

UNITED STATES  
COMPTROLLER OF THE CURRENCY  
WASHINGTON, D. C. 20219

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**FORM 10-Q**

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

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**FIRST NATIONAL BANK ALASKA**

**ALASKA**

**92-0006595**

**101 West 36th Avenue, P. O. Box 100720, Anchorage, Alaska 99510-0720**

**(907) 777-4362**

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company.

Yes  No

There were **344,759** shares of \$100 par value common stock outstanding as of **June 30, 2008**.

**FIRST NATIONAL BANK ALASKA  
FORM 10-Q**

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**FIRST NATIONAL BANK ALASKA  
CONDENSED STATEMENTS OF CONDITION (UNAUDITED)**

**PART I - ITEM 1.**

(dollars in thousands)

<b>ASSETS</b>	<b>June 30, 2008</b>	<b>December 31, 2007</b>
Cash and cash equivalents:		
Cash and due from banks	\$102,981	\$87,313
Federal funds sold	37,084	10,933
<b>Total Cash and Cash Equivalents</b>	<b>140,065</b>	<b>98,246</b>
Securities, available-for-sale	915,841	955,094
Mortgage loans held for sale	8,152	14,607
Loans, net of allowance for loan losses of \$18,500 and \$19,500 for 2008 and 2007	1,158,672	1,138,179
Premises and equipment, net	45,402	46,543
Other assets	51,641	55,995
<b>Total Assets</b>	<b>\$2,319,773</b>	<b>\$2,308,664</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities:		
Deposits:		
Noninterest bearing	\$566,053	\$565,945
Interest bearing	775,808	775,775
<b>Total Deposits</b>	<b>1,341,861</b>	<b>1,341,720</b>
Securities sold under agreements to repurchase	496,818	488,633
Notes payable, capital lease obligations and other	7,880	11,445
Other liabilities	9,036	8,392
<b>Total Liabilities</b>	<b>1,855,595</b>	<b>1,850,190</b>
<b>Shareholders' Equity:</b>		
Common stock, \$100 par value (Authorized: 2008 and 2007 - 400,000 shares Issued: 2008 and 2007 - 344,759 shares)	34,476	34,476
Surplus	40,000	40,000
Retained earnings	380,299	373,510
Accumulated other comprehensive income	9,403	10,488
<b>Total Shareholders' Equity</b>	<b>464,178</b>	<b>458,474</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$2,319,773</b>	<b>\$2,308,664</b>

See accompanying notes to condensed financial statements.

**FIRST NATIONAL BANK ALASKA  
CONDENSED STATEMENTS OF INCOME (UNAUDITED)**

**PART I - ITEM 1.**

(dollars in thousands)

FOR THREE MONTHS ENDED  
June 30,

<b>Interest Income and Loan Fees</b>	<b>2008</b>	<b>2007</b>
Interest and fees on loans	\$21,706	\$27,185
Interest and dividends on investment securities	9,962	9,920
Interest on Federal funds sold	327	1,521
<b>Total Interest and Loan Fee Income</b>	<b>31,995</b>	<b>38,626</b>
<b>Interest Expense</b>		
Interest on deposits	2,356	4,222
Interest on federal funds purchased and securities sold under agreements to repurchase	1,324	5,881
Interest on notes payable, capital lease obligations and other	51	56
<b>Total Interest Expense</b>	<b>3,731</b>	<b>10,159</b>
<b>Net Interest and Loan Fee Income</b>	<b>28,264</b>	<b>28,467</b>
Provision for loan losses	189	3,903
<b>Net Interest And Loan Fee Income After Provision For Loan Losses</b>	<b>28,075</b>	<b>24,564</b>
<b>Noninterest Income</b>		
Bankcard fees	4,421	4,753
Service charges on deposit accounts	1,487	1,520
Gain on sale of mortgage loans	399	382
Mortgage loan servicing income	589	480
Net gains on investment securities	43	-
Other noninterest income	4,424	1,804
<b>Total Noninterest Income</b>	<b>11,363</b>	<b>8,939</b>
<b>Noninterest Expense</b>		
Salaries and employee benefits	10,815	10,827
Occupancy, net	1,910	1,735
Furniture and equipment	834	870
Bankcard expenses	3,815	3,877
Other noninterest expense	4,259	3,447
<b>Total Noninterest Expense</b>	<b>21,633</b>	<b>20,756</b>
<b>Income Before Taxes</b>	<b>17,805</b>	<b>12,747</b>
Provision for income taxes	6,268	4,513
<b>NET INCOME</b>	<b>\$11,537</b>	<b>\$8,234</b>
<b>Earnings Per Common Share</b> (not in thousands)	<b>\$33.46</b>	<b>\$23.88</b>
<b>Cash Dividends Paid Per Common Share</b> (not in thousands)	<b>\$25.00</b>	<b>\$25.00</b>

See accompanying notes to condensed financial statements.

**FIRST NATIONAL BANK ALASKA  
CONDENSED STATEMENTS OF INCOME (UNAUDITED)**

**PART I - ITEM 1.**

(dollars in thousands)

