

Collected for the Year 1897

MONTANA

Poll Tax	State	Stock Inspector	Stock Indemnity	Stock Bounty	Sheep Inspector	County	School Tax Special	City Work	City of Butte	Books
72	16	216	1191	712	7541	326	2873			
	16						03			
	16						03			
	16						03			
2	68						17			
2	5403						291			
							23231			
							99			
							70			
								09		

2019 ANNUAL REPORT

Opportunity, Impact and Access for Native Americans



Our Commitment to Native America

Native American Bank, N.A. continued to provide access to capital for Native Tribes, Tribal Corporations, Alaska Native Corporations and Native American Individuals in 2019. We continue to see the growth in this need through our loan pipeline, which is now nearly \$150 million throughout Indian Country. We are especially focused on projects that will provide access to healthy foods, housing, land acquisition and non-gaming hospitality projects. We are committed to our vision and mission and will engage in new opportunities to provide additional financial resources that maintain and grow jobs, and help sustain economic opportunities in the communities we serve.

Native American Bank is owned by 35 investors, of which 31 are Tribal Nations, Tribal Enterprises and Alaska Native Corporations.

The trusted Native owned nationwide bank meeting the financial needs of you, your family, your business, your nation. Through collaboration, we provide access to financial services for Alaska Native and Native American communities creating economic independence, development and sustainability.

THE VISION

In 2001, 20 Tribal Nations and Alaska Native Corporations set out with a dream to create a national bank to serve all Native people, communities, governments and enterprises across the country and established Native American Bank, N.A.

Native American Bank recognizes that among the many issues facing Native Americans, the absence of access to financial capital and services has been a significant impediment towards the realization of self-sufficiency and financial freedom across Indian Country.

THE MISSION

At Native American Bank, our primary mission is to assist Native American and Alaska Native individuals, enterprises and governments to reach their goals by providing affordable, flexible banking and financial services.

To accomplish this we concentrate on pooling Native economic resources to increase Native economic independence by fostering a climate of self-determination in investment, job creation and sustainable economic growth.

Native American Bank, N.A. Chartered as a national community development focused bank, Native American Bank is also a certified Community Development Financial Institution (CDFI). Native American Bank is committed to being a self-sustaining CDFI and is the only national American Indian owned community development bank in the country. Native American Bank supports the communities that it serves and received an "outstanding" on the most recent Community reinvestment Act (CRA) exam.

The Native American Bancorporation Co. The Native American Bancorporation Co. serves as the holding company for Native American Bank, N.A. and is a Community Development Enterprise (CDE) whose purpose is to promote economic development in areas that are underserved by traditional financial institutions.

**Member
FDIC**

From the President

To say that 2019 was a year of change for Native American Bank would be putting it mildly. We completed numerous projects in our Browning location and moved our entire corporate office to our new location at 201 North Broadway in Denver. At the same time we opened a new retail branch in our new location and added three new staff positions to support our entry into the Baker neighborhood of central Denver. Our open house in late October to celebrate this event was attended by many from every aspect of the community, the state and Indian Country, including; Governor Jared Polis, the office of the Mayor of Denver, our City Councilman and President of the Denver City Council, Tribal leaders, elders, supporters, neighbors and other customers.



Our best assets are the people that work here at Native American Bank. The staff in our Browning, Mont., office have done an extraordinary job of serving their community and the Blackfeet Nation. Their commitment, along with their community based events, are central to our role in bringing financial services to Indian Country. In Denver, where we had zero turnover in staff in 2019, the work that our team is doing resonates with so many people, Native and non-Native, that they come in and ask if they can support our mission by bringing their banking relationship to us. It is a testimony to the mission we live every day and the message that their support does make a difference.

