

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

FORM 10-Q

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

For the quarterly period ended June 30, 2009

FIRST NATIONAL BANK ALASKA

ALASKA

92-0006595

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

(907) 777-4362

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 **332,808** shares of \$100 par value common stock outstanding as of **June 30, 2009**.

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

PART I - ITEM 1.

(dollars in thousands)

ASSETS	June 30, 2009	December 31, 2008
Cash and cash equivalents:		
Cash and due from banks	\$227,459	\$138,088
Federal funds sold and certificates of deposit	-	-
Total Cash and Cash Equivalents	227,459	138,088
Securities, available-for-sale	1,013,283	1,000,629
Securities, held-to-maturity	23,000	23,000
Real estate loans to be sold	12,425	7,734
Loans, net of allowance for loan losses of \$21,750 and \$19,000 for 2009 and 2008	1,168,997	1,179,092
Premises and equipment, net	42,542	43,684
Other assets	54,215	44,762
Total Assets	\$2,541,921	\$2,436,989
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest bearing	\$640,292	\$593,499
Interest bearing	910,256	867,210
Total Deposits	1,550,548	1,460,709
Securities sold under agreements to repurchase	519,787	487,138
Notes payable and capital lease obligations	4,794	4,798
Other liabilities	9,687	14,983
Total Liabilities	2,084,816	1,967,628
Shareholders' Equity:		
Common stock, \$100 par value (Authorized: 2009 and 2008 - 400,000 shares Issued: 2009 - 332,808 shares; 2008 - 338,760 shares)	33,281	33,876
Surplus	40,000	40,000
Retained earnings	366,838	372,569
Accumulated other comprehensive income	16,986	22,916
Total Shareholders' Equity	457,105	469,361
Total Liabilities and Shareholders' Equity	\$2,541,921	\$2,436,989

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,

Interest Income and Loan Fees	2009	2008
Interest and fees on loans	\$21,138	\$21,706
Interest and dividends on investment securities	9,302	9,962
Interest on cash and cash equivalents	84	327
Total Interest and Loan Fee Income	30,524	31,995
Interest Expense		
Interest on deposits	1,213	2,356
Interest on federal funds purchased and securities sold under agreements to repurchase	210	1,324
Interest on notes payable, capital lease obligations and other	42	51
Total Interest Expense	1,465	3,731
Net Interest and Loan Fee Income	29,059	28,264
Provision for loan losses	1,379	189
Net Interest And Loan Fee Income After Provision For Loan Losses	27,680	28,075
Noninterest Income		
Bankcard fees	4,100	4,421
Service charges on deposit accounts	1,388	1,487
Gain on sale of mortgage loans	673	399
Mortgage loan servicing income	714	589
Net gains on investment securities	26	43
Other noninterest income	1,776	4,424
Total Noninterest Income	8,677	11,363
Noninterest Expense		
Salaries and employee benefits	10,992	10,815
Occupancy, net	1,688	1,910
Furniture and equipment	715	834
Bankcard	3,570	3,815
Other noninterest expense	4,307	4,259
Total Noninterest Expense	21,272	21,633
Income Before Taxes	15,085	17,805
Provision for income taxes	5,004	6,268
NET INCOME	\$10,081	\$11,537
Earnings Per Common Share (not in thousands)	\$30.28	\$33.46
Cash Dividends Paid Per Common Share (not in thousands)	\$25.00	\$25.00

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,	
	2009	2008
Interest Income and Loan Fees		
Interest and fees on loans	\$40,973	\$44,599
Interest and dividends on investment securities	19,092	20,411
Interest on cash and cash equivalents	144	913
Total Interest and Loan Fee Income	60,209	65,923
Interest Expense		
Interest on deposits	2,470	5,531
Interest on federal funds purchased and securities sold under agreements to repurchase	414	3,958
Interest on notes payable, capital lease obligations and other	85	102
Total Interest Expense	2,969	9,591
Net Interest and Loan Fee Income	57,240	56,332
Provision for loan losses	3,278	(857)
Net Interest And Loan Fee Income After Provision For Loan Losses	53,962	57,189
Noninterest Income		
Bankcard fees	7,655	8,263
Service charges on deposit accounts	2,769	2,942
Gain on sale of mortgage loans	1,401	844
Mortgage loan servicing income	1,478	1,154
Net gains on investment securities	26	118
Other noninterest income	3,438	9,490
Total Noninterest Income	16,767	22,811
Noninterest Expense		
Salaries and employee benefits	22,176	21,428
Occupancy, net	3,605	3,807
Furniture and equipment	1,469	1,661
Bankcard	6,403	6,997
Other noninterest expense	7,892	8,625
Total Noninterest Expense	41,545	42,518
Income Before Taxes	29,184	37,482
Provision for income taxes	9,578	13,455
NET INCOME	\$19,606	\$24,027
Earnings Per Common Share (not in thousands)	\$58.58	\$69.69
Cash Dividends Paid Per Common Share (not in thousands)	\$25.00	\$25.00

See accompanying notes to condensed financial statements.

