: ELECTION OF DIRECTORS

Nominees

The Company's Bylaws provide that the number of directors of the Company shall not be less than eight (8) nor more than fifteen (15) until changed by an amendment to the Bylaws adopted by the Company's shareholders. The current number of directors is fixed at ten (10).

The persons named below have been nominated for election as directors to serve until the 2018 annual meeting of shareholders and until their successors are elected and have qualified. Votes will be cast in such a manner as to effect the election of all ten (10) nominees, as appropriate, (or as many thereof as possible under the rules of cumulative voting). The ten nominees for directors receiving the most votes will be elected directors. In the event that any of the nominees should be unable to serve as a director, it is intended that the proxy will be voted for the election of such substitute nominee, if any, as shall be designated by the board of directors. The board of directors has no reason to believe that any of the nominees named below will be unable to serve if elected. Additional nominations for directors may only be made by complying with the nomination procedures which are included in the notice of annual meeting of shareholders accompanying this proxy statement.

The following table sets forth, as of March 14, 2017, the names of and certain information concerning the persons nominated by the board of directors for election as directors of the Company.

<u>Name and Title Other than Director</u>	<u>Age</u>	<u>Year First Appointed Director</u>	<u>Principal Occupation During the Past Five Years</u>
Russell N. Britt	73	2007	Retired President and CEO of Britt Lumber.
John E. Dalby President and Chief Executive Officer	58	2007	President and Chief Executive Officer of the Company and Redwood Capital Bank.
Larry A. DeBeni	54	2007	Chief Executive Officer, Secretary and Treasurer of Coastal Care Centers, Inc. and co-owner of Living Styles Fine Furniture.
John J. Gierek, Jr. Chairman of the Board	53	2007	President of Humboldt Moving and Storage and President of Humboldt Truck Repair.
James William McAuley Vice Chairman	56	2007	Partner with Demello, McAuley, McReynolds & Holland, LLP, Certified Public Accountants.
W. Timothy Needham	63	2011	Attorney. Partner in the law firm of Janssen, Malloy, LLP.
James Ronald Seiler	75	2009	Retired Partner with TBS Petroleum, LLC.
Craig L. Perrone	69	2007	President of DelReka Distributing Inc., a wholesale beverage distributor.
John R. Selvage	75	2007	Private investor. Retired registered professional engineer.
Steven M. Strombeck	57	2007	President of Strombeck Construction Inc. and general building contractor.

All nominees will serve if elected at the meeting until the 2018 annual meeting of shareholders and until their successors are elected and have qualified. None of the directors were selected pursuant to any arrangement or understanding other than with the directors and executive officers of the Company acting within their capacities as such. There are no family relationships between any of the directors and executive officers of the Company.

Executive Officers

The following table sets forth information concerning executive officers of the Company.

<u>Name</u>	<u>Age</u>	<u>Officer Since</u>	<u>Principal Occupation During the Past Five Years</u>
John E. Dalby	58	2007	President and Chief Executive Officer of the Company and Redwood Capital Bank.
Fred J. Moore III	54	2007	Executive Vice President and Chief Financial Officer of the Company and Redwood Capital Bank.
Tammy M. Brown	50	2017	Senior Vice President and Chief Credit Officer of the Company and Redwood Capital Bank. Previously, she was the Vice President, Credit Review Manager for Umpqua Bank's SBA division.
Jennifer P. Budwig	50	2016	Senior Vice President and Chief Lending Officer of Redwood Capital Bank. Ms. Budwig previously served as a Regional Branch Manager for Redwood Capital Bank.

None of the executive officers was selected pursuant to any arrangement or understanding other than with the directors and executive officers of the Company acting within their capacities as such.

Compensation of Directors

Directors Fees

During 2016, the Board of Directors of the Company received director's fees pursuant to a resolution adopted in May of 2015. Under this resolution, the Chairman of the Board received an annual retainer of \$18,150, Committee Chairs received an annual retainer of \$15,730, and other board members received an annual retainer of \$13,310, all of which are paid quarterly in arrears. Additionally, directors received a fee of \$605 for attendance at monthly board meetings. These fees are also paid quarterly in arrears.

During 2017, the Board of Directors of the Company receives director's fees pursuant to a resolution adopted in February of 2017, retroactive to January of 2017. Under this resolution, the Chairman of the Board received an annual retainer of \$19,058, Committee Chairs received an annual retainer of \$16,517, and other board members received an annual retainer of \$13,976, all of which are paid quarterly in arrears. Additionally, directors received a fee of \$635 for attendance at monthly board meetings. These fees are also paid quarterly in arrears.

Director Equity Compensation

In May 2014, restricted shares of stock were granted to each director based upon each director's tenure and duties performed. Directors McAuley was awarded a total of 7,000 shares, with 1,167 shares vesting immediately, the remainder vesting ratably over 5 years; Directors Britt, DeBeni, Gierak, Perrone, Selvage, and Strombeck were each awarded a total of 6,000, with 1,000 shares vesting immediately, the remainder vesting ratably over 5 years; Director Seiler was awarded a total of 5,500 shares, with 916 of those shares vesting immediately and the remainder vesting ratably over 5 years; and Director Needham was awarded a total of 5,300 shares, with 883 vesting immediately and the remainder vesting ratably over 5 years.