The bank continues on its growth trajectory. Scale, as in many enterprises, has allowed us to offer more services and create more opportunities to serve current and potential customers – the idea of scale is crucial in banking where the cost of meeting the regulatory burden can be demoralizing. As an example of our expanded services, our mobile banking app allows you to take a picture of your check and use that picture to deposit it into your Native American Bank account. The ease with which we can deliver service is making financial services more accessible to a much broader group of underserved people in some of the most isolated rural areas of the country. Our commitment is to continue to seek opportunities that will make banking easier for everyone and promote economic opportunity for all.

As we look to the future, 2020 will bring new services, such as the ability to open an account with Native American Bank regardless of where you are located. This “Open Anywhere” feature is just one of several currently being put into place.

I want to take this opportunity to thank you for your support. The staff, management and Board are working to make the bank a primary source for business and personal financial services. On behalf of them, we are committed to the ideals of Native American Bank’s mission among Native American and Alaska Native communities and look forward to serving our shareholders and customers.

Sincerely,

Thomas D. Ogaard
Chairman, President and CEO
The Native American Bancorporation
President and CEO
Native American Bank, N.A.

From the Chair

The 2019 Annual Report reflects a vibrant bank with the financial capacity to meet the ever-changing economic conditions within Indian Country. Profitability, earning assets and deposits are the life blood of a bank and Native American Bank continues to improve in these three key areas.

Our challenge continues to be growth in shareholder capital and attracting additional shareholders that support the bank's Vision and Mission: to provide stronger financial services and economic opportunities to Native American and Alaska Native communities. Native American Bank will continue its advocacy in encouraging Tribes, Tribal Enterprises and Alaska Native Corporations to strengthen their resolve to secure financial independence and access to capital for Indian Country.

The Native American Bank Board of Directors has a strong fiduciary responsibility to ensure that the Bank is operated in a sound and safe manner; that we adhere to compliance standards established by the federal regulators; and that we practice sound risk management and credit strategies when leveraging Shareholder and Depositor funding sources to capitalize Indian Country. The financial results and growth that Native American Bank enjoyed in 2019 reflect the efforts of the Board of Directors and Management team in adhering to safety, soundness, compliance and risk awareness.

In 2019 Native American Bank made a significant investment to strengthen our roots in Indian Country and Denver, Colorado, by purchasing, remodeling and occupying our first ever "home office" with retail banking to serve the greater Denver area. Over the centuries, the Denver area has been a major crossroads for Tribal trading and interaction. More than 15,000 Native Americans and Alaska Natives reside and work in Denver and its suburbs, and our new retail branch banking initiative gives us the capability to serve their banking needs.

Although our name reflects our ownership and focus, Native American Bank is committed to meeting the banking and lending needs of all who walk through our doors. Our diversity is our strength, and we look forward to serving people and their communities, wherever they are located and whatever their financial needs.

The Board of Directors, as the stewards of the Bank, are committed to the bank's Vision and Mission in improving access to capital and financial services for the communities we serve. Our bank cannot grow and prosper without the support and encouragement of our Shareholders, customers and loyal bank staff. For this we are very thankful. Our future as a bank is bright and we look forward to continued growth and prosperity for all whom we serve.

Sincerely



Kent E. Paul
Chairman of the Board
Native American Bank, N.A.



New Colorado Roots and A National Expansion

Tribal elders, a smudging ceremony, and the governor of Colorado joined the joyful, hardworking staff and leadership of Native American Bank in the fall of 2019 to officially open our new Denver branch and national headquarters.

The transformation of a grand old building on Denver's main artery, Broadway Boulevard, into a working showcase for Native American art and a high-tech financial hub for all, was on brilliant display for the opening ceremony. Neighbors, Denver and state leaders, and the bank board directors from across the nation joined in the celebration.

Colorado Gov. Jared Polis accepted a Native American blanket in honor of his visit, and called the opening day a great step toward a better financial future for underserved communities in the state and in the West.

Native American Bank President and CEO Tom Ogaard said in his remarks, "Thank you for being here today to help us celebrate, what for us, is a watershed moment in this bank's history. This bank's mission is to provide opportunity, impact and access to financial services for people who are left out of the financial services system or where it is not available at all."