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

PART I - ITEM 1.

(dollars in thousands)

Comprehensive Income	For Three Months Ended June 30,	
	2009	2008
Net Income	\$10,081	\$11,537
Other Comprehensive Income, net of taxes:		
Decrease in unrealized net holding gains during period, net of tax effect of \$961 and \$6,432, 2009 and 2008	(1,377)	(9,214)
Reclassification of gains included in net income, net of tax effect of \$11 and \$48, 2009 and 2008	(15)	(69)
Net Losses Recognized in Other Comprehensive Income	(1,392)	(9,283)
Comprehensive Income	\$8,689	\$2,254

Comprehensive Income	For Six Months Ended June 30,	
	2009	2008
Net Income	\$19,606	\$24,027
Other Comprehensive Income, net of taxes:		
Decrease in unrealized net holding gains during period, net of tax effect of \$4,129 and \$709, 2009 and 2008	(5,915)	(1,016)
Reclassification of gains included in net income, net of tax effect of \$11 and \$48, 2009 and 2008	(15)	(69)
Net Losses Recognized in Other Comprehensive Income	(5,930)	(1,085)
Comprehensive Income	\$13,676	\$22,942

See accompanying notes to condensed financial statements.

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

PART I - ITEM 1.

(dollars in thousands)

	For Six Months Ended June 30,	
Operating Activities	2009	2008
Net income	\$19,606	\$24,027
Adjustments to reconcile net income to net cash provided by operating activities	7,117	1,325
Net other operating activity	(10,008)	10,393
Net Cash Provided By Operating Activities	16,715	35,745
Investing Activities		
Proceeds from sales/maturities of securities, available-for-sale	178,378	238,168
Purchase of securities, available-for-sale	(203,410)	(201,294)
Net decrease (increase) in loans, net of undisbursed portion	640	(19,559)
Net other investing activity	581	1,338
Net Cash Provided By (Used In) Investing Activities	(23,811)	18,653
Financing Activities		
Net increase in total deposits	89,839	141
Net increase in securities sold under agreements to repurchase	32,649	8,185
Payments on notes and capital leases	(89)	(3,667)
Dividends paid	(16,668)	(17,238)
Retirement of common stock	(9,264)	0
Net Cash Provided By (Used In) Financing Activities	96,467	(12,579)
Increase in cash and cash equivalents	89,371	41,819
Cash and cash equivalents, January 1,	138,088	98,246
Cash and Cash Equivalents, June 30,	\$227,459	\$140,065
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$3,259	\$9,929
Cash paid during the period for income taxes	\$11,680	\$13,438
Supplemental schedule of noncash investing activities:		
Net transfers of loans from (to) other real estate owned	\$6,224	(\$6)
Deferred revenue from installment sale	(\$155)	\$0

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

Balance, January 1, 2009	\$469,361
Net income for the six months ended June 30, 2009	19,606
Cash dividends declared on common stock	(16,668)
Retirement of common stock (5,952 shares)	(9,264)
Change in accumulated other comprehensive income	(5,930)
Balance, June 30, 2009	\$457,105

See accompanying notes to condensed financial statements.

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PART I

ITEM 1. NOTES TO CONDENSED FINANCIAL STATEMENTS

Note 1 - General Information

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, 2009, are not necessarily indicative of the results anticipated for the year ending December 31, 2009. These condensed financial statements should be read in conjunction with the bank's annual report filed on Form 10-K for the year ended December 31, 2008, which is incorporated by reference as an exhibit.

Management affirms all of its accounting policies as described in the bank's annual report filed on Form 10-K. During the six month period ended June 30, 2009, 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 334,665 and 344,759 for the quarters ended June 30, 2009 and 2008, respectively.

During the second quarter 2009, the Financial Accounting Standards Board (FASB) issued Statement No. 165, *Subsequent Events*, which is effective for the bank for interim and annual periods ending after June 15, 2009. The bank evaluated subsequent events through August 6, 2009, the date the accompanying financial statements were issued.