FOR SIX MONTHS ENDED  
June 30,

<b>Interest Income and Loan Fees</b>	<b>2008</b>	<b>2007</b>
Interest and fees on loans	\$44,599	\$53,958
Interest and dividends on investment securities	20,411	19,346
Interest on Federal funds sold	913	2,343
<b>Total Interest and Loan Fee Income</b>	<b>65,923</b>	<b>75,647</b>
<b>Interest Expense</b>		
Interest on deposits	5,531	8,344
Interest on federal funds purchased and securities sold under agreements to repurchase	3,958	11,164
Interest on notes payable, capital lease obligations and other	102	113
<b>Total Interest Expense</b>	<b>9,591</b>	<b>19,621</b>
<b>Net Interest and Loan Fee Income</b>	<b>56,332</b>	<b>56,026</b>
Provision for loan losses	(857)	4,198
<b>Net Interest And Loan Fee Income After Provision For Loan Losses</b>	<b>57,189</b>	<b>51,828</b>
<b>Noninterest Income</b>		
Bankcard fees	8,263	8,807
Service charges on deposit accounts	2,942	3,022
Gain on sale of mortgage loans	844	689
Mortgage loan servicing income	1,154	899
Net gains on investment securities	118	-
Other noninterest income	9,490	3,583
<b>Total Noninterest Income</b>	<b>22,811</b>	<b>17,000</b>
<b>Noninterest Expense</b>		
Salaries and employee benefits	21,428	21,339
Occupancy, net	3,807	3,631
Furniture and equipment	1,661	1,797
Bankcard expenses	6,997	7,130
Other noninterest expense	8,625	6,862
<b>Total Noninterest Expense</b>	<b>42,518</b>	<b>40,759</b>
<b>Income Before Taxes</b>	<b>37,482</b>	<b>28,069</b>
Provision for income taxes	13,455	10,156
<b>NET INCOME</b>	<b>\$24,027</b>	<b>\$17,913</b>
<b>Earnings Per Common Share</b> (not in thousands)	<b>\$69.69</b>	<b>\$51.96</b>
<b>Cash Dividends Paid Per Common Share</b> (not in thousands)	<b>\$50.00</b>	<b>\$50.00</b>

See accompanying notes to condensed financial statements.

**FIRST NATIONAL BANK ALASKA**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

**PART I - ITEM 1.**

(dollars in thousands)

<b>Comprehensive Income</b>	<b>For Three Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>Net Income</b>	<b>\$11,537</b>	<b>\$8,234</b>
<b>Other Comprehensive Income, net of taxes:</b>		
Decrease in unrealized net holding gains during period, net of tax effect of \$6,432 and \$2,363, 2008 and 2007	(9,214)	(3,385)
Reclassification of gains included in net income, net of tax effect of \$48 and \$0, 2008 and 2007	(69)	0
<b>Net Losses Recognized in Other Comprehensive Income</b>	<b>(9,283)</b>	<b>(3,385)</b>
<b>Comprehensive Income</b>	<b>\$2,254</b>	<b>\$4,849</b>

<b>Comprehensive Income</b>	<b>For Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>Net Income</b>	<b>\$24,027</b>	<b>\$17,913</b>
<b>Other Comprehensive Income, net of taxes:</b>		
Decrease in unrealized net holding gains during period, net of tax effect of \$709 and \$1,190, 2008 and 2007	(1,016)	(1,705)
Reclassification of gains included in net income, net of tax effect of \$48 and \$0, 2008 and 2007	(69)	0
<b>Net Losses Recognized in Other Comprehensive Income</b>	<b>(1,085)</b>	<b>(1,705)</b>
<b>Comprehensive Income</b>	<b>\$22,942</b>	<b>\$16,208</b>

See accompanying notes to condensed financial statements.

**FIRST NATIONAL BANK ALASKA  
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)**

**PART I - ITEM 1.**

(dollars in thousands)

	<b>For Six Months Ended June 30,</b>	
<b>Operating Activities</b>	<b>2008</b>	<b>2007</b>
Net income	\$24,027	\$17,913
Adjustments to reconcile net income to net cash provided by operating activities	1,325	2,963
Net other operating activity	10,393	17,098
<b>Net Cash Provided By Operating Activities</b>	<b>35,745</b>	<b>37,974</b>
<b>Investing Activities</b>		
Proceeds from sales/maturities of securities, available-for-sale	238,168	172,977
Purchase of securities, available-for-sale	(201,294)	(148,728)
Net (increase) decrease in loans, net of undisbursed portion	(19,559)	3,764
Net other investing activity	1,338	(3,539)
<b>Net Cash Provided By Investing Activities</b>	<b>18,653</b>	<b>24,474</b>
<b>Financing Activities</b>		
Net increase in total deposits	141	5,469
Net increase in securities sold under agreements to repurchase	8,185	46,256
Payments on notes and capital leases	(3,667)	(699)
Dividends paid	(17,238)	(17,238)
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(12,579)</b>	<b>33,788</b>
Increase in cash and cash equivalents	41,819	96,236
Cash and cash equivalents, January 1,	98,246	110,229
<b>Cash and Cash Equivalents, June 30,</b>	<b>\$140,065</b>	<b>\$206,465</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for interest	\$9,929	\$19,382
Cash paid during the period for income taxes	\$13,438	11,029
Decrease in unrealized holding gains on available-for-sale securities, net of deferred tax of \$757 and \$1,190, 2008 and 2007	(\$1,016)	(\$1,705)

See accompanying notes to condensed financial statements.

**FIRST NATIONAL BANK ALASKA**  
**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

**PART I - ITEM 1.**

(dollars in thousands)

**Shareholders' Equity**

<b>Balance, January 1, 2008</b>	<b>\$458,474</b>
Net income for the six months ended June 30, 2008	24,027
Cash dividends declared on common stock	(17,238)
Change in accumulated other comprehensive income	(1,085)
<b>Balance, June 30, 2008</b>	<b>\$464,178</b>

See accompanying notes to condensed financial statements.

**FIRST NATIONAL BANK ALASKA  
FORM 10-Q  
PART I**

**ITEM 1. NOTES TO CONDENSED FINANCIAL STATEMENTS**

The accompanying unaudited condensed financial statements have been prepared by First National Bank Alaska (the bank) in accordance with U.S. generally accepted accounting principles (GAAP) and instructions to Form 10-Q under the Securities Exchange Act of 1934. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

In the opinion of management, adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim period ended June 30, 2008, are not necessarily indicative of the results anticipated for the year ending December 31, 2008. These condensed financial statements should be read in conjunction with the bank's Annual Report to Shareholders for the year ended December 31, 2007, which is incorporated by reference as an exhibit.

