



Our best investment is: *you*®



Who We Are

Bank7 is a full-service Oklahoma-based community bank chartered in 1901 and relocated to Oklahoma City in 2005.

With locations throughout Oklahoma, Kansas, and Texas, Bank7 has expanded its footprint to service the communities in which we live. Our history and vast experience in the energy industries, real estate, construction, tribal lending and agriculture, gives us a unique edge when customizing our products and services to fit our customers needs. In an age of electronic banking transactions and faceless decision makers, Bank7 believes in customer satisfaction, community support, and knowing your banker. We are focused on helping our customers grow and succeed. After all, Bank7 is only as successful as its customers.

Our Mission

To be recognized and respected as the premier bank in the communities we serve. We will be an outstanding corporate citizen, and a great place to work. We will develop long term, mutually beneficial relationships with our customers by exceeding their expectations through extraordinary service, superior products, and advanced technical capabilities. We will attract, retain, develop, recognize, and reward the most talented team of bankers in our marketplaces. We will be a highly valuable member of our local communities and support various organizations to improve the communities in which we work and live.

Andrew Jay Levinson
President Tulsa Region for Bank7

- Financed over \$350MM in Tribal financing over a 20 year banking career including
 - Tribal Construction Financing (casino/hotel)
 - BIA Guaranteed Loans
 - USDA Guaranteed Loans
 - FF&E Loans
- Third Generation Tulsan



Will Woodring

SVP - Tulsa Region for Bank7

- Underwritten/financed over \$100MM in Tribal related loans over a 12 year banking career including
 - Tribal Construction Financing (casino/hotel)
 - BIA Guaranteed Loans
 - USDA Guaranteed Loans
 - FF&E Loans



Trae Hibbard

Vice President- Treasury Management

- 12 years of Tribal Banking Experience
- \$250 million in tribal deposits managed
- Customized many banking services for local tribes





Character

- In my opinion Character is the most important “C”
- It goes without saying that Tribal Lending requires that the Tribe we are doing business with have high moral character.
- Lending to a Tribe or Tribal entity can be risky for traditional banking institutions because loans that are made to Tribal entities are mostly unsecured. This is due to the fact that most Tribal Land (including casinos) is held in “trust” and can’t properly secure a loan (be mortgaged).
- Character can be assessed by reviewing past payment history (has the tribe and its leadership fulfilled its past obligations whether to banks or other 3rd parties) and its litigation history (has the tribe and its leadership been involved in past litigation)

Capital

- This is most likely the most important “C” to the Tribe
- Capital is the assets of the Tribe that are used to provide services to Tribal members. Major Tribal assets include Cash, Real Estate and Equity in Tribal Businesses.
- Capital is needed to fund growth of existing Tribal Businesses and/or Tribal Services. It is also needed to start new Tribal Ventures.
- The Tribe’s Capital can be used alongside Bank Financing to fund growth projects or new Tribal Ventures. Leveraging the Tribe’s Capital can provide a quicker path to completing these long term projects (Bank Debt + Tribal Capital vs Tribal Capital Only) as the Tribe is not required to provide 100% of the cost of the projects with Cash/Savings.

Conditions

- Along with Capacity, Conditions is the most important “C” to the viability of a planned project.
- Conditions represent the factors that will affect the viability of the project.
 - Competition: Will the proposed project face immediate or future competition that will keep the project from achieving success and being able to repay the Tribal investment and/or bank debt.
 - Interest Rates: Are interest rates projected to increase or decrease during the time period the Tribe is borrowing money?
 - If interest rates increase, does it have a substantial impact on future cash flow that will cause loan payments to too high to repay.
 - External Factors: Regulatory or legal risks.
 - EX: Neighboring State amending State laws allowing gaming
 - EX: Modifications to Gaming Compact causing increased expenses that reduce cash flow
 - Condition of the local or regional economy that may affect revenues

Capacity

- Tied for the most important “C” to the viability of a planned project.
- Capacity or “cash flow” represents the ability of the Tribe or project to repay its investment or bank debt.
- Cash flow is the earnings of the Tribe or Tribal venture (project)
 - Net Income/Profit before interest expense and non-cash expenses such as depreciation, amortization (EBIDA)
- When analyzing the viability of a project or venture, the Tribe should consider projected cash flow compared to its investment and/or required loan payments.
 - Financial projections for projects/ventures should be thoroughly vetted by management to ensure any bank financing can be repaid and provide a return on the Tribe’s investment.
 - The Tribe’s return on investment could be non-monetary (new services, jobs, etc)

Collateral

- The least important “C” as it relates to Tribal Lending. Also, contrary to popular opinion.....we don’t want collateral back
- Collateral is the asset pledged to secure a loan.
- Loans that are made to Tribes or Tribal entities are mostly unsecured. This is due to the fact that most Tribal Land (including casinos) is held in “trust” and can’t properly secure a loan (be mortgaged).
- Assets that can secure a loan to a Tribe or Tribal Entity include:
 - Furniture, Fixtures & Equipment
 - Future revenue streams
 - Real estate (if not on Tribal Land)
- It is common for banks to require some or all the following items when making a loan to a Tribe or Tribal Entity:
 - Waiver of Sovereign Immunity
 - Letter from the NIGC stipulating loan agreement terms (when financing casino related transactions)
 - Tribal Guaranty (this means the Tribe is guaranteeing they will repay the loan of a separate Tribal Entity)
 - BIA or USDA Guaranty

Example: Expansion of Gaming at Tribal Casino

Scenario: Tribe A owns and operates a Casino. The Tribe is considering expanding the gaming area by 50% and adding a restaurant. Tribe A is debt-free and is considering borrowing 50% (\$2,500,000) of the total expansion cost which is estimated to be \$5,000,000.

Things to Consider

- Existing Competition (area casinos and/or restaurants)
- Existing Revenue and Cash Flow of the Casino
 - Can existing “Capacity” (revenues and cash flow) support the \$2,500,000 in new debt or will the repayment of the debt be reliant upon the Casino expansions success?
 - \$2.5MM in new debt equals \$48,332 per month in debt service
 - Existing “Capacity” of the Casino would need to make \$580,000 in extra cash flow per year to make the loan payments to pay for the expansion. This would cost Tribe A \$138,000 in Interest Expense
 - The “extra” \$580,000 would need to be above and beyond any amount Tribe A requires to be paid annually from the Casino to the Tribe for benefits, etc.
- Existing Liquidity (cash reserves) of Tribe A
 - Can the Tribe afford to spend \$2,500,000 in cash reserves to pay for their 50% portion of the expansion cost?
 - If existing “Capacity” of the Casino allows, Tribe A may be able to borrow more than 50% and not be required to wait until they have \$2,500,000 in excess cash reserves for the expansion.

Things to Consider

- Is the expansion worth it? Are the projected revenues and cash flow from the expansion worth the \$5,000,000 investment?
- Does Tribe A want to incur debt and can they comfortably repay it?
- How confident is Tribe A in the financial projections of the expansion?
 - What due diligence was performed and how extensive?
- Will the expansion provide non-monetary benefits to Tribe A?