

NAB

NATIVE AMERICAN BANK, NA

2007

4th
Quarter Report

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PRESIDENT'S REPORT

Chuckma!

Things at NAB have never been better. Our robust operations had a very strong finish late in the year producing a net income for the year 2007 of \$1,400,000. This is a 154% improvement over our previous record earnings of \$551,000 in 2006.

Our return on average assets, a common measure for bank profitability, was 1.54% at the end of the quarter. Our 1,400 bank peer group was .94%, putting us well ahead of the pack and in the 80th percentile of our peers for earnings compared with average total assets.

Compared to the end of the 4th quarter in 2006, we took our total assets from \$82 to \$99 million, a strong 20% growth of our balance sheet. This trend is primarily due to our unrelenting efforts in lending, representing a \$19 million or 28% increase over 2006. These loans were made to new and existing enterprises in Indian Country, as well as a host of Tribes and individual Indians. This not only reflects our commitment to Indian communities, but is a testament to the vast business opportunities that are shaping the economic landscape for future Native generations.

Given our expanded presence in Alaska, NAB confirmed its commitment to Alaska Natives by opening a new office in Anchorage. We held a Grand Opening event in November, which was attended by hundreds of patrons, many walking away with various prizes including over 40,000 Alaska Air miles. If you are in the area and interested in visiting, please head straight to 510 West Tudor, Suite 8 or call (907)646-1212 for directions.

With respect to our recent success and future potential, it is important to note that the issues relating to the subprime mortgage market has not directly affected our operations or earnings potential. Our earnings actually grew! As we have all seen, this issue has and will continue to have an impact in a number of areas of our economy. However, it is important to note that NAB's strategic trajectory holds steady on the notion that a Native-owned and managed bank is best positioned to provide the highest level of banking services to Indian Country and that no level of financial engineering will change our position.

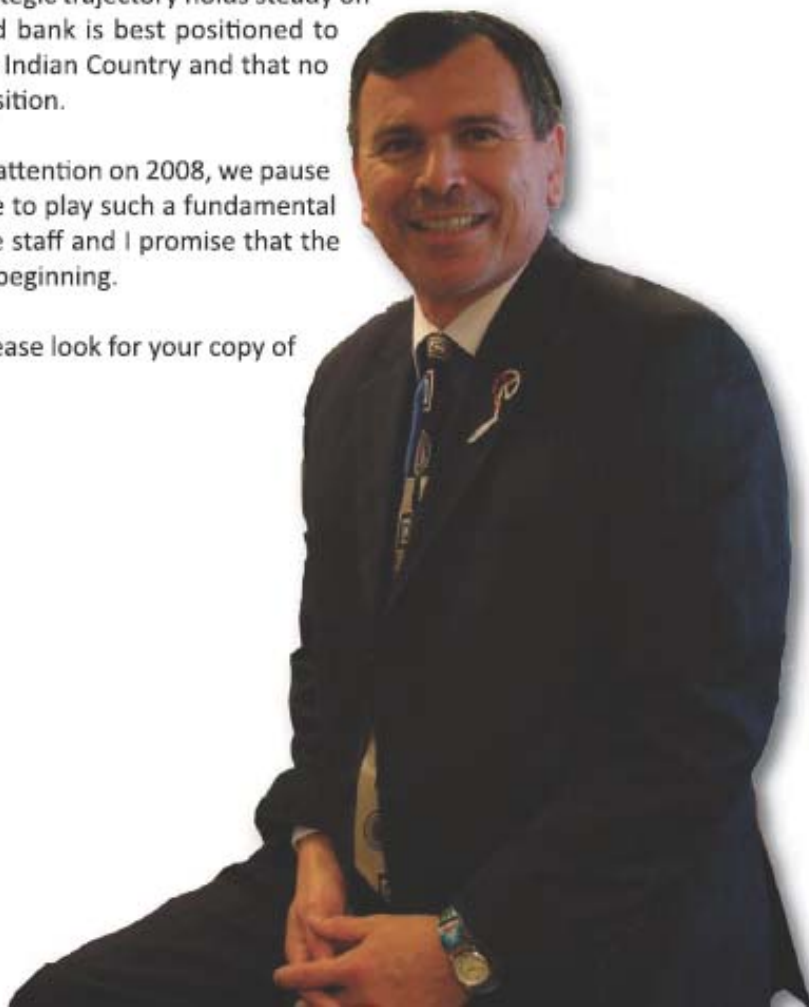
As we close out our books this year and focus our attention on 2008, we pause to thank The Creator for our blessings of being able to play such a fundamental role in the development of Indian communities. The staff and I promise that the history we have made so far in this journey is only the beginning.

Thanks for being a part of our great, early history, and please look for your copy of our 2007 Annual Report in the coming months.

AHO!



JD Colbert
Chickasaw / Creek
President & CEO



NAB Earns \$1.4 Million in 2007

Denver, Colorado | Native American Bank, NA started 2007 with high hopes – even after setting record profits in 2006. Hopes turned into action, and action turned into magnanimous results. The 2006 net income figure of \$551,000 grew to over \$1.4 million – a 154% increase in earnings. Earnings, at this juncture in the bank's progress, will continue to support the rapid and sustainable growth of NAB's operations.