Management affirms all of its accounting policies as described in the bank's Annual Report to Shareholders. During the six month period ended June 30, 2008, the bank has not changed any of its policies or altered the way it formulates critical accounting estimates.

Earnings per share are computed on the basis of the weighted average number of shares outstanding of 344,759 for June 30, 2008 and 2007.

Certain reclassifications have been made to conform 2007 financial data to the 2008 presentation.

Effective January 1, 2008 the bank implemented Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a consistent framework for measuring fair value and expands the disclosure requirements for fair value measurements.

**Assets Measured at Fair Value on a Recurring Basis**

<u>Dollars in thousands</u>				
Description	June 30, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities, available-for-sale	\$915,841		\$915,841	
<b>Total</b>	<b>\$915,841</b>		<b>\$915,841</b>	

**FIRST NATIONAL BANK ALASKA  
FORM 10-Q  
PART I**

**ITEM 1. NOTES TO CONDENSED FINANCIAL STATEMENTS, continued**

For investment securities, where quoted prices are available in an active market for identical securities they are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models and quoted prices of securities with similar characteristics. Where there is limited activity or less transparency around inputs to the valuation, investment securities are classified within Level 3 of the valuation hierarchy.

**Assets Measured at Fair Value on a Nonrecurring Basis**

Dollars in thousands					
Description	June 30, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses) for Quarter ended June 30, 2008
Impaired Loans	\$27,951			\$27,951	\$181
Mortgage Servicing Rights	3,390			3,390	(36)
<b>Total</b>	<b>\$31,341</b>		<b>\$0</b>	<b>\$31,341</b>	<b>\$145</b>

Certain impaired loans are evaluated based on the fair value of collateral, which is derived from appraisals that take into consideration prices in observed transactions involving similar assets in similar locations, in accordance with provisions of SFAS 114. The bank may apply management-determined discount factors to appraisal valuations to take into consideration changing market conditions.

Fair value of mortgage servicing rights are estimated using discounted cash flow models that calculate the present value of estimated future net servicing income. The bank reassesses and periodically adjusts the remaining unamortized value to reflect actual prepayments.

Also effective January 1, 2008 the bank implemented Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. This statement provides an option to selectively report financial assets and financial liabilities at fair value and establishes presentation and disclosure requirements. The bank did not elect the fair value option for any additional financial assets or liabilities as of January 1, 2008. The bank may adopt this guidance for financial assets and liabilities in the future as permitted under the statement.

During the first quarter 2008, the Financial Accounting Standards Board issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities*. The bank believes the adoption of this Statement will have no impact on the financial statements of the bank.

**FIRST NATIONAL BANK ALASKA  
FORM 10-Q  
PART I**

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**MATERIAL CHANGES IN FINANCIAL POSITION**

***Condensed Comparative Statements of Condition***

The following table provides condensed balance sheet change analysis for the current quarter ended June 30, 2008, previous quarter ended March 31, 2008 and December 31, 2007:

<u>Dollars in thousands</u>				
	June 30, 2008	% Change	March 31, 2008	December 31, 2007
Cash and cash equivalents	\$140,065	-34.5%	\$213,888	\$98,246
Securities, available-for-sale	915,841	2.1%	897,316	955,094
Total loans, net	1,166,824	3.0%	1,133,053	1,152,786
Premises and equipment	45,402	-0.9%	45,810	46,543
All other assets	51,641	5.2%	49,078	55,995
<b>Total Assets</b>	<b>\$2,319,773</b>	<b>-0.8%</b>	<b>\$2,339,145</b>	<b>\$2,308,664</b>
Noninterest bearing deposits	\$566,053	6.1%	\$533,577	\$565,945
Interest bearing deposits	775,808	-0.6%	\$780,711	\$775,775
Securities sold under agreement to repurchase	496,818	-6.3%	\$530,222	\$488,633
All other liabilities	16,916	-29.8%	\$24,092	\$19,837
Shareholders' equity	464,178	-1.4%	\$470,543	\$458,474
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$2,319,773</b>	<b>-0.8%</b>	<b>\$2,339,145</b>	<b>\$2,308,664</b>

**FIRST NATIONAL BANK ALASKA**  
**FORM 10-Q**  
**PART I**

**MATERIAL CHANGES IN FINANCIAL POSITION, continued**

The following table provides condensed, comparative balance sheets and composition percentages as of June 30, 2008, March 31, 2008 and December 31, 2007:

Dollars in thousands						
	June 30, 2008	% Total	March 31, 2008	% Total	December 31, 2007	% Total
Cash and cash equivalents	\$140,065	6%	\$213,888	9%	\$98,246	4%
Securities, available-for-sale	915,841	40%	897,316	38%	955,094	42%
Total loans, net	1,166,824	50%	1,133,053	49%	1,152,786	50%
Premises and equipment	45,402	2%	45,810	2%	46,543	2%
All other assets	51,641	2%	49,078	2%	55,995	2%
<b>Total Assets</b>	<b>\$2,319,773</b>	<b>100%</b>	<b>\$2,339,145</b>	<b>100%</b>	<b>\$2,308,664</b>	<b>100%</b>
Noninterest bearing deposits	\$566,053	24%	\$533,577	23%	\$565,945	24%
Interest bearing deposits	775,808	34%	780,711	33%	775,775	34%
Securities sold under agreement to repurchase	496,818	21%	530,222	23%	488,633	21%
All other liabilities	16,916	1%	24,092	1%	19,837	1%
Shareholders' equity	464,178	20%	470,543	20%	458,474	20%
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$2,319,773</b>	<b>100%</b>	<b>\$2,339,145</b>	<b>100%</b>	<b>\$2,308,664</b>	<b>100%</b>

***Management Overview of Material Changes in Financial Position***

**Total assets** decreased \$19.4 million for the quarter ended June 30, 2008. **Cash and cash equivalents** decreased \$73.8 million with a shift from short-term federal funds into **available-for-sale securities**, which increased by \$18.5 million. Additionally, the **loan** portfolio increased \$36.8 million during the quarter on seasonal activity. Included in other assets is other real estate owned (OREO) in the amount of \$3.4 million and \$5.6 million at June 30, 2008 and December 31, 2007, respectively. These assets are recorded at fair value less costs to sell and are net of devaluation reserve of \$0.1 million and \$0.3 million, respectively.

