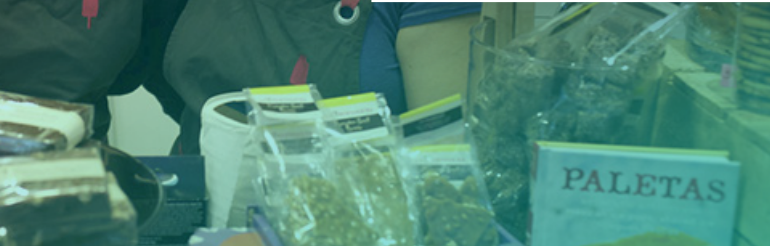




CNote

2017

Impact and Yearly Report





Dear CNote Members,

2017 was a remarkable year for CNote. We set out to create the country's first high-yield, high-impact savings product available to everyone--and we succeeded. After receiving SEC qualification, CNote has seen double-digit growth and maintains the same strong commitment: to invest 100% of those funds in high-performing, high-impact Community Development Financial Institutions (CDFI) to create greater financial opportunity for our most underserved communities.

This past year was one of learning. Learning from our inspiring CDFI partners about the innovative products they are developing to help close our country's wealth gap. Learning from borrowers, inspiring women and men, who with the financial support of our CNote Members were able to pursue their goal of entrepreneurship. And learning from our incredible Members, the CNote customers who understand that smart finance is where competitive returns meet community progress.

Our plans for this year are no less exciting or ambitious. 2018 is our year of inclusion--where the conventional zero-sum game of finance is challenged. Where financial products are delivered to make your life easier and to create the world we all want to live in. **Where financial services....serves us all.**

Together, we are investing in an equitable future for all. Whatever you have as a goal or intention this year, I'd like to leave you with one thought: **Let's. Not. Settle.**

Join us as we build a more inclusive financial system for everyone.

CATHERINE BERMAN, CEO CNOTE



2017 Impact

CNote is focused on creating a more inclusive and equal financial system. We do this by deploying your dollars with community lenders focused on increasing economic opportunity in financially underserved communities. These lenders spur development and fund loans for female and minority entrepreneurs, affordable housing, and other community-focused projects.

Despite this only being our first full year in operation, we're extremely proud of the impact we've had on communities across America.

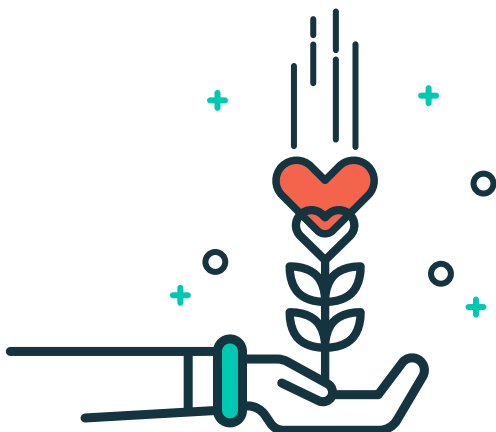


More than 800

jobs created or maintained

Over 120

small businesses and
entrepreneurs funded



1/3

of dollars invested in
low or middle-income
communities

Impact: Connecting dollars to dreams



“That was one of the best days... getting approved for the loan...Your heart just sings, because you know it’s gonna happen.”

Julia Cox, Small Business Owner



In 2017, we had the opportunity to sit down and [interview some amazing entrepreneurs](#). All of them received funding from investors like you.

One of our favorites was Julie Cox. Her company, [Traveler Surf](#), is a testament to the power of community lending. What once was only a dream is now a thriving business that has a handful of employees and gives back to its local community in Pacifica, CA. Julie hosts community events in her space and donates to local charities. Not only that, but Traveler Surf has a list of customers that spans the globe, proving, community investing can truly have a global reach.

2017 A Year in review



In our first full year of operation, we've shown that impact investing can meet or exceed market returns. The overwhelming response from our customers and industry experts has been extremely motivating and an affirmation that the market has a strong interest in values-aligned investment products.

In March, CNote won the Fintech category at SXSW and was the only women-led company in the top five. Sharing the CNote story and vision with innovators around the world was a humbling and thrilling experience. The recognition CNote has received is a testament to our community and the impact we are having together.



CNote's largest accomplishment in 2017 was receiving qualification from the Securities and Exchange Commission to offer our product to all investors. Our mission since inception was to make impact investing accessible to the masses, so being limited to only accredited investors was not an option. Since launch we've seen tremendous user growth and are excited to introduce impact investing to everyone.



+ Since receiving SEC qualification and launching to non-accredited investors, CNote doubled its assets under management in a single quarter.

Along the way, CNote was honored to be covered by **Forbes**, **Nasdaq**, **Fast Company**, and other publications. To cap off the year, CNote was recognized as one of “the most groundbreaking early-stage startups” out of a pool of more than **2,000** companies, by research firm CB Insights.

2017 Performance Review

We're on a mission to prove that you can generate a competitive return while increasing financial opportunity for others. We executed on that promise in 2017 by delivering the positive impact highlighted above, along with providing all CNote members a stable 2.5% return that far exceeded the return offered by traditional savings accounts. Moreover, CNote kept our users' principal safeguarded.



CNote customer accounts earned **2.5%** on their invested dollars, more than **40x*** the national average savings rate.

Looking at risk on the industry level, CDFIs continue to show that community lending can increase economic opportunity while maintaining a risk profile similar to FDIC-insured institutions. The Opportunity Finance Network (OFN), which is the leading national network of CDFIs (of which all CNote CDFIs are included), found that in the last year **“the Network’s annual net charge-off rate outperformed FDIC-insured institutions.”**¹ Net charge-off rate is an indicator of potential losses for financial institutions. The lower the number this is, the better. What this statistic tells you is that the CDFIs CNote invests in are good stewards of your capital.

¹Opportunity Finance Institutions Side by Side, 19th Edition, Page 5

Conclusion



We look forward to another year of serving our customers, improving our platform and helping to fund the dreams of more small business owners across America.

Cheers to a prosperous 2017! We are excited for what 2018 has in store as we continue to push towards building a more inclusive economy for everyone.

 **TEAM CNOTE**



Learn more at
www.mycnote.com →

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CNote is not an investment adviser. This information is for educational purposes only, and is not tailored for any individual investor. It should not be relied upon as financial or investment advice. We encourage you to consult a financial adviser or investment professional to determine whether or not an investment in CNote makes sense for you.

CNote is not a bank, and investments in CNote are not bank deposits. They are not insured by the FDIC or by any other governmental agency. Investing in CNote Notes involves risk of loss. You should always carefully consider investments in any security and you should be comfortable with your understanding of the investment and its risks. For more information on risks related to investments in our securities, please see our latest filings with the Securities and Exchange Commission, which can be found here: [Offering Circular](#).

Past performance is not indicative of future results. The projected returns are based on historical returns from the CDFIs. Future returns may vary. The return is not guaranteed and is subject to change. The information in this page is for information only. It is impersonal and not individualized for any specific investor's financial situation and is not investment advice. This projection is not intended to be, nor should you interpret it to be, a prediction of how a particular investment will actually perform.

*Expected annual earnings via traditional banks are calculated based on a national average rate listed by FDIC ([source](#)). Expected annual earnings for CNote are calculated using the projected 2.5% yield. Expected annual earnings are presented for comparison purposes only and are not a promise of future results.