The Financial Accounting Standards Board issued Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*, which is effective for periods ending after September 15, 2009, Statement No. 166, *Accounting for Transfers of Financial Assets* and Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*, which are effective for the bank for the period ending December 31, 2010. In addition, the FASB issued FASB Staff Position (FSP) FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions that are Not Orderly*, and FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, which are effective for periods ending on or after June 15, 2009. Management believes adoption of these statements will not materially impact the financial statements of the bank.

Furthermore, the FASB issued FSP FAS 115-2 and 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, which is effective for periods ending on or after June 15, 2009. Management believes adoption of FSP FAS 115-2 and 124-2 will have no impact the financial statements of the bank, as the bank does not have any investments in mortgage backed securities or collateralized mortgage obligations.

**FIRST NATIONAL BANK ALASKA
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PART I**

ITEM 1. NOTES TO CONDENSED FINANCIAL STATEMENTS, continued

Note 2 - Securities

Amortized cost and fair values of securities, available-for-sale by maturity date, as of June 30, 2009:

<u>Dollars in thousands</u>				
SECURITIES, AVAILABLE-FOR-SALE	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury Securities:				
Maturity:				
after 1 but within 5 years	\$ 61,654	\$ 1,287	\$ -	\$ 62,941
Total U.S. Treasury Securities	61,654	1,287	-	62,941
Other U.S. Government Agencies and Corporations:				
Maturity:				
within one year	340,449	6,139	-	346,588
after 1 but within 5 years	471,944	19,380	30	491,294
Total Other U.S. Government Agencies and Corporations	812,393	25,519	30	837,882
States And Political Subdivisions:				
Maturity:				
within one year	13,763	149	-	13,912
after 1 but within 5 years	46,565	1,494	36	48,023
after 5 but within 10 years	9,841	326	3	10,164
Total States and Political Subdivisions	70,169	1,969	39	72,099
Corporate Bonds:				
Maturity:				
after 1 but within 5 years	40,224	161	24	40,361
Totals Corporate Bonds	40,224	161	24	40,361
Total Securities, Available-For-Sale	\$ 984,440	\$ 28,936	\$ 93	\$ 1,013,283

Within the state and political subdivisions category, the largest concentrations of securities available-for-sale are held in Washington with 37%, Oregon with 15%, Pennsylvania with 14%, and Alaska with 13% of the category.

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PART I**

ITEM 1. NOTES TO CONDENSED FINANCIAL STATEMENTS, continued

Note 2 - Securities, continued

Amortized cost and fair values of securities, held-to-maturity by maturity date, as of June 30, 2009:

Dollars in thousands				
SECURITIES, HELD-TO-MATURITY	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate Bonds				
Maturity:				
after 1 but within 5 years	\$ 23,000	\$ 1,268	\$ -	\$ 24,268
Total Corporate Bonds	23,000	1,268	-	24,268
Total Securities, Held to Maturity	\$ 23,000	\$ 1,268	\$ -	\$ 24,268

Note 3 - Estimated fair value of financial instruments

Amounts and estimated fair value of financial instruments as of:

Dollars in thousands		
	June 30, 2009	
	Carrying Amount	Estimated Fair Value
FINANCIAL ASSETS		
Securities:		
Available-for-sale	\$ 1,013,283	\$ 1,013,283
Held-to-maturity	23,000	24,268
Loans:		
Commercial and industrial	\$ 263,304	\$ 266,664
Real estate	863,066	889,524
Consumer and other	18,497	18,145
Nontaxable states and political subdivisions obligations	24,130	26,351
Total Loans	\$ 1,168,997	\$ 1,200,684
FINANCIAL LIABILITIES		
Time Deposits	\$ 187,407	\$ 189,941

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. Considerable judgment is required to interpret market data and develop the estimates of fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Carrying amounts

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ITEM 1. NOTES TO CONDENSED FINANCIAL STATEMENTS, continued

Note 3 - Estimated fair value of financial instruments, continued

approximate estimated fair value for financial assets and liabilities not shown above. The following were considered in determining fair values as of June 30, 2009:

Securities, available-for-sale and held-to-maturity: If quoted market prices are not available, then fair values are estimated by using pricing models and quoted prices of securities with similar characteristics.

Loans: The fair value is estimated by discounting the future scheduled cash flows using the current rates at which similar loans with similar maturities would be made to similar borrowers plus unearned income. The fair value of delinquent and non-accrual loans are estimated on an individual basis, taking into account management's estimate of probable losses associated with the loan, and discounting the estimated future cash flows using current rates for similar maturities.