**Total liabilities** decreased \$13.0 million during the second quarter. **Total deposits** increased \$27.6 million overall in the second quarter, led by a non-interest bearing deposits increase of \$32.5 million. Analysis of average balances in demand deposit accounts showed increased levels in Anchorage, Fairbanks, and the Southeast, Mat-Su, and Kenai Peninsula regions reflecting seasonal economic activity across the state. **Securities sold under agreements to repurchase** decreased \$33.4 million during the quarter partially offsetting the first quarter increase of \$41.6 million. These accounts are \$8.2 million above the December 31, 2007 levels and these accounts continue to fluctuate as highly interest rate sensitive customers move funds in and out of this product. **All other liabilities** including notes payable decreased \$7.2 million in the second quarter. **Notes Payable** decreased \$1.6 million as a result of

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PART I**

**MATERIAL CHANGES IN FINANCIAL POSITION, continued**

scheduled debt payments. **Other liabilities** decreased \$5.6 million as result of paying estimated quarterly tax payments during the quarter.

**Total shareholders' equity** decreased during the second quarter by \$6.4 million. **Retained earnings** increased \$2.9 million over March 31, 2008, as net income for the second quarter of \$11.5 million exceeded quarterly dividend declarations of \$8.6 million. **Accumulated other comprehensive income** was decreased by \$9.3 million, as unrealized net gains on securities available-for-sale decreased to \$9.4 million at June 30, 2008, from the March 31, 2008 level of \$18.7 million.

***Loan Portfolio and Allowance for Loan Losses Analysis***

The following table provides comparative loan portfolio detail as of June 30, 2008, March 31, 2008 and December 31, 2007:

<u>Dollars in thousands</u>			
	June 30, 2008	March 31, 2008	December 31, 2007
Commercial and industrial	\$248,319	\$235,845	\$245,594
Real estate	887,122	864,172	869,553
Consumer and other	23,557	20,663	22,232
Nontaxable states and political subdivision obligations	18,174	19,671	20,300
Total Loans, gross	1,177,172	1,140,351	1,157,679
Allowance for Loan Losses	(18,500)	(18,500)	(19,500)
Total Loans, net	<u>\$1,158,672</u>	<u>\$1,121,851</u>	<u>\$1,138,179</u>

Loan volumes increased \$36.8 million (3.2%) during the second quarter as compared to March 31, 2008 with portfolio growth most significant in the commercial and real estate categories. Average loans for the second quarters increased state-wide by \$39.3 million with the most significant increases recorded in the Anchorage region (\$16.9 million), Fairbanks region (\$11.7 million), the Kenai Peninsula and other south central regions of Kodiak and Valdez (\$6.1 million) and the Mat-Su region (\$1.2 million).

The allowance for loan losses remained unchanged at \$18.5 million during the quarter ended June 30, 2008 as compared to March 31, 2008. The allowance for loan losses decreased \$1.0 million when compared to \$19.5 million for the year ended December 31, 2007 and increased \$1.0 million when compared to \$17.5 million for the quarter ended June 30, 2007. The first quarter downward allowance adjustment reflected improvement in a few large loans related to payment activity, including a payoff.

The allowance for loan losses as a percentage of loans was 1.57% at June 30, 2008, 1.68% at December 31, 2007 and 1.47% at June 30, 2007. Non-accrual loans totaled \$68.3 million, \$53.2 million, \$46.5 million as of June 30, 2008, December 31, 2007 and June 30, 2007, respectively. Non-accrual loans have continued on an increasing trend over prior year levels. Consistent with a predominant position in the loan

**FIRST NATIONAL BANK ALASKA  
FORM 10-Q  
PART I**

**MATERIAL CHANGES IN FINANCIAL POSITION, continued**

portfolio at 75% of loans overall, real estate loans comprise the significant population of nonaccrual loans. The predominant category of nonaccrual real estate loans are construction and land development loans in the major population centers of Anchorage and the adjacent MatSu Valley. Given the longer-term nature of development projects and the soft real estate market in these geographic areas, it could be some time before the ultimate resolution of these loans is known. The bank considers associated collateral, risk of loss as well as other qualitative factors in determining allowance for loan loss reserves and believes it maintains an allowance for loan losses adequate to cover the current estimate of probable losses.

**LIQUIDITY AND CAPITAL RESOURCES**

Liquidity management is the process by which banks provide the continuing flow of funds necessary to meet financial commitments on a timely basis. These commitments include withdrawals by depositors, funding credit commitments to borrowers, repaying debt when due, paying shareholder dividends and paying the expenses of operation.

Liquidity sources are provided from both the asset and liability side of the statement of condition and are available from cash flows received in the ordinary course of business from interest and fee income payments. Asset side liquidity is generated from maturing loans and investments plus marketable assets disposable at or near book value. The ability to attract and retain deposits represents the bank's primary source of liquidity on the liability side. The bank has a large base of core deposits and has the ability to obtain other funds in order to maintain a deposit level adequate to meet its liquidity needs.

On June 26, 2008, the Board of Directors of the bank approved a stock repurchase program in which the bank will repurchase shares of its outstanding common stock from time to time on the open market as well as through privately negotiated transactions. The repurchase program will expire when the bank has repurchased stock representing an aggregate purchase price of \$100 million or upon termination of the program by the Board of Directors, whichever occurs earlier.