"Our original charter came through an act of Congress in 1998. It was intentional that this bank be Native owned and have at its core a philosophy of bringing financial services, not only locally, but on a nationwide basis to



some of the poorest areas in the entire country. We are owned by 35 shareholders, 31 of whom are Native and many are represented here today."

"Since our inception we have helped provide needed opportunity and access to credit, not only here in Denver, but to Tribes, Tribal Corporations, Alaska Native Corporations and Native individuals in more than 20 states."

The Denver branch and headquarters quickly drew new deposits and interest from the neighborhood and from socially-conscious investors across the metro area. Its well-wired conference rooms and stunning traditional Native American art works also drew community interest, and rewarded the diligence of bank staff in bringing the project to fruition.



Work with Red Lake Grocery Wins Award for Native American Bank

Native American Bank's complex work knitting together financing for a vital community anchor grocery store for the Red Lake Band of Chippewa Indians in Northern Minnesota garnered a prestigious 2019 innovation award from a leading tribal professional group.

The Native American Financial Officers Association (NAFOA) awarded Red Lake and its economic development arm, Ogaakaanigh Enterprises, the 2019 Small Deal of the Year Award for a grocery store and retail complex that eliminates a 60-mile round trip for healthy foods and everyday items. Native American Bank is the lead financing institution for the Red Lake complex.

NAFOA praised the partners in the Red Lake project, located 250 miles north of Minneapolis/St. Paul, for their "creative use of multiple funding streams" over years of complex finance and development negotiations.

"The project will create new permanent jobs, will keep more dollars in the community, and will allow residents to make healthier food choices," said Shannon Ward, Chief Lending Officer for Native American Bank. "The Red Lake Trading Post is an example of how tribal enterprises in remote or isolated



Hattie Mitchell, NAFOA Treasurer; VaRene Martin, NAFOA 1st Vice President; Cristina Danforth, NAFOA President and Native American Bank Board of Director; Harvey Roy, former CEO, Ogaakaanigh Enterprises; Honorable Darrell G. Seki, Sr, Chairman, Red Lake Nation; Melanie Benjamin, NAFOA Secretary; Shannon Ward, Native American Bank Chief Lending Officer; and Joel Smith, Native American Bank Chief Credit Officer.

locations can combat food insecurity while impacting the bottom line. Native American Bank is proud to have been a part of this effort."

The loan closing is the first Indian Country deal of its kind to combine the federal New Markets Tax Credit (NMTC) program with a U.S. Department of Agriculture (USDA) Business & Industry guaranty, on a project located on tribal trust land where the ground lease will serve as collateral.

Deutsche Bank Investment

Native American Bank leveraged a \$1 million loan and partnership with the Deutsche Bank Americas Foundation to increase community development resources in Native American and Alaska Native communities, a successful step in our mission to bring a variety of financial resources to previously underserved areas.

The Native American Capital Access Program, part of the Deutsche Bank Americas Foundation, provides aid to expand vital projects in underserved communities. We are hopeful this partnership will promote further community development, entrepreneurship and financial well-being on and near Tribal lands. Specifically, this loan could benefit our communities by expanding the pool of resources available to create new jobs and bring new opportunities to Tribal communities across the country.

The Deutsche Bank Americas Foundation is the leading provider of financial services for high-performing institutions, like ours, helping many low-income communities across the United States, and we look forward to moving this partnership forward.

Tule River Tribe Families Gain New Homes in Affordable Housing Complex

Ground has broken on the Tule River Indian Tribe affordable housing complex in the San Joaquin Valley, an encouraging example for 2019 of the power of Tribal partnerships and Native American Bank’s expertise in complex financing. Native American Bank provided the loan arrangement for the project that will feature 15 single-family homes and 25 townhouses.

