

From the President's Desk

1st 2006
Quarter Report

Greetings!

Growing up in rural Oklahoma, I recall the difficulties my mother faced when attempting to secure a home mortgage. She had a steady work history with the local Indian Health Service, and had never spent beyond her means. In fact, even as a single mother raising four children, she was still able to save money on her meager salary.

Nonetheless, bank after bank refused to lend her the money needed to purchase a home. I came to realize that her homeownership dream was not out of reach because of WHO she was, but rather WHAT she was – a single, American Indian mother of four.

Knowing full well what she had gone through, as well as similar hardships I witnessed growing up in a rural Indian community, I decided that my life would be best spent eradicating the plethora of social problems in Indian Country – particularly as they relate to capital access.

What excites me is how Native American Bank, NA (NAB) is currently putting these past problems to rest, and creating new opportunities for Indian Tribes, entrepreneurs, and individual consumers. NAB's unique mission is to work towards the economic and social betterment of Indian Country.

On the fiscal side of the business, NAB is pleased to report a profit of \$187,000 for the 1st Quarter of 2006. This is an important milestone in our short history. On the social end of NAB, we continue to fulfill our mission of providing access to capital and financial services in Indian Country.

rall, both our shareholders and I believe the future for NAB is very strong. In the coming years, I anticipate that we will have dozens of branch banks on reservations across the country. More importantly, I predict that those branches will provide the direct financial services needed in many Indian communities.

I hope you enjoy this Quarterly Report, and the ones that will follow. Our intention with these is to keep you informed of our activities, as well as inspire out of the box thinking when it comes to financing Indian communities.

Best Regards,



J.D. Colbert
President & CEO



News

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J.D. Colbert named President/CEO of Native American Bank

Denver, CO February 6, 2006 – Veteran Chickasaw-Creek banker J.D. Colbert has been appointed as President and Chief Executive Officer of Native American Bank, N.A. according to Tex G. Hall, Chairman of the Board of Directors of the bank's holding company.

“We are very pleased to have Mr. Colbert join us as President and CEO,” stated Hall. “J.D. Colbert brings a strong record of success in the executive positions that he has held in banking and Indian Country. We believe that he is a great fit for our organization and we look forward to exciting accomplishments under his leadership”.

Colbert comes to Native American Bank from Bank2 in Oklahoma City, Oklahoma, a bank owned by Chickasaw Nation that Colbert founded and where he served as Executive Vice President. Colbert also founded the North American Native Bankers Association, an association of Indian-owned banks in the U.S. and Canada. He is also a former bank examiner with the Federal Reserve Bank of Boston, a former bank chief financial officer, a former tribal administrator and a former bank president.

“I am very excited and honored to join Native American Bank as President and CEO. Native American Bank has immense potential to become the largest and most successful provider of financial services across Indian Country,” stated Colbert. “I greatly look forward to working with our board and staff in further positioning Native American Bank to be the catalyst for the economic improvement in Indian Country.

Mr. Colbert earned his bachelor's at the University of Oklahoma in Business Administration. He also holds a Master's degree in Administration, Planning, and Social Policy from Harvard University.



Financials

1st 2006
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(000's)

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|-------------------|-------------------|-------------------|
| | <u>03/31/2006</u> | <u>03/31/2005</u> |
| Net Income | \$ 187 | \$ (43) |

NAB was proud to report continued success in our profitability – once again proving that we can do well by doing good.

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|---------------------|-------------------|-------------------|
| | <u>03/31/2006</u> | <u>03/31/2005</u> |
| Total Assets | \$ 66,208 | \$ 54,263 |

NAB grew its total asset base by 25.4% since the end of the 1st Quarter of 2005. Our peer groups grew their total asset base by an average of 4.4%. The bottom line is that we outgrew similar sized banks by over 577%.

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|------------------|-------------------|-------------------|
| | <u>03/31/2006</u> | <u>03/31/2005</u> |
| Net Loans | \$ 56,296 | \$ 44,430 |

The increase in net loans of \$11.8 million represents our efforts of increasing access to capital through loan products in Indian Country. Over 85% of our loan portfolio is in Indian communities in over 20 different states.

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|----------------|-------------------|-------------------|
| | <u>03/31/2006</u> | <u>03/31/2005</u> |
| Capital | \$ 9,867 | \$ 7,250 |

We experienced strong growth in capital from both new investors and profitable operations. As a percentage of total assets, our capital position was 15.06%, which is far greater than our peer group percentage of 10.73%. Our increasingly strong capitalization will allow us to expand into more Indian communities.

More Information

We invite you to access our complete financial information via the web at:

<http://www.fdic.gov>



Our Bank and Bank Holding Company Certificate Number is 27026.

Note: Peer bank information was taken directly from the March 31, 2006 Uniform Bank Performance Report (UBPR), published by the Federal Financial Institutions Examination Council.

Creating Economic Sovereignty