Repurchases will be funded from available capital and will not commence until the bank has received regulatory and shareholder approval of the capital reduction that will support the repurchase program. All repurchased shares will be retired and available to reissue for general corporate purposes. The specific timing and amount of repurchases will vary based on market conditions, securities law limitations and other factors and may be suspended or discontinued at any time without prior notice.

***Credit Facilities***

The bank's committed line of credit of \$47.1 million from the Federal Reserve Bank held a rate of 2.25% as of June 30, 2008. This line of credit was increased approximately \$20.0 million over March 31, 2008 by pledging additional securities to enhance available borrowing/liquidity options to the bank. In addition, the bank has pledged certain first lien single-family residence and multi-family mortgages to the Federal Home Loan Bank of Seattle under a blanket pledge collateral agreement. The associated line of credit with this facility was \$77.4 million as of June 30, 2008, with various short to long-term advances available under both fixed and variable terms at prevailing market rates.

The bank also has federal fund arrangements from unaffiliated banks of \$65.0 million at an estimated rate of 2.00% as of June 30, 2008. There were no outstanding balances against any of these borrowing sources as of June 30, 2008.

**FIRST NATIONAL BANK ALASKA  
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PART I**

**LIQUIDITY AND CAPITAL RESOURCES, continued**

***Cash Flows Overview Analysis***

The following table provides comparative condensed cash flow statement highlights for the current quarter and year to date periods:

<u>Dollars in thousands</u>				
	<b>Second Quarter</b>		<b>Year to Date</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Net income	\$11,537	\$8,234	\$24,027	\$17,913
Adjustments to reconcile net income to net cash provided by operating activities	1,847	2,124	1,325	2,963
Net proceeds from the sale of real estate loans to be sold	3,050	2,950	6,455	14,734
All other operating activity	(3,904)	(4,831)	3,938	2,364
<b>Net Cash Provided By Operating Activities</b>	<b>12,530</b>	<b>8,477</b>	<b>35,745</b>	<b>37,974</b>
Net maturities/(purchases) of securities, available-for-sale	(34,836)	(23,164)	36,874	24,249
Net (increase) decrease in loans	(36,864)	(40,183)	(19,559)	3,764
All other investing activity	1,459	(3,389)	1,338	(3,539)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(70,241)</b>	<b>(66,736)</b>	<b>18,653</b>	<b>24,474</b>
Net increase in total deposits	27,573	63,463	141	5,469
Net increase (decrease) in securities sold under agreements to repurchase	(33,404)	27,679	8,185	46,256
Payments on notes and capital leases	(1,662)	(29)	(3,667)	(699)
Dividends paid	(8,619)	(8,619)	(17,238)	(17,238)
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(16,112)</b>	<b>82,494</b>	<b>(12,579)</b>	<b>33,788</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(\$73,823)</b>	<b>\$24,235</b>	<b>\$41,819</b>	<b>\$96,236</b>

For the three months ended June 30, 2008, cash and cash equivalents decreased \$73.8 million, compared to \$24.2 million increase during second quarter 2007. Net cash provided by **operating activities** was \$12.5 million, a increase of \$4.1 million when compared to second 2007 on stronger net income.

Cash of \$70.2 million was used in **investing activities** for the three months ended June 30, 2008, slightly higher than the \$66.7 million used in during the comparable quarter in 2007. During 2008, the source of cash used in investing activities shifted more toward securities purchased over increases in loan levels.

Cash was used in **financing activities** of \$16.1 million during second quarter 2008 while cash was provided by financing activities of \$82.5 million second quarter 2007. Second quarter increases in total deposits of \$27.6 million were approximately half of the 2007 second quarter inflow and second quarter 2008 securities sold under agreements to repurchase decreased rather than the growth seen in 2007.

**FIRST NATIONAL BANK ALASKA  
FORM 10-Q  
PART I**

**LIQUIDITY AND CAPITAL RESOURCES, continued**

***Cash Flows Overview Analysis, continued***

For the six months ended June 30, 2008, cash and cash equivalents increased \$41.8 million, compared to \$96.2 million increase in 2007. Net cash provided by **operating activities** decreased to \$35.7 million from \$38.0 million in 2007 through lower volume in investor loan production and sales. Net cash provided by **investing activities** for the six months ended June 30, 2008 decreased to \$18.7 million from \$24.5 million in June 30, 2007. During the second quarter, the source of cash used in investing activities shifted more toward maturing securities over increases in loan levels. Cash used in financing activities of \$12.6 million as compared with cash provided by **financing activities** of \$33.8 million for the comparable period. Net increases in total deposits and securities sold under agreement to repurchase in 2008 continued to provide cash, albeit not at same high net levels of 2007.

***Regulatory Capital***

Under the capital adequacy guidelines and the regulatory framework for prompt corrective action, the bank must meet specific capital guidelines that involve quantitative measures of the bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the bank to maintain minimum risk-based capital and leverage ratios (Tier I capital to average assets). To be categorized as "well capitalized", the bank is required to maintain minimum total risk-based capital, Tier 1 risk-based capital, and Tier 1 leverage ratios as set forth in the table below. The bank's actual ratios are as follows:

	June 30, 2008	December 31, 2007	To Be Well Capitalized Under Prompt Corrective Action Provisions
Total Capital Ratio	29.95%	30.40%	10.0%
Tier 1 Capital Ratio	28.78%	29.15%	6.0%
Tier 1 Leverage Ratio	19.88%	19.13%	5.0%

**FIRST NATIONAL BANK ALASKA  
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PART I**

**MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION**

The following table provides quarterly summary of operations data for five consecutive quarters ended June 30, 2008:

