



Media contact:

Vince Siciliano, President & CEO

415.995.8170

vsiciliano@newresourcebank.com

## **New Resource Bank reports second quarter financial results**

SAN FRANCISCO, Aug. 2, 2012 — New Resource Bank (OTCBB: NWBN) has announced unaudited financial results for the quarter ended June 30, 2012.

The bank recorded a net operating income of \$205,000 for the quarter ended June 30, 2012, compared with a net operating loss of \$942,000 for the quarter ended June 30, 2011. Net operating income for the first six months of 2012 was \$150,000, compared with a net operating loss of \$1 million for the six months ended June 30, 2011.

“We are pleased to record another profitable quarter and six months,” said President and CEO Vince Siciliano. “These results and other signs of strength suggest that our strategy of pursuing clients aligned with our sustainability mission is proving successful.”

Loans outstanding grew to \$127.1 million, up from \$111.2 million a year ago—an increase of more than 14.3 percent. New business included several loans to nonprofit organizations for infrastructure improvements, growth financing for a producer of organic food products and financing for a variety of commercial solar companies and projects. Deposits were up 8.7 percent to \$155.9 million, compared with \$143.4 million at quarter end in 2011. Total assets were \$184.9 million, compared with \$164.7 million at June 30, 2011.

Nonperforming assets to total assets increased from 0.99 percent to 3.67 percent as challenging economic conditions continued to put pressure on local businesses; however, we have worked hard to improve these relationships. Events subsequent to quarter end have reduced the current level of nonperforming assets.

Net interest income was down 6.3 percent for the quarter, from \$1.93 million at quarter end June 30, 2011, to \$1.81 million at June 30, 2012. The bank’s net interest margin was 4.13 percent for the quarter ended June 30, 2012, down from 5.11 percent at June 30, 2011. The drop was due to compressing margins, reflecting the repricing of quality credits to current market rates as well as lower rates for our new clients.

Non-interest income was up 20 percent, to \$209,000 for the quarter ended June 30, 2012, from \$174,000 at June 30, 2011, due to increased income from deposit relationships. Non-interest expenses were down 12.5 percent, from \$2.07 million at quarter end June 30, 2011, to \$1.81 million at June 30, 2012.

Due to overall improving loan quality, the bank did not take provision for loan losses on new loans. The current loan loss reserve is 2.11 percent of total loans.

New Resource's capital ratio is strong and well exceeds regulatory requirements. The bank's total risk-based capital ratio was 19.87 percent at the quarter ended June 30, 2012, and the leverage ratio was 14.7 percent.

"The stronger the bank is, the better able it is to deliver on its mission," said Mark A. Finser, chairman of the New Resource board. "I think we're seeing the results of providing customers with market expertise and support that they are not finding elsewhere."

**Balance sheet (unaudited; dollar amounts in thousands):**

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Assets</b>		
Cash & due from banks	\$ 4,815	\$ 5,725
Interest-bearing deposits	21,485	27,790
Money market funds	-	-
Federal funds	-	-
Investments	30,403	18,213
Gross loans	127,111	111,197
Allowance for loan losses	(2,676)	(2,982)
Premises & equipment	1,385	1,632
Other real estate owned	1,006	1,631
Other assets	1,338	1,475
Total assets	<u>\$ 184,867</u>	<u>\$ 164,681</u>
<b>Liabilities &amp; equity</b>		
Deposits	\$ 155,882	\$ 143,413
Borrowings	-	-
Other liabilities	<u>1,780</u>	<u>2,429</u>
Total liabilities	157,662	145,842
Equity	<u>27,205</u>	<u>18,839</u>
Total liabilities & equity	<u>\$ 184,867</u>	<u>\$ 164,681</u>

**Summary income statement (unaudited; dollar amounts in thousands):**

	Quarter ended		Six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Interest income	\$ 1,854	\$ 1,992	\$ 3,718	\$ 3,883
Interest expense	46	63	93	126
Net interest income	1,808	1,929	3,625	3,757
Non-interest income	209	174	399	336
Provision for loan loss	–	975	–	975
Non-interest expense	1,812	2,071	3,874	4,166
Net operating income/(loss)	205	(942)	150	(1,047)
Taxes	–	–	–	–
Net income/(loss)	\$ 205	\$ (942)	\$ 150	\$ (1,047)
Net interest margin	4.13%	5.11%	4.21%	5.10%

**Performance ratios:**

	June 30, 2012	June 30, 2011
Book value per outstanding share	\$4.89	\$4.89
Leverage ratio	14.70%	11.55%
Total risk-based capital ratio	19.87%	15.85%
Loan loss reserves to total loans	2.11%	2.68%
Loan loss reserves to nonperforming loans	46.33%	0%
Nonperforming loans to total loans	4.54%	0%
Nonperforming assets to total assets	3.67%	0.99%

**About New Resource Bank**

New Resource Bank ([www.newresourcebank.com](http://www.newresourcebank.com)) is the premier bank for people who are leading the way to a more sustainable world. We match an entrepreneurial spirit with a dedication to achieving environmental and social as well as financial returns. Our mission is to advance sustainability with everything we do—the loans we make, the way we operate and our commitment to putting deposits to work for good.

*This press release 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 press release. The bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.*