



August 2, 2017

Dear Shareholder,

With the news cycle frequently dominated by dismaying news about our political landscape and associated implications for our social and environmental outlook, it can be easy to lose sight of more positive developments. While it is crucial that we stay informed about far-reaching legislative decisions that threaten our future, from the U.S. withdrawal from the Paris Agreement to the endangerment of accessible health care, such headlines are, perhaps, all the more reason to celebrate those events that give us reason for hope.

The past few months witnessed waves of voters from South Korea to the Netherlands, France to the U.K. drawn to the polls by political leaders with avowed commitments to social equality and economic prosperity. Many of those leaders were elected into office or continue to prove influential to the social trajectory of their respective nations. Despite the U.S. withdrawal from the Paris Agreement, an ever-increasing number of U.S. states, cities and businesses are reaffirming their commitment to the tenets of the accord. Grassroots and institutional support for progressive causes came in the form of the People's Climate March and March for Science in April, reminding us that many of our fellow citizens share the bank's core values of teamwork, transparency, community and sustainability.

As we reflect on the bank's performance during the second quarter of the year, the loans we made and the community we continued to forge with change-making clients and partners are also cause for optimism. In May, we held the second in a series of events oriented toward women leaders, "Women Changemakers Connect," which brought together attendees interested in forming peer circles with like-minded leaders. In June, we co-sponsored a SOCAP 365 panel, "The Secret Life of Bankers," where I joined leaders from Rainforest Action Network, Transform Finance and Impact Hub in a discussion about banking's role in building the new economy. Last month, we also released our annual Impact Report (available at impactreport.newresourcebank.com), which highlights our growth and strong performance in 2016. Many of those same accomplishments are foundational to the bank's strong financial performance year to date.

New Resource Bank's financial results in the second quarter of 2017 reflected higher earnings versus a year ago, signaling strong growth in revenues, loans and deposits, as well as strong asset quality. Net income for the second quarter of 2017 was \$394,000, or \$0.07 per share, a 49% increase from \$265,000, or \$0.05 per share, for the second quarter of 2016. For the first six months of 2017, net income grew 59% to \$702,000, or \$0.12 per share, from \$442,000, or \$0.08 per share. Key factors impacting the annual comparison included a 19% or \$1,200,000 increase in revenue, largely due to strong loan growth, partially offset by a 16%, or \$842,000, increase in operating expense due to investments in staffing and technology.

As of June 30, 2017, gross loans stood at \$259.6 million, an increase of 14%, or \$31.8 million, compared to a year ago, and 2%, or \$4.5 million, from March 31, 2017. Factors influencing the robust loan growth included the continuing appeal of New Resource Bank's triple-bottom-line mission, as well as its target-market expertise. Total deposits grew 16% to \$309 million, from \$267 million a year ago and were relatively unchanged from the preceding quarter. Asset quality remains strong, with non-performing assets to total assets at 0.07%, down



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from 0.18% a year ago and up from 0.01% in the preceding quarter. For more on our financial performance, please see the enclosed press release.

Currently, our total loans outstanding are 91 percent invested in organizations that are benefiting our communities, protecting our planet, and mission-aligned. Clean energy proved a particularly strong lending area in the second quarter and new loans were extended to Basecamp Hotel Group, Four Barrel Coffee, I-DEV International, and Outerlands.

Basecamp Boulder Hotel / Environmental Protection

The Basecamp Boulder Hotel is part of a unique hotel chain that brings new life to under-appreciated buildings, reconstructing them into one of a kind experience. Basecamp Boulder, reconstructed in 2016, brings upscale amenities and lodging that respect the environment. Boasting environmentally-friendly and energy-conscious renovations, this hotel has installed solar power, removed pools for water conservation, and removed inefficient skylights to cut heat loss in the winter. New Resource Bank provided financing for Basecamp Boulder Hotel and the construction financing for their sister property Basecamp Hotel South Lake Tahoe.

Four Barrel Coffee / Health & Wellness

Four Barrel Coffee offers roasted whole bean coffee, cold coffee, and espresso beverages in their three San Francisco cafes and also sells coffee equipment wholesale. Four Barrel has been focused on coffee quality and supply-chain ethics since their beginning by making an impact at origin with significant buying power, providing excellent benefits to employees, and retaining ownership so they can remain focused on roasting amazing coffee. New Resource Bank provided financing to grow their green coffee line of products and new roasting equipment for their facilities in New York and Oakland.

I-DEV International / Education and Community Empowerment

I-DEV supports businesses and organizations to achieve their impact and growth goals in emerging markets. I-DEV works across clean energy, agriculture, mobile tech and retail sectors to advise on capital raise, due diligence, and growth and innovation strategy. With regional presence in Africa and Latin America, I-DEV has worked with over 250 clients including Conservation International, World Bank, Green Mountain Coffee, and more. Through its loan, New Resource Bank is proud to assist I-DEV in improving operational efficiency by providing short term working capital.

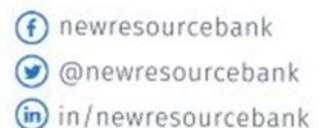
Outerlands / Sustainable Commerce

Outerlands is a unique San Francisco restaurant nestled within the Outer Sunset serving sustainably sourced and local ingredients to create eye catching and delicious food. Their commitment to sustainability is reflected in their relationships with local organic farms and ranches to not only bring seasonable foods from farm to table, but also to connect personally and creatively with their larger community. New Resource Bank provided financing for real estate acquisition of a new building so that Outerlands can expand their bakery for retail and dine-in.

We look forward to continuing to make impactful loans to values-aligned organizations as the year unfolds. For more information about the organizations we finance, visit our website. On August 14, we will upgrade to a new core banking system, a change that will result in an improved digital banking experience for our customers.

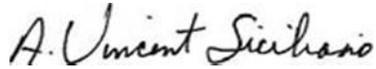


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Thank you as always for your continued support. Please feel free to reach out to me anytime at (415) 995-8170.

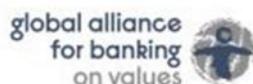
Sincerely,



A. Vincent Siciliano
President and CEO

This communication contains forward-looking statements such as statements about certain expectations and projections and the Bank's preparedness for the coming year. Forward-looking statements are based on currently available information, are not guarantees of future performance, and are subject to numerous risks and uncertainties. Such risks and uncertainties may include, but are not necessarily limited to, fluctuations in interest rates; fluctuations in asset prices, including real estate; inflation; changes in laws or government regulations or policies; general economic conditions, including the real estate market in California; the adequacy of the bank's allowance for loan losses; and other factors beyond the bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for entire years to differ materially from those indicated. Readers should not place undue reliance on forward-looking statements, which reflect management's view only as of the date of this communication. The bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Client names are included in this communication with the clients' permission.



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