This area has long suffered from a lack of affordable housing, just as much of the United States has entered a squeeze for new housing priced at a livable level. The Tule River project will provide quality homes for rent ranging from \$471-\$1,092 monthly. Partnering with Self-Help Enterprises and the Tule River Indian Housing Authority, Native American Bank provided \$2.7 million in financing through the HUD Title VI program to support this development. This is another HUD (U.S. Department of Housing and Urban Development) Title VI project, which the Bank has successfully coordinated in the past to support Tribally Designated Housing Entities.



New housing financed by the Native American Bank in California will bring affordable, quality homes to Tribal members.

Approximately 40 families will be able to move into the new development in early 2021, into a complex that will also include a central community building for gathering, study, computer resources and laundry space. The Tule River Tribe will also provide cultural services, educational and after school activities, job training, health and wellness services, financial training and homebuyer education.

Native American Bank remains highly committed to these kinds of projects to ensure Tribal members can thrive in well-rounded communities with cultural and economic opportunity.

More Youth Can Develop Financial Skills Through Expanded Native American Bank Mini-Bank Program

In an effort to elevate financial understanding of future generations, Native American Bank developed the “Mini-Bank School Program” to deliver the skills and knowledge needed to make practical financial decisions. This program provides hands-on learning on topics including financial basics, saving habits, and confidence and independence on creating a savings account. The engaging program run from the Bank’s Browning, Montana, branch puts students through real-life customer exercises to apply their financial skills.

The results speak for themselves. The students had fun and also saved more than \$1,000 towards purchases such as college tuition, small business startups and car purchases. The exercises instill a financial foundation to make sound monetary



decisions during their adult lives and has proved to give students methods to save money responsibly.

Students with active accounts can receive a donation from Native American Bank that will add reward dollars if the students’ savings goals are met. Native American Bank has partnered with NACDC Financial Services and has added \$1,500 in matching donations to students who reach their savings goals at the Mini-Bank.

Native American Bank Financials

STATEMENTS OF FINANCIAL CONDITION (\$ IN THOUSANDS)

Assets	2019	2018	2017	2016
Cash and Due from Banks	\$ 5,873	\$ 3,635	\$ 6,934	\$ 12,250
Securities and Federal Funds Sold	10,584	5,728	7,342	6,264
Net Loans	102,951	92,140	71,967	80,220
Bank Premises and Equipment, Net	6,911	5,145	4,989	207
Deferred Tax Asset	2,213	2,222	240	161
Other Assets	4,317	4,443	4,010	960
Total Assets	\$ 132,849	\$ 113,313	\$ 95,482	\$ 100,062
Liabilities and Shareholders' Equity				
Total Deposits	\$ 111,324	\$ 89,026	\$ 84,752	\$ 90,121
Federal Funds Purchased and Overnight Borrowings	5,000	10,600	—	—
Other Liabilities	1,497	1,218	875	720
Total Liabilities	117,821	100,844	85,627	90,841
Shareholders' Equity	15,028	12,469	9,855	9,221
Total Liabilities and Shareholders' Equity	\$ 132,849	\$ 113,313	\$ 95,482	\$ 100,062

STATEMENTS OF OPERATIONS (\$ IN THOUSANDS)

	2019	2018	2017	2016
Interest Income	\$ 6,974	\$ 5,281	\$ 4,652	\$ 4,299
Interest Expense	2,068	917	551	473
Net Interest Income	4,906	4,364	4,101	3,826
Provision for Loan Losses	60	—	—	—
Net Interest Income After Provision for Loan Losses	4,846	4,364	4,101	3,826
Non—Interest Income	984	1,157	1,079	674
Salaries and Employee Benefits	2,883	2,899	2,800	2,383
Premises and Equipment Expenses	574	695	397	353
Other Non—Interest Expenses	2,156	1,479	1,362	1,297
Total Other Expenses	5,613	5,073	4,559	4,033
Net Income/(Loss) Before Income Taxes	217	448	621	467
Income Tax Expense/(Benefit)	—	(1,977)	(72)	(161)
Net Income/(Loss)	\$ 217	\$ 2,425	\$ 693	\$ 628

