



January 31, 2018

Dear Shareholders,

This quarter I invite you to take a brief journey through the history of money with me. Back in the Stone Age, money as we know it did not exist. Over time, emerging barter and trade systems gave certain goods real value. The earliest items of value included cattle, shells, fur, and eventually, precious metals, of which gold came to be the standard of value.¹ So long as gold was the real, hard asset that determined the value of each item, the economy was primarily one of goods and services – the real economy. Eventually, gold was removed as the standard and our financial system was created with money backed by the government.

The historical role of banks was to instill trust and faith in the financial system and support the local community. However, today the link is broken: money is no longer just a practical economic tool that supports businesses in the real economy. It has been replaced by a conception of money as a resource intended merely to regenerate itself through the financial economy. The focus of the banking system has shifted to making money out of money rather than supporting the flow of real goods and services. Wall Street banks commit the lion's share of their balance sheets – over 50% – to the financial economy, comprised of speculative and intangible assets like stocks, bonds and derivatives.² Exacerbating this practice are insufficient regulations and financial penalties for banks financing high-risk, destructive activities. And this has serious financial, social and environmental implications.

Inequality and injustice are on the rise and we are ravaging our planet's resources. It is my firm belief that banks must return to being stewards of social, natural and economic capital. They need to refocus their perspective on capital by lending to the real economy and they must measure returns not purely as financial but also social and environmental. We must debunk the common myth that our current financial system, defined by raw capitalism and ruled by an omnipotent invisible hand, provides opportunities for all who work hard. The role of the financial industry must be to foster community, social equity and trust – with a vision of true prosperity for all.

As you all know, we announced our intention to merge with Amalgamated Bank of New York in December. It is my hope that New Resource Bank with its new partner Amalgamated Bank will help build a just and equitable future, for both the people and the planet.

Since the announcement, a number of you have raised questions related to the liquidity of shares after the merger. While New Resource's common stock is currently quoted on the OTC Marketplace, there is no current

¹ PBS, "The History of Money." 2018. <http://www.pbs.org/wgbh/nova/ancient/history-money.html>

² Global Alliance for Banking on Values, "Real Economy – Real Returns: A Continuing Business Case for Sustainability-focused Banking." 2017. <http://www.gabv.org/wp-content/uploads/2016-Research-Report-final.pdf>



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market for the common stock of Amalgamated Bank. We have been informed by at least two of the brokerage firms that currently make a market in New Resource stock that they intend to begin making a market in Amalgamated's common stock following the closing of the merger. We also believe that in the future there may be additional liquidity opportunities for Amalgamated stockholders.

The proxy statement/offering circular for the merger will contain more information about the merger and I encourage you to read it when it becomes available, likely in March.

The bank finished the year with solid momentum. The loan portfolio grew \$19.2 million, or 8%, to \$262.8 million at December 31, 2017, compared to \$243.5 million at December 31, 2016. Our mission continues to attract valued-aligned clients; however, we also continue to witness higher than expected loan payoffs due to the strong economy. Total deposits grew \$16.9 million, or 6%, to \$304.8 million at year end, compared to \$287.9 million at December 31, 2016. Asset quality remained solid, with nonperforming assets to total assets declining to 0.01% from 0.09%.

Pre-tax net income totaled \$415,000 for the fourth quarter of 2017, compared to \$841,000 in the fourth quarter of 2016. Pre-tax net income grew 15% to \$2.7 million in 2017, reflecting a 17% increase in revenues, year-over-year. With the \$1.6 million additional tax provision for the revaluation of its deferred tax asset due to the new tax law, the bank lost \$1.4 million in the fourth quarter and recorded a profit of \$27,000 for the year. Fourth quarter profitability was impacted by the downgrade of a loan relationship for which a \$345,000 loan loss provision was recorded as well as higher operating expenses due to our IT systems conversion and professional services costs related to the merger.

Currently, our total loans outstanding are 93% invested in organizations that are benefiting our communities and protecting our planet. In the fourth quarter, we funded loans to a number of great companies and I have highlighted a few of them here:

Savory Institute / Environmental Protection

The mission of the Savory Institute is to facilitate the large-scale restoration of the world's grasslands through holistic management. They develop innovative tools and enhanced curricula, inform policy, establish market incentives, increase public awareness, and coordinate relevant research. New Resource Bank provides the Savory Institute with a line of credit for working capital needs.

Amethod Public Schools / Education and Community Empowerment

Amethod Public School is a nonprofit public benefit corporation committed to its students' academic success and developing a strong community of learners. They were founded in Oakland in 1993 and have grown to six schools across the East Bay serving thousands of families each year. New Resource Bank provides financing for a new playground and a new ball field at two of their Richmond schools.

Boulder Organics / Health & Wellness

Boulder Organics sells premium, natural dog food, treats and supplements under two brands, Bixbi and Buckley. Boulder Organics believes dogs should be given the highest quality and safest products available. All of their products are made in the U.S. with ethically sourced ingredients. New Resource Bank provides working

capital for Boulder Organics through the Catalyst Line of Credit.

Old Skool Cafe / Education and Community Empowerment

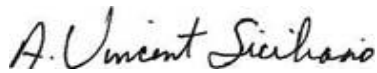
Headquartered in San Francisco's Bayview/Hunter's Point neighborhood, Old Skool Cafe is a youth-run, jazz-themed supper club to serve youth as an intensive real-world vocational training ground, employment incubator, supportive cohort, income generator, and connection point with a larger community that champions their success. While Old Skool Cafe has been a long-time client, New Resource Bank recently provided financing for renovations to their San Francisco restaurant.

New Resource Bank continues to generate "buzz." I have highlighted a few of our recent accomplishments here:

- We launched our Catalyst Credit Line for pre-profit businesses, generating press interest including an article from Sustainable Brands, "[Catalyst Credit Line: A Financial Lifeline for Pre-Profit, Sustainable Startups.](#)" and from GreenBiz, "[Look Out Banks: Sustainability Funding Gets Creative.](#)"
- We were also featured in the popular documentary "[Prosperity](#)," which resulted in a lot of inquiries for bank accounts. I recommend watching it if you haven't already: <https://well.org/prosperity/>
- We were also mentioned in Forbes in an article on conscious investing: "[Five Tips for Conscious Investing in 2018.](#)"

Thank you for your commitment to growing New Resource Bank over the years and being part of our success.

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.

****This communication shall not constitute an offer to sell or the solicitation of an offer to buy securities nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification of these securities under the laws of any such state. No such offer, solicitation or sale shall be made except pursuant to the placement documents described above and in accordance with applicable state laws.***

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