



May 1, 2017

Dear Shareholder,

The new year brought a significant political transition and ideological positions of the new administration that continue to have strong implications for New Resource Bank and the new economy. In the second half of 2016, consumers became increasingly attentive to what their banks were financing with their savings and investments. The bank felt the effects of the ongoing “Move Your Money” campaign in the first quarter of the year, with heightened interest in values-aligned banking resulting in a three-fold increase in new account inquiries from individuals and institutions. The media helped fuel this interest by shining a light on arguments for ethical banking. (We were featured in articles from USA Today and the New York Times, linked at the end of this letter.)

Under the new administration, federal agencies (especially the EPA) appear to be turning away from the sustainable development that we at New Resource Bank seek to advance through our loans and ongoing non-profit commitments. It is heartening to contrast this political shift with the ongoing commitment to sustainable development from our partners in the Global Alliance for Banking on Values (GABV). At the GABV’s 9th annual conference, I had the opportunity to gather with CEOs and executives from more than 40 banks and financial institutions; a key focus was the emerging mission to collectively shift the financial paradigm to one that serves people and the planet. This community of institutions is working to help businesses in the real economy achieve sustainable growth and reinforces the idea that governmental transitions need not—and indeed, will not—stymie progress from private-sector actors committed to social, environmental, and economic advancement.

New Resource Bank’s financial results in the first quarter of 2017 reflected higher earnings versus a year ago, signaling strong growth in revenues, loans and deposits and strong asset quality. Net income for the first quarter of 2017 was \$308,000, or \$0.05 per share, a 74% increase versus net income of \$177,000, or \$0.03 per share, for the first quarter of 2016, but down from \$582,000, or \$0.10 per share, for the fourth quarter of 2016. Key factors impacting the annual comparison included a 22% increase in revenue largely due to strong loan growth, offset by a 21% increase in operating expense due to investments in staffing and technology.

As of March 31, 2017, gross loans stood at \$255.1 million, an increase of 22%, or \$46.5 million, compared to a year ago, and 5%, or \$11.5 million, from December 31, 2016. Factors influencing the robust loan growth included loan purchases and the continuing appeal of New Resource Bank’s triple-bottom-line mission, as well as its target-market expertise. Total deposits grew 23% to \$309.4 million, from \$251.3 million a year ago, and increased 8% from \$287.9 million on December 31, 2016. Asset quality was strong, with non-performing assets to total assets declining to 0.01% from 0.19% a year ago. For more on our financial data, 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



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area in the first quarter, with new loans extended to Vode Lighting and Enerparc. Other new loans this past quarter included:

350 Fourth Street LLC / Environmental Protection

350 Fourth Street LLC is a development project in Oakland's Jack London Square that comprises the renovation of an 1882 Victorian home, a remodeled pub, and the addition of 10 rental units. The project is highly energy efficient and includes solar panels, electric car charging stations, and bike corrals. New Resource Bank provided financing of this green building project.

Piccino / Health & Wellness

Since 2006, Piccino has been serving up some of San Francisco's favorite Italian fare from its beautifully designed location in the Dogpatch neighborhood. Piccino sources fresh ingredients from a network of local farms to create an intimate culinary experience and an opportunity for its customers to connect over inspired food, wine and conversation. With its New Resource Bank loan, Piccino is building out an extension and a "grab and go"-style cafe.

One World Play Project / Education and Community Empowerment

One World Play Project is a mission-driven business that aims to champion play in all its forms— anywhere and everywhere. The company makes, sells and distributes products and services to enable play around the world, especially for those living in the harshest environments where play is nearly non-existent. They collaborate with sponsors, organizations and individuals to bring the transformative power of play to disadvantaged communities where play and sport are used to impact and empower youth and their communities. New Resource Bank provides One World Play Project with working capital.

Light & Motion / Sustainable Commerce

Light & Motion designs, manufactures, and sells consumer lighting products for safer cycling, scuba diving and cinema. With New Resource Bank's support, they recently jumped into the cine lighting space, where they work with independent film makers, photographers and broadcast news. New Resource Bank provided Light & Motion with financing for tenant improvements at their headquarters and manufacturing facility in Marina, CA.

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. In the coming weeks look for our **2017 Impact Report**, which will be published on our website, to highlight the growth and change that the bank experienced and helped realize in the past year. Over the next few months, we'll also be sharing news about our system upgrade (happening in August), which will mean new and improved online banking, mobile banking, remote deposit, and more.

Please find below the reference to our feature in USA Today in connection with the "Move Your Money" movement:

- **USA Today**, "Are You Mad Enough to Switch Banks?"
<https://www.usatoday.com/story/money/personalfinance/2017/02/27/you-mad-enough-switch-banks/98064240/>
- **New York Times**, "Foodies Know: Boulder Has Become a Hub for New Producers"
https://www.nytimes.com/2017/02/04/business/foodies-know-boulder-has-become-a-hub-for-new-producers.html?_r=0

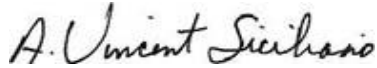


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Thank you as always for your continued support. Please feel free to reach out to me anytime at (415) 995-8170.

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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