

From the President's Desk

2nd 2006
Quarter Report

Greetings!

The 2nd Quarter of 2006 was one of significant growth for NAB. First and foremost, we generated over \$100,000 in net income. This brings our total net income for 2006 to over \$281,000! We are certainly proud of this accomplishment.

Recognizing our growing footprint in the financing of Indian Country, NAB welcomed a new investor – Akhiok Kaguyak, Inc. (AKI). It is our belief that AKI's \$1 million investment will not only supply them with a superior return on their investment, but will help create jobs, sustain businesses, and grow the balance sheets of tribal governments and Alaska Native corporations across the US.

Also during the 2nd Quarter, we welcomed two new directors to our Native American Bancorporation board. Representing the Arctic Slope Regional Corporation will be David Hoffman, who is currently the CEO of the Alaska Growth Fund. Emil Christenson, President of Old Harbor Native Corporation, has also been elected to our bank holding company.

As NAB has grown its presence across Indian Country, it was also necessary to increase our staff. At the beginning of the second quarter, NAB hired Mr. Jon Panamaroff, a seasoned banker and Alaska Native (Sunaq and Koniag). Jon hit the ground running, closing a large transaction with the Navajo Nation within one month of being a part of our team.

Furthermore, we were fortunate in the 2nd Quarter to welcome Mr. Mark Patterson to our staff in business development and lending. Mr. Patterson is a Chartered Financial Analyst (CFA), and is excited to bring his expertise to Indian communities across the country. Mark is a descendent of the Tuscarora Tribe in New York.

Looking forward, I continue to expect great things from NAB. Never has there been such a chance to seize the moment of tribal economic development and finance. It is both our intention and mission to see that true economic sovereignty is achieved in each and every Indian community we serve.

Regards,



JD Colbert,
President & CEO



News

2nd 2006 Quarter Report

NAB helps bring new businesses to Navajo Country

This past April, NAB lenders Jon Panamaroff and Pam Nesius help turn an idea of two Navajo Chapters into reality. The Dine Poultry Project is a unique venture of two Navajo Chapters to capture economic development opportunities in egg production.

The total project financing is estimated to be in the \$12 - \$15 million range for the production of the plant, purchase of supplies, and staff hirings. Working directly with the office of President Joe Shirley, NAB provided the initial \$3 million needed to get the business operational.



Colbert appointed by President Bush to the CDFI Advisory Board.

NAB President and CEO JD Colbert received a Presidential appointment to the Community Development Advisory Board of the Community Development Financial Institutions Fund (CDFI Fund).

The CDFI Fund is a division of the US Department of Treasury and was created for the purpose of promoting economic revitalization and community development through investment in and assistance to CDFI's across the Country.

NAB is the only certified CDFI bank focused on strictly providing access to capital and services in Indian Country. Regarding his appointment, Mr. Colbert said, "Given our mission to underserved markets, I am greatly looking forward to contributing to a national effort to solidify the long needed attention from the financial sector to historically underserved and economically distressed areas."



Financials

2nd 2006
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(000's)

	<u>06/30/2006</u>	<u>06/30/2005</u>
Net Income	\$ 281	\$ (260)

NAB was proud to report an improvement of over \$541,000 in profitability compared to 2005 – once again proving that we can do well by doing good.

	<u>06/30/2006</u>	<u>06/30/2005</u>
Total Assets	\$ 74,134	\$ 58,942

NAB grew its total asset base by 25.8% since the end of the 2nd Quarter of 2005. The \$74 million in total assets is well ahead of our 2006 budget.

	<u>06/30/2006</u>	<u>06/30/2005</u>
Net Loans	\$ 60,761	\$ 45,239

The increase in net loans of \$15.5 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.

	<u>06/30/2006</u>	<u>6/30/2005</u>
Capital	\$ 9,955	\$ 8,052

We experienced strong growth in capital from both new investors and profitable operations. At the end of the 2nd Quarter of 2006, our capital had increased by 24%, or \$1.9 million. Our increasingly strong capitalization will allow us to expand into more Indian communities.

More Informaion

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.

Creating Economic Sovereignty