*Dollars in thousands, except per share data and ratios*

Quarterly Summary of Operations	2008			2007	
	Second	First	Fourth	Third	Second
Interest and Loan Fee Income	\$31,995	\$33,928	\$38,019	\$39,028	\$38,626
Interest Expense	3,731	5,860	8,214	9,464	10,159
Net Interest and Fee Income	28,264	28,068	29,805	29,564	28,467
Provision for Loan Losses	189	(1,046)	997	2,868	3,903
Net Interest and Fee Income After Provision for Loan Losses	28,075	29,114	28,808	26,696	24,564
Noninterest Income	11,363	11,448	9,261	9,838	8,939
Salaries and employee benefits	10,815	10,613	10,161	10,041	10,827
Noninterest Expense	10,818	10,272	12,171	10,178	9,929
Income Before Taxes	17,805	19,677	15,737	16,315	12,747
Provision for Income Taxes	6,268	7,187	5,544	6,389	4,513
Net Income	\$11,537	\$12,490	\$10,193	\$9,926	\$8,234
Earnings Per Common Share	\$33.46	\$36.23	\$29.57	\$28.79	\$23.88
Dividends Declared Per Common Share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Average Assets	\$2,286,307	\$2,266,419	\$2,340,224	\$2,342,295	\$2,286,689
Average Total Equity	\$451,158	\$447,684	\$446,532	\$445,012	\$444,550
Ratio to Net Income to					
Average Assets	2.04%	2.22%	1.74%	1.69%	1.45%
Return on Average Equity	10.28%	11.22%	9.06%	8.85%	7.43%

***Management Overview of Material Changes in Quarterly Results of Operation***

**Net income before taxes** for the quarter ended June 30, 2008 increased \$5.1 million to \$17.8 million from \$12.7 million for the second quarter of 2007. The **provision for loan losses** of \$0.2 million for the second quarter of 2008 is \$3.7 million less than the provision reported for the second quarter of 2007 when the bank increased the allowance in response to sharply rising delinquencies and nonaccrual loans. **Noninterest income** provided the other major improvement as the bank received the proceeds from disposal of MasterCard, Inc. stock and recorded a gain on disposition of \$2.7 million during the second quarter June 2008.

**FIRST NATIONAL BANK ALASKA  
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PART I**

**MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION, continued**

***Analysis of Interest Earning Assets and Interest Bearing Liabilities***

The following table provides comparative average balances of interest earning assets, respective yields on a tax equivalent basis, and change analysis for the quarters ended June 30, 2008 and 2007:

<u>Dollars in thousands</u>						
	Average Second Quarter		Average Yield		Change Due to	
	2008	2007	2008	2007	Rate	Volume
<b>Earning Assets</b>						
Loans-Taxable	\$1,089,791	\$1,133,279	7.32%	8.89%		
Loans-NonTaxable	19,033	16,955	9.85%	7.14%		
Investment Securities-Taxable	825,373	802,016	4.54%	4.73%		
Investment Securities- NonTaxable	74,233	46,886	5.91%	5.71%		
Federal Funds Sold	64,357	115,215	2.04%	5.30%		
<b>Total Earning Assets</b>	<b>\$2,072,787</b>	<b>\$2,114,351</b>	<b>6.02%</b>	<b>7.03%</b>	<b>-0.87%</b>	<b>-0.14%</b>

Interest and loan fee income for the quarters ended June 30, 2008 and 2007 was \$32.0 million and \$38.6 million, respectively, for a decrease of \$6.6 million or 17.2%. The tax equivalent yield on average earning assets decreased 101 basis points, from 7.03% in 2007 to 6.02% in 2008. Total average earning assets decreased \$41.6 million, from \$2.114 billion at June 30, 2007 to \$2.073 billion as of June 30, 2008. Average loan levels decreased \$41.4 million year over year, while average investment securities increased \$50.7 million and federal funds sold decreased \$50.9 million for the same period netting to a \$0.2 million change.

Decreases in yield and volumes in lending assets drove the overall decline in interest and loan fee income. Interest income was also negatively impacted by falling rates on overnight federal fund sales that were held at higher volumes in 2008 over 2007 for liquidity purposes.

**FIRST NATIONAL BANK ALASKA  
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PART I**

**MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION, continued**

***Analysis of Interest Earning Assets and Interest Bearing Liabilities, continued***

The following table provides comparative average balances of interest bearing liabilities, respective yields, and change analysis for the quarters ended June 30, 2008 and 2007:

<u>Dollars in thousands</u>						
	Average Second Quarter		Average Yield		Change Due to	
	2008	2007	2008	2007	Rate	Volume
<b>Interest Bearing Liabilities</b>						
Savings	\$314,863	\$319,274	0.88%	1.50%		
First Rate	131,164	126,946	0.51%	1.63%		
First Investment	183,944	178,136	0.86%	2.70%		
Time	139,622	134,630	3.18%	3.92%		
Federal Funds Purchased	675	11	1.79%	0.00%		
Repurchase Agreements	514,807	526,062	1.03%	4.48%		
Other Debt	3,145	3,470	6.52%	6.47%		
<b>Total Interest Bearing Liabilities</b>	<b>\$1,288,220</b>	<b>\$1,288,529</b>	<b>1.16%</b>	<b>3.16%</b>	<b>-1.99%</b>	<b>-0.01%</b>

Interest expense for the quarters ended June 30, 2008 and 2007 was \$3.7 million and \$10.2 million, respectively. Interest expense decreased significantly as interest rates paid for the total average aggregate interest bearing liabilities decreased 200 basis points, from 3.16% in 2007 to 1.16% in 2008. Total average aggregate outstanding interest bearing liabilities decreased \$0.3 million from \$1.289 billion at June 30, 2007 to \$1.288 billion in 2008.