Time deposits: The fair value is estimated by using rates currently offered for time deposits of similar remaining maturities.

Assets Measured at Fair Value on a Recurring Basis

Dollars in thousands				
Description	June 30, 2009	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	\$1,013,283	-	\$1,013,283	-
Total	\$1,013,283	\$0	\$1,013,283	\$0

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 and the investment securities are classified within Level 2 of the valuation hierarchy. Where there is limited activity or less transparency around inputs to the valuation, investment securities are classified within Level 3 of the valuation hierarchy.

The majority of the bank's investments are in high-quality short term U.S. Treasury and U.S. Government sponsored enterprise bonds where the fair values are determined by the bank's pricing service using quoted prices of similar securities. As of June 30, 2009 the bank had no investments in Fannie Mae or Freddie Mac common or preferred stock or mortgage backed securities.

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ITEM 1. NOTES TO CONDENSED FINANCIAL STATEMENTS, continued

Note 3 - Estimated fair value of financial instruments, continued

Assets Measured at Fair Value on a Nonrecurring Basis

Dollars in thousands					
Description	June 30, 2009	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 the Quarter ended June 30, 2009
Impaired loans	\$34,955	-	-	\$34,955	(\$2,066)
Originated mortgage servicing rights	3,526	-	-	3,526	(99)
Total	\$38,481	\$0	\$0	\$38,481	(\$2,165)

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 and liquidation costs.

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.

Note 4 – Other real estate owned

Other real estate owned is carried at the lower of fair value at acquisition or current estimated value net of disposal costs. At the time the property is acquired, it is recorded at estimated fair value less costs to sell, with any difference between this value and the outstanding balance on the loan charged against the allowance for loan losses. The balances of other real estate owned at June 30, 2009, December 31, 2008, and June 30, 2008, were \$9.7 million, \$4.5 million, and \$3.4 million, respectively. Included in noninterest expense are charge offs of \$41 thousand and \$40 thousand for the quarters ended June 30, 2009 and 2008, respectively. Charge offs of \$103 thousand and \$40 thousand are included in noninterest expense for the six months ended June 30, 2009 and 2008, respectively.

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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, 2009 and comparative balances for March 31, 2009 and December 31, 2008:

<u>Dollars in thousands</u>				
	June 30, 2009	% Change	March 31, 2009	December 31, 2008
Cash and cash equivalents	\$227,459	51.9%	\$149,764	\$138,088
Total securities	1,036,283	6.5%	972,771	1,023,629
Total loans, net (1)	1,181,422	-0.6%	1,188,998	1,186,826
Premises and equipment	42,542	-1.0%	42,960	43,684
Other assets	54,215	20.4%	45,047	44,762
Total Assets	\$2,541,921	5.9%	\$2,399,540	\$2,436,989
Noninterest bearing deposits	\$640,292	11.4%	\$574,837	\$593,499
Interest bearing deposits	910,256	0.0%	909,805	867,210
Securities sold under agreements to repurchase	519,787	19.3%	435,866	487,138
Other Liabilities	14,481	-34.6%	22,138	19,781
Total Shareholders' equity	457,105	0.0%	456,894	469,361
Total Liabilities and Shareholders' Equity	\$2,541,921	5.9%	\$2,399,540	\$2,436,989

(1) Total loans, net include real estate loans to be sold

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MATERIAL CHANGES IN FINANCIAL POSITION, continued

The following table provides condensed, comparative balance sheets and composition percentages as of June 30, 2009, March 31, 2009 and December 31, 2008:

Dollars in thousands						
	June 30, 2009	% Total	March 31, 2009	% Total	December 31, 2008	% Total
Cash and cash equivalents	\$227,459	8.9%	\$149,764	6.2%	\$138,088	5.7%
Total securities	1,036,283	40.8%	972,771	40.5%	1,023,629	42.0%
Total loans, net (1)	1,181,422	46.5%	1,188,998	49.6%	1,186,826	48.7%
Premises and equipment	42,542	1.7%	42,960	1.8%	43,684	1.8%
Other assets	54,215	2.1%	45,047	1.9%	44,762	1.8%
Total Assets	\$2,541,921	100%	\$2,399,540	100%	\$2,436,989	100%
Noninterest bearing deposits	\$640,292	25.2%	\$574,837	24.0%	\$593,499	24.4%
Interest bearing deposits	910,256	35.8%	909,805	37.9%	867,210	35.6%
Securities sold under agreements to repurchase	519,787	20.4%	435,866	18.2%	487,138	20.0%
Other Liabilities	14,481	0.6%	22,138	0.9%	19,781	0.8%
Total Shareholders' equity	457,105	18.0%	456,894	19.0%	469,361	19.2%
Total Liabilities and Shareholders' Equity	\$2,541,921	100%	\$2,399,540	100%	\$2,436,989	100%