"The earnings figure for 2007 is another testament that NAB – arguably one of the boldest and most courageous banking efforts in U.S. banking history – should, can, and will be a force to bring financial services and access to capital to countless Indian communities," remarked JD Colbert, President & CEO of NAB. "Our staff has proven once again that simple banking fundamentals, combined with a passion and appreciation for the unique landscape of Indian Country, can produce amazing results. Alone, banking without this focus just gets us the same results – underserved communities that continue to have very bankable opportunities."

The growth in earnings was not the only remarkable feat in 2007 for NAB. Total assets grew to over \$99 million from \$82 million, or a 21% increase. Elouise Cobell, NAB's Co-Chairperson, said, "The growth of the balance sheet of NAB confirms our basic assumption that an Indian-owned and managed bank is best positioned to bring economic sovereignty to Indian Country from a financial services perspective. Our people not only understand the underpinnings of the political economy of Indian communities, but have the banking sophistication to take Wall Street to the 'rez.'"

NAB Finances \$4.5 million Power Generator in Prudhoe Bay, Alaska

Prudhoe Bay, Alaska | Providing the United States with needed energy supplies is no easy task, especially when some of its largest sources are just below the north pole in northern Alaska. Thanks to a recent loan from NAB, that task just got easier.

In late 2007, NAB finalized a loan with Tanadgusix Power (TDX), a subsidiary of the Aleut Native Village corporation Tanadgusix Corporation, for a power generator for their 10-MW diesel and natural gas plant on the North Slope in Alaska. The plant supplies power not only to much of northern Alaska, but also serves as the primary power supply for the Prudhoe Bay Oil Fields – the largest in North America.

TDX got into the energy business in 1997, developing a renewable energy plant on St. Paul Island. This plant is considered to be the largest and most advanced wind/diesel hybrid power plant in the world.

"Bringing the US and Indian Country past the historical dependence on foreign energy supply is big to us at NAB," remarked Jon Panamaroff, the commercial lending officer on the transaction. "There are few Alaska Native Corporations, and non-Native corporations, that have this level of sophistication in this area, making this transaction especially important for us."

TDX was formed in 1971 under the Alaska Native Claims Settlement Act to serve the Aleut people of the St. Paul Island.

The corporation has built a large, diversified business enterprise which contains 20 different subsidiaries, including hotel ownership, commercial real estate management, fishing & research vessels, fish processing, TV & Internet service, as well as power generation.

"The strategic destination of TDX is simple - we expect our current actions to build a bright future for the next generation of Aleut people," said Ron Philemonoff, TDX CEO. "This transaction confirms the responsibility we have to the youth to provide a solid base of opportunity for their future."



NAB Honors Retiring Board Members - Oscar Style

Denver, Colorado | During the recent NCAI Annual Convention in Denver, Colorado, NAB made its presence known. At the opening ceremonies of the conference, NAB honored its retiring Directors for their unyielding support and commitment to service.

Past NCAI President and NAB Chairman Tex Hall said, "The bank has made significant headway in providing high level financial services to Indian Country. I am very excited, as are many of our people, to watch them grow far into the future."

NAB President & CEO JD Colbert remarked, "The remarkable services of Tex Hall (*Three Affiliated Tribes*), Bruce Sunchild (*Chippewa Cree*), and Selwyn Whiteskunk (*Ute Mountain Ute*) were felt throughout the communities NAB reached. Their commitment to a better tomorrow for Indian Country sets a high bar for future generations."



[L-R] Tina Dantorth, *Oneida of Wisconsin* (Chairwoman of NAB's Board of Directors), JD Colbert, *Chickasaw & Creek* (CEO & President of NAB), Tex Hall, *Mandan, Hidatsa, & Arikara* (Past NCAI President & Past Chairman of NAB's Board of Directors). Photo Courtesy of DigPicPhoto.com

NAB Financial Highlights - 4th Quarter

(000's)	<u>12.31.2007</u>	<u>12.31.2006</u>
Assets		
Cash and Due From Banks	3,467	3,509
Money Market Investments	764	1,701
Investment Securities	3,909	6,134
Net Loans & Leases	87,386	68,142
Premises & Equipment	556	541
Other Real Estate Owned	359	24
Other Assets	<u>3,308</u>	<u>2,286</u>
Total Assets	<u>99,750</u>	<u>82,337</u>
Liabilities & Owners Equity		
Non Interest Bearing	10,927	7,780
Interest Bearing		
NOW	1,914	1,499
Money Market	6,056	4,691
Savings	2,345	2,498
Time < \$100,000	33,642	26,783
Time > \$100,000	32,194	27,991
Total Deposits	87,078	71,243
Accrued Liabilities	<u>940</u>	<u>821</u>
Total Liabilities	<u>88,018</u>	<u>72,064</u>
Total Shareholder's Equity	<u>11,732</u>	<u>10,273</u>
Total Liabilities & Shareholder's Equity	<u>99,750</u>	<u>82,337</u>
	<u>2007</u>	<u>2006</u>
Profit & Loss		
Interest Income	7,568	6,019
Interest Expense	<u>3,137</u>	<u>2,259</u>
Net Interest Income	4,431	3,760
Non Interest Income	<u>729</u>	<u>616</u>
Total Income	5,160	4,376
Non Interest Expenses	4,070	3,699
Loan Loss Provision	<u>108</u>	<u>160</u>
Income Before Taxes	982	516
Income Tax (Benefit)	(418)	-
Extraordinary Gain (Loss)	-	35
Net Income (Loss)	<u>1,400</u>	<u>551</u>