Financial Trends	2019	2018	2017	2016	2015
Unguaranteed portion of classified loans	1,593	2,112	2,372	2,914	1,516
Classified loans	5,220	5,972	7,942	14,326	5,106
Net interest margin	4.33%	4.60%	4.58%	4.44%	4.34%
Cost of funds	2.30%	0.99%	0.91%	0.74%	0.46%
Leverage ratio (point in time 12/31)	9.69%	10.01%	10.01%	9.00%	10.11%
Leverage ratio from call report	9.95%	9.34%	10.49%	9.53%	10.12%

Financial Summary

Beginning in 2016 and continuing into 2019 was a dynamic time of change. Interest rates began to move upward after the stagnant period in which interest rates were low for the last few years.

Then in July 2019, interest rates started moving downward. Changes in interest rates impact earning asset yields and the cost of interest bearing liabilities. In 2019 we moved into our newly renovated office building, opened our first retail branch in Denver and held a grand opening event to celebrate these milestones.

Our target is to maintain a minimum Tier 1 Leverage Ratio of 9.0%. This ratio was 9.95% for the fourth quarter of 2019.

The tangible book value of our Holding Company common stock decreased \$.04 per share to \$90.15 as of December 31, 2019 when compared to the same period in 2018. The decrease is due to the issuance of new shares of stock. Proceeds from the issuance of common stock was injected into the Bank as capital to support future growth.

Due to our positive earnings trend, we recognized a large deferred tax asset in 2018. The deferred tax asset relates to the carry forward of prior year's losses that can be used to offset income tax expense going forward. The net increase to the deferred tax asset and the resulting income tax credit was \$2.0 million in 2018. In 2019, our deferred tax asset decreased \$9 thousand.

In 2019, net loans grew \$10.8 million year-over-year and \$31.0 million compared to 2017. Growth in loans (our highest yielding assets) positively impacted net interest income. In 2016, net interest income was \$3.8 million increasing to \$4.9 million in

2019. Net interest income increased \$542 thousand in 2019 compared to 2018 primarily due to the growth in earning assets, primarily loans offset by higher deposit and borrowing interest costs. Changes in interest rates also impact the net interest margin. We continue to maintain a net interest margin (net interest income divided by average earning assets) above 4%. Our 2019 net interest margin was 4.33%.

A large portion of our loan portfolio is government guaranteed which reduces our risk exposure. Our unguaranteed portion of classified loans decreased from \$2.1 million in 2018 to \$1.6 million in 2019. The percentage of these loans to our total loans decreased from 2.27% as of December 31, 2018 to 1.53% for the same period in 2019.

Non-interest income decreased \$173 thousand in 2019 compared to 2018. The primary driver for the decrease was less rental income in 2019 of \$320 thousand from the building we purchased in December 2017 when compared to 2018. This increase was offset by a \$150 thousand increase in Bank Enterprise awards received from the Community Development Financial Institution Fund.

Operating expenses increased \$0.5 million to \$5.6 million in 2019 from \$5.1 million in 2018. The increase was primarily due to costs related to litigation settlement, building renovation, office relocation, marketing and supplemental information technology assistance needed to support our growth.



Native American Bank, N.A.

BOARD OF DIRECTORS



Kent E. Paul
Chair; President, K&L Risk Consulting



David Cottrell
President and CEO, United Companies, Inc./President of Mikunda, Cottrell & Company



Cristina Danforth
President, Native American Finance Officers Association



Lance Morgan
President and CEO, Ho-Chunk, Inc.