**FIRST NATIONAL BANK ALASKA  
FORM 10-Q  
PART I**

**MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION, continued**

***Analysis of Interest Earning Assets and Interest Bearing Liabilities, continued***

The following table provides comparative average balances of interest earning assets, respective yields on a tax equivalent basis, and change analysis for the six month periods ended June 30, 2008 and 2007:

<u>Dollars in thousands</u>								
	Average Six Month Balances		Average Yield		Change Due to			
	2008	2007	2008	2007	Rate	Volume	Time	
<b>Earning Assets</b>								
Loans-Taxable	\$1,084,095	\$1,132,588	7.61%	8.92%				
Loans-NonTaxable	19,372	16,951	9.54%	8.15%				
Investment Securities-Taxable	826,223	804,883	4.68%	4.63%				
Investment Securities- NonTaxable	65,871	43,574	5.99%	5.75%				
Federal Funds Sold	74,014	88,963	2.48%	5.31%				
<b>Total Earning Assets</b>	<b>\$2,069,575</b>	<b>\$2,086,959</b>	<b>6.22%</b>	<b>7.04%</b>	<b>-0.78%</b>	<b>-0.08%</b>	<b>0.04%</b>	

Interest and loan fee income for the six months ended June 30, 2008 and 2007 was \$65.9 million and \$75.6 million, respectively, for a decrease of \$9.7 million or 12.9%. The tax equivalent yield on average earning assets decreased 82 basis points, from 7.04% in 2007 to 6.22% in 2008. Total average earning assets decreased \$17.4 million, from \$2.087 billion at June 30, 2007 to \$2.07 billion as of June 30, 2008. Average loan levels decreased \$46.1 million year over year, while average investment securities increased \$43.6 million and federal funds sold decreased \$14.9 million for the same period. The improving yields on investment securities and volume provided quarterly improvements to interest and loan fee income that were offset by decreasing yield and volumes in lending assets. Interest income was also negatively impacted by falling rates on overnight federal fund sales that were held at higher volumes in 2008 over 2007 for liquidity purposes.

**FIRST NATIONAL BANK ALASKA  
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PART I**

**MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION, continued**

***Analysis of Interest Earning Assets and Interest Bearing Liabilities, continued***

The following table provides comparative average balances of interest bearing liabilities, respective yields, and change analysis for the six month periods ended June 30, 2008 and 2007:

Dollars in thousands							
	Average Six Month Balances		Average Yield		Change Due to		
	2008	2007	2008	2007	Rate	Volume	Time
<b>Interest Bearing Liabilities</b>							
Savings	\$315,248	\$322,689	1.05%	1.50%			
First Rate	131,817	127,704	0.71%	1.65%			
First Investment	179,698	176,591	1.18%	2.71%			
Time	138,982	132,643	3.44%	3.84%			
Federal Funds Purchased	912	221	3.53%	5.47%			
Repurchase Agreements	515,364	498,473	1.54%	4.51%			
Other Debt	3,139	3,460	6.53%	6.59%			
Total Interest Bearing Liabilities	<u>\$1,285,160</u>	<u>\$1,261,781</u>	<u>1.50%</u>	<u>3.14%</u>	-1.71%	0.05%	0.02%

Interest expense for the six months ended June 30, 2008 and 2007 was \$9.6 million and \$19.6 million, respectively. Interest expense decreased significantly as interest rates paid for the total average aggregate interest bearing liabilities decreased 164 basis points, from 3.14% in 2007 to 1.50% in 2008. Total average aggregate outstanding interest bearing liabilities increased \$23.4 million from \$1.262 billion at June 30, 2007 to \$1.285 billion in 2008.

***Provision for Loan Losses***

The allowance for loan losses remained unchanged at \$18.5 million during the quarter ended June 30, 2008 as compared to March 31, 2008. The allowance for loan losses decreased to \$1.0 million when compared to \$19.5 million for the year ended December 31, 2007 and increased of \$1.0 million when compared to \$17.5 million for the quarter ended June 30, 2007. The first quarter 2008 downward allowance adjustment reflected improvement in a few large loans related to payment activity, including a payoff. Loan composition, nonaccrual loan levels and allowance adequacy is discussed in the *Loan Portfolio Analysis* section of *Material Changes in Financial Position* section of Part 1 on previous pages.

Loan chargeoffs, net of loan recoveries were \$189,000 and \$143,000 for the three and six months ended June 30, 2008, respectively.

**FIRST NATIONAL BANK ALASKA  
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PART I**

**MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION, continued**

***Noninterest Income and Expenses***

Total noninterest income for the quarters ended June 30, 2008 and 2007 was \$11.4 million and \$8.9 million, respectively. Ordinary noninterest income was consistent with the comparable period; bankcard fees decreased with reduced transaction volume in customer corporate card activity and mortgage loan servicing income was stronger without the offsets for impairment recorded in the comparable period. The increase in other noninterest income relates to the sale of 92% of the bank's MasterCard class B stock that resulted in a gain on sale of \$2.7 million. The bank acquired this stock in 2006 in conjunction with MasterCard's IPO.

Noninterest expense for the quarters ended June 30, 2008 and 2007 was \$21.6 million and \$20.8 million, respectively. Occupancy expenses in the second quarter are higher due to statewide maintenance and repair activities. The quarterly increase in noninterest expense included higher legal expenses of approximately \$0.2 million and higher levels of OREO losses and foreclosure expenses of \$0.3 million.

Total noninterest income for the six months ended June 30, 2008 and 2007 was \$22.8 million and \$17.0 million, respectively. In addition to the MasterCard proceeds recorded in the second quarter, the bank recorded a first quarter \$2.2 million gain on sale related to the redemption of Visa class B stock by Visa, the proceeds for which were received by the bank in March. The bank also recorded a receivable from others and an additional gain of \$1.1 million for its proportionate share of funds placed in escrow by Visa for the purpose of settling certain specific litigation for which the bank is a guarantor pursuant to the Visa bylaws. Combined these transactions increased other noninterest income for the six months of 2008 by \$6.0 million.

