



NATIVE AMERICAN BANK, NA

From the President's Desk

4th 2006 Quarter Report

Greetings!

The 4th quarter of 2006 caps a record and benchmark year for Native American Bank, NA (NAB). First and foremost is because NAB recorded a net income of \$551,000 - our first year of profitability. While our initial forecasts indicated that it would take five years for the bank to achieve profitability, it is nevertheless a milestone year for the bank. The dream of NAB being the bank of Indian Country is indeed quickly becoming a reality.

When NAB opened its doors just over five years ago, I think it was difficult to imagine that our efforts would have reached this level in such a short amount of time. What is even more exciting about the wonderful news of our growth and sustainability is that it is just the tip of the iceberg.

Never before in US banking history has this large of an effort been undertaken to bring economic sovereignty to Indian communities. In a little over five years, we were able to take an acquired bank with \$15 million in total assets and grow it into a bank with over \$80 million in total assets. By and large, this growth has been from our lending efforts - of which over 85% is in Indian communities.

Even with NAB's national focus, we have maintained a strong sense of being a community bank. No better is this seen than at our Browning, Montana branch, which is located on the Blackfeet Indian Reservation. The staff at this branch has brought new hope to their small reservation through small business lending, home mortgages, and substantial commercial relationships with the Blackfeet Nation.

Recognizing that our bank could not do everything on its own, we have also partnered on many occasions with our non-profit Native American Community Development Corporation. Through financial literacy, strategic planning, and home mortgage trainings, we believe that our combined efforts provide Indian Country with the attention it deserves and has historically lacked.

Even though the year ended on a high note with over \$550,000 in total profits, we are already focused on what 2007 will have in store for NAB. We are, of course, looking to grow the bank as we have done in the past. More importantly, however, we are also looking to reach more Indian communities with our first class service and financial product mix.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD Colbert', is written over a light-colored background.

JD Colbert
President and CEO



News

NAB to Acquire Colorado Bank

Native American Bank, N.A. (NAB) announced in December of 2006 that it has reached an agreement to purchase First National Bank of Lake City and Creede based in Lake City, Colorado. The transaction, which is subject to regulatory approval, will allow NAB to build on its successful Montana community banking operations and establish full service retail bank branches within the state of Colorado.

Subsequent to this acquisition Native American Bank will relocate its banking charter from Browning, Montana to Denver, Colorado. This change in the charter location will have no effect on NAB's commitment to fully support its existing banking operations in Browning, Montana as well as its loan production offices on the Rocky Boy's Indian Reservation and in Anchorage, Alaska. Relocating the bank charter to Denver will facilitate the future expansion plans of Native American Bank.

"Our bank's goal with the proposed transaction is to be able to establish full service bank branches on the reservations here in Colorado as well as in the Denver metropolitan area," stated J.D. Colbert, NAB's President and CEO. "This is the first major step in our bank's long range plans of establishing bank branches across Indian Country".

NAB Helps Bring Chocolate to Colorado

Tom and Jan Jacobs have dreamed of opening their own Rocky Mountain Chocolate Factory franchise in Colorado for quite some time. They spent the past two years putting everything together – location, business plan, management, and financing.

Now, with their dream met through a loan from NAB, the couple is bringing smiles to countless Coloradans from their flagship store in a new mall in Denver. NAB provided financing for leasehold improvements, initial inventory, and equipment for the new business.

Jan, an Osage Indian from Oklahoma, says the store means more than chocolate. "We are looking forward to making this a truly family-owned business. Two of our grown children are already working for us; and even though we are just getting our first store off the ground, we are already thinking about expansion."

The couple was notified that out of the nearly 300 franchises in the mall category, they ranked number 2 in November. This was done after only 1.5 months of operations.

Jan and Tom named their company Seamaro 14, LLC. Tom, a veteran of the Marine corps, tells the story of how the company got its name. "On October 27, 1967, my platoon was ambushed. My squad was the point squad and 12 men were killed – many more wounded. Seamaro 14 is in memory and in honor of my friends and all other Marines that I served with that day. **SouthEast Asian MARines Of 1st Battalion / 4th Marines.**"





NATIVE AMERICAN BANK, NA

Financial Success

	<u>12/31/2006</u>	<u>12/31/2005</u>
Net Income	\$ 551,000	\$ (142,000)

NAB was proud to report continued success in our profitability – once again proving that we can do well by doing good. This represents an improvement of \$693,000 from 2005!

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	<u>12/31/2006</u>	<u>12/31/2005</u>
Total Assets	\$ 82,337	\$ 61,037

NAB grew by 34.8% in total assets in 2006. The growth of more than \$21 million is a direct reflection of our immense efforts to provide lending services to Indian communities across the country.

	<u>12/31/2006</u>	<u>12/31/2005</u>
Net Loans	\$ 68,142	\$ 49,106

The increase in Net Loans of \$19 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 24 different states.

	<u>12/31/2006</u>	<u>12/31/2005</u>
Capital	\$ 10,273	\$ 9,684

Our growth this year came from both profitable operations and new investors. As a percentage of total assets, capital was 12.47%.

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