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF RICHARDSON & COMPANY AS THE COMPANY'S INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The firm of Richardson & Company, Sacramento, California, served as independent certified public accountants for the Company for the year 2016 and audited the Company's financial statements for the year ended December 31, 2016. The Company has selected Richardson & Company to serve as the Company's independent certified public accountants for the year 2017. All services rendered by Richardson & Company were approved by the Company's board of directors, which has determined the firm of Richardson & Company to be fully independent of the operations of the Company. It is anticipated that a representative of Richardson & Company will be present at the meeting and will be available to respond to appropriate questions from shareholders at the meeting.

In the event shareholders do not ratify the appointment of Richardson & Company as the Company's independent certified public accountants for the forthcoming fiscal year, such appointment will be reconsidered by the Company's Audit Committee and the Board.

Ratification of the appointment of Richardson & Company as the Company's independent certified public accountants for fiscal year 2017 requires the affirmative vote of a majority of the outstanding shares of the Company's common stock represented and voting at the meeting.

The Board recommends that the shareholders vote "FOR" ratification of the appointment of Richardson & Company as the Company's independent certified public accountants for 2017.

PROPOSAL 3: APPROVAL TO AMEND COMPANY BYLAWS

On March 15, 2017, the Board of Directors of the Company discussed amending the Company's Bylaws, including specifically adding a new Section 3.2A to provide additional qualifications for anyone serving as a Director of the Company with respect to primary residency, non-affiliation with other FDIC-insured entities, and Board compliance with the Company's Code of Ethical Conduct. The Board believes that these additional qualifications will be in the best interests of both the Company and its shareholders. Specifically, if approved by the shareholders, a new Section 3.2A will be added to the Bylaws to read in its entirety as follows:

3.2A DIRECTOR QUALIFICATIONS

All directors and nominees for directors of the corporation must meet the following qualifications:

(a) Primary Residence. The individual must have their principal residence in a county in which corporation or any subsidiary of the corporation has an office.

(b) Non-Affiliation With Other FDIC-Insured Entities. The director or nominee for director must not be a director or employee of any bank holding company or FDIC-insured financial institution other than the corporation or a subsidiary of the corporation.

(c) Code of Ethical Conduct. Each director or nominee for director must execute and abide by the corporation's Code of Ethical Conduct. If a director or nominee for director does not execute and abide by the Code of Ethical Conduct, all director fees to such director shall immediately cease, and such director shall be removed from all committees and all Boards of Directors of the corporation's subsidiaries and may further be removed from the corporation's Board of Directors.

This Section 3.2A may only be amended or rescinded by the vote of a majority of the issued and outstanding shares of the corporation.”

The Board of Directors believes that it is in the best interests of the Company and its shareholders to approve the amendment of Section 3.2A of the Bylaws to provide additional qualifications for Board members with respect to primary residency, non-affiliation with other FDIC-insured entities, and Board compliance with the Company's Code of Ethical Conduct, all as set forth above. The vote of a majority of the issued and outstanding shares is required to approve the amendment of the Bylaws; therefore, each shareholder is urged to vote on this matter.

The Board recommends a vote “FOR” this proposal.

Certain Transactions

Some of the directors and executive officers of the Company and the companies with which they are associated are customers of, or have had banking transactions with Redwood Capital Bank in the ordinary course of business, and Redwood Capital Bank expects to have banking transactions with such persons in the future. In the opinion of the Company's management, all loans and commitments to lend in such transactions were made in compliance with applicable laws and on substantially the same terms, including interest rates and collateral, as those prevailing for comparable transactions with other persons of similar creditworthiness and did not involve more than a normal risk of collectability or present other unfavorable features.

Other Matters

Management does not know of any matters to be presented at the meeting other than that set forth above. However, if other matters come before the meeting, it is the intention of the persons named in the accompanying proxy to vote the shares represented by the proxy in accordance with the recommendations of management on such matters, and discretionary authority to do so is included in the proxy.

REDWOOD CAPITAL BANCORP



Dated: April 17, 2017

Fred J. Moore III, Secretary

It is very important that every shareholder votes. Unless, you are voting via internet or telephone, we urge you to sign and return the enclosed proxy as promptly as possible whether or not you plan to attend the meeting in person.

In order to facilitate the providing of adequate accommodations, please indicate on the proxy whether or not you expect to attend the meeting.

A copy of the Company's Audited Financial Statements for 2016 is included with these proxy materials. An additional copy of the Audited Financial Statements for the year ended December 31, 2016 may be obtained by writing to Redwood Capital Bancorp, 402 G Street, Eureka, California 95501 or by telephoning (707) 444-9840. The first copy may be obtained without charge.