Noninterest expense for the six months ended June 30, 2008 and 2007 was \$42.5 million and \$40.8 million, respectively. In addition to the second quarter noninterest activity discussed above, noninterest expense increased \$1.1 million related to an additional charge to litigation expense in the first quarter. With this charge, in addition to the provision of \$0.9 million recorded in the fourth quarter of 2007, the overall estimate of the fair market value of the bank's guarantee to Visa is recorded in other liabilities at \$2.0 million. The specific litigation to which this guarantee applies involves unresolved claims against Visa that are complex and subject to substantial uncertainty and unspecified damages. As such, the ultimate outcome of the cases and corresponding indemnification may be significantly different than the estimate.

**FIRST NATIONAL BANK ALASKA  
FORM 10-Q  
PART I**

**MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION, continued**

***Provision for Income Taxes***

The following table provides a summary of the provision for income taxes and the effective combined tax rate for relevant comparative periods:

<u>Dollars in thousands</u>	Six Months Ended June 30, 2008	Year Ended December 31, 2007	Six Months Ended June 30, 2007
Income before taxes	\$37,482	\$60,121	\$28,069
Provision for income taxes	13,455	22,089	10,156
Net Income	<u>\$24,027</u>	<u>\$38,032</u>	<u>\$17,913</u>
Effective combined tax rate	35.9%	36.7%	36.2%

The effective tax rate reflected in the provision for income taxes for the six months ended June 30, 2008 is consistent with the full year effective rate for 2007 and the six months ended June 30, 2007.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The bank believes that there have not been any material changes in quantitative and qualitative information about market risk since the year ended December 31, 2007.

**ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of disclosure controls and procedures.** The bank's Principal Executive Officer and Principal Financial Officer have reviewed and evaluated the effectiveness of the bank's disclosure controls and procedures (as defined in Exchange Act Rules 240.13a-14 (c) and 15d-14 (c) as of a date within ninety days before the filing date of this quarterly report (the "Evaluation Date"). Based on that evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that the bank's current disclosure controls and procedures are effective, providing them with material information relating to the bank as required to be disclosed in the reports the bank files or submits under the Exchange Act on a timely basis.

**Changes in internal controls.** There were no significant changes in the bank's internal controls or in other factors that could significantly affect those controls subsequent to the Evaluation Date.

**FIRST NATIONAL BANK ALASKA  
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PART II**

**ITEM 1. LEGAL PROCEEDINGS**

From time to time in the normal course of business, various claims are asserted against the bank. Management is of the opinion that ultimate resolution of matters presently known to exist will have no material effect on the bank's financial statements.

**ITEM 1A. RISK FACTORS**

The bank believes that there have not been any material changes in risk factors since the year ended December 31, 2007.

**ITEM 6. EXHIBITS**

<u>Exhibit Number</u>	<u>Exhibit</u>
(19)	Annual Report to Shareholders for the year ended December 31, 2007
(31.1)	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(31.2)	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32.1)	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(32.2)	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Page number references are to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001.

<u>Exhibit Number</u>	<u>Exhibit</u>	<u>Page(s)</u>
(3) (i)	Articles of Association, as amended.....	17-18
(3) (ii)	Amended and Restated Bylaws.....	19-24
(3) (iii)	Special Shareholders Meeting.....	25

## SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### FIRST NATIONAL BANK ALASKA

/s/ D.H. Cuddy

8/5/2008

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D.H. Cuddy  
Chairman and President  
(Principal Executive Officer)

Date

/s/ Jason L. Roth

8/4/2008

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Jason L. Roth  
Senior Vice President  
(Principal Financial Officer)

Date

/s/ Michele M. Schuh

8/4/2008

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Michele M. Schuh  
Comptroller  
(Principal Accounting Officer)

Date

## EXHIBIT 31.1

### CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, D.H. Cuddy, Chairman and President, certify that:

1. I have reviewed this report on Form 10-Q of First National Bank Alaska;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

**EXHIBIT 31.1 - CERTIFICATION** *(continued)*

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ D.H. Cuddy

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D.H. Cuddy  
Chairman and President  
(Principal Executive Officer)

8/5/2008

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Date

## EXHIBIT 31.2

### CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jason L. Roth, Senior Vice President, certify that:

1. I have reviewed this report on Form 10-Q of First National Bank Alaska;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

**EXHIBIT 31.2 - CERTIFICATION** *(continued)*

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jason L. Roth

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Jason L. Roth  
Senior Vice President  
(Principal Financial Officer)

8/4/2008

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Date

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the First National Bank Alaska's ("bank") Quarterly Report on Form 10-Q ("Report") for the period ending June 30, 2008, I, D.H. Cuddy, Chairman and President, certify, that:

- (1) To the best of my knowledge, the Report fully complies with the requirements of section 13(a) of the Exchange Act of 1934; and
- (2) To the best of my knowledge, the information contained in the Report fairly presents, in all material aspects, the financial condition and results of operation of the bank.

/s/ D.H. Cuddy

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D.H. Cuddy  
Chairman and President  
(Principal Executive Officer)

8/5/2008

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Date

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the First National Bank Alaska's ("bank") Quarterly Report on Form 10-Q ("Report") for the period ending June 30, 2008, I, Jason L. Roth, Senior Vice President, certify, that:

- (1) To the best of my knowledge, the Report fully complies with the requirements of section 13(a) of the Exchange Act of 1934; and
- (2) To the best of my knowledge, the information contained in the Report fairly presents, in all material aspects, the financial condition and results of operation of the bank.

/s/ Jason L. Roth

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Jason L. Roth  
Senior Vice President  
(Principal Financial Officer)

8/4/2008

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Date