Thomas D. Ogaard
President and CEO, Native American Bank



Terry J. Show
Blackfeet Tribe and President, Show Logging Corporation



Rod Worl
Chief Executive Officer, The Eyak Corporation

SENIOR OFFICERS



Thomas D. Ogaard
President and CEO



Tracie Davis
Executive Vice President and Chief Financial Officer



Joel Smith
Senior Vice President and Chief Credit Officer



Jamie Yancy
Executive Vice President and Chief Operating Officer



Shannon Ward
Senior Vice President and Chief Lending Officer



Jamie Santistevan
Vice President and Compliance Officer

Native American Bancorporation Co.

BOARD OF DIRECTORS



Thomas D. Ogaard
President and CEO



David Cottrell
President and CEO, United Companies, Inc./President of Mikunda, Cottrell & Company



Cristina Danforth
President, Native American Finance Officers Association Oneida Tribe of Indians of WI



Lance Morgan
President and CEO, Ho-Chunk, Inc.



Terry J. Show
Blackfeet Tribe



Derrick Watchman
Navajo Nation



Rod Worl
Eyak Corporation

NATIVE AMERICAN BANK, N.A. STAFF

DENVER, COLORADO

Karen Clark
Staff Accountant

Allemreh Daniels
Commercial Loan Processor II

Theresa Duncan
AVP Deposit & Assistant Operations Manager

Destiny Gallegos
Financial Services Representative

Barbra Keto
Senior Operations Specialist

Veronica Lane
Business Development Officer

Tree Mangan
Executive Assistant

Amber May
Branch Supervisor

Monica Muresan
Credit Analyst III

John O'Connell
AVP Senior Accountant

Mia Richards
Loan Operations Specialist II

Elliot Rogoff
IT Systems Specialist

Ana Stroh
Financial Services Representative

Lauren Thomas
Operations Specialist

Wes Walters
Credit Analyst III

Suzannah Yoesting
Loan Assistant

Jana Zimmermann
AVP Loan Operations Manager

BROWNING, MONTANA

Jaime Bechel
AVP Branch Supervisor

Amanda Kennerly
Financial Services Representative

Charles Lafley
Office Janitor

Hayley Makes Cold Weather
Teller I

Thomasine Mittens
Teller II

Jessie Spotted Eagle
Teller I

Raychell Williams
Financial Services Representative

SHAREHOLDERS

ALASKA

Akhiok-Kaguyak, Inc.
Arctic Slope Regional Corporation
Association of Village Council Presidents
The Eyak Corporation
Old Harbor Native Corporation
Settlement Trust
Sealaska Corporation
United Companies, Inc.

ARIZONA

Navajo Nation
Salt River Pima-Maricopa Indian Community

CALIFORNIA

Table Mountain Rancheria

COLORADO

Ute Mountain Ute Tribe

CONNECTICUT

Mashantucket Pequot Nation
Mohegan Tribe

FLORIDA

Seminole Tribe of Florida

IDAHO

Shoshone-Bannock Tribes

IOWA

Sac and Fox Tribe of the Mississippi in Iowa

LOUISIANA

Tunica Biloxi EDC

MICHIGAN

Grand Traverse Band EDC
Sault Ste. Marie Tribe

MINNESOTA

Mille Lacs Band of Ojibwe Indians

MONTANA

Blackfoot Indian Nation
Chippewa Cree Tribe
Island Mountain Development Group

NEBRASKA

Ho-Chunk, Inc.

NEW MEXICO

AMERIND Risk Management Corporation

NORTH DAKOTA

Three Affiliated Tribes

SOUTH DAKOTA

Cheyenne River Sioux Tribe

WASHINGTON

Colville Tribal Enterprise Corporation
Marine View Ventures, Inc.

WISCONSIN

Oneida Tribe of Indians of Wisconsin

WYOMING

Eastern Shoshone Tribe

SOCIALLY RESPONSIBLE SHAREHOLDERS

Clearinghouse CDFI
The F.B. Heron Foundation
The Ford Foundation
Wells Fargo Community Development Corporation



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 **NATIVE**
AMERICAN BANK