(1) Total loans, net include real estate loans to be sold

Management Overview of Material Changes in Financial Position

Total assets increased \$142.4 million (5.9%) for the quarter ended June 30, 2009. **Cash and cash equivalents** increased \$77.7 million (51.9%). **Available-for-sale securities** increased \$63.5 million (6.7%) as **total deposits** and **securities sold under agreements to repurchase** increased \$65.9 million (4.4%) and \$83.9 million (19.3%), respectively, for the second quarter 2009 over first quarter 2009. Additionally, the net **loan** portfolio decreased \$7.6 million (0.6%) during the quarter while other real estate owned, included in **other assets**, increased \$6.2 million (179.7%) to \$9.7 million over the same period due to increased foreclosure activity.

Total liabilities increased \$142.2 million (7.3%) during the second quarter. **Total deposits** increased \$65.9 million (4.4%) overall in the second quarter primarily from increased noninterest bearing deposits of \$65.5 million (11.4%). **Other liabilities** decreased \$7.7 million (34.6%) during the quarter, primarily due to a decrease in current taxes payable of \$7.2 million.

Total shareholders' equity remained level as compared to the first quarter. **Retained earnings** increased \$1.6 million (0.4%) over March 31, 2009. Net income for the second quarter of \$10.1 million exceeded quarterly dividend declarations of \$8.3 million, however, \$9.3 million was utilized to repurchase

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MATERIAL CHANGES IN FINANCIAL POSITION, continued

bank stock under the stock repurchase program. **Accumulated other comprehensive income** decreased by \$1.4 million (7.6%), as net unrealized gains on securities, available-for-sale decreased to \$17.0 million at June 30, 2009, from the March 31, 2009 level of \$18.4 million.

Securities Portfolio

The following table provides comparative securities portfolio detail and composition percentages as of June 30, 2009, March 31, 2009, and December 31, 2008:

<i>Dollars in thousands</i>						
	June 30, 2009	% Total	March 31, 2009	% Total	December 31, 2008	% Total
Treasury notes and bonds	\$61,655	5.95%	\$50,978	5.24%	\$60,897	5.95%
U.S. government agencies	812,394	78.39%	783,572	80.55%	824,748	80.57%
Municipal bonds	70,168	6.77%	73,992	7.61%	76,071	7.43%
Corporate bonds	63,224	6.10%	33,022	3.39%	23,000	2.25%
Total Securities, gross	1,007,441	97.22%	941,564	96.79%	984,716	96.20%
Unrealized gains	28,842	2.78%	31,207	3.21%	38,913	3.80%
Total Securities, net	<u>\$1,036,283</u>	<u>100.00%</u>	<u>\$972,771</u>	<u>100.00%</u>	<u>\$1,023,629</u>	<u>100.00%</u>

Total net securities increased \$63.5 million and \$12.7 million for the three and six months ended June 30, 2009, respectively while unrealized gains decreased by \$2.4 million and \$10.1 million over the same periods, respectively. Securities have increased overall from the previous quarter as the bank deployed the increased liquidity provided by an increase in overall deposits and securities sold under agreements to repurchase. The increase in corporate bonds since December 31, 2008, is the result of bonds purchased which were issued as part of the government's Temporary Liquidity Guarantee Program wherein they are guaranteed by the Federal Deposit Insurance Corporation.

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MATERIAL CHANGES IN FINANCIAL POSITION, continued

Securities Portfolio, continued

The following table provides comparative information regarding the average term, duration and yield of the various securities types held by the bank as of June 30, 2009 and December 31, 2008:

<i>Term and duration in months</i>	June 30, 2009			December 31, 2008		
	Average Term	Average Duration	Yield to Maturity	Average Term	Average Duration	Yield to Maturity
U.S. Treasury notes	23.3	18.9	2.34%	15.0	10.2	3.91%
U.S. government agencies	19.0	15.8	3.98%	19.1	16.1	4.18%
Municipal bank-qualified	36.3	29.4	3.36%	40.3	33.3	3.37%
Municipal non bank-qualified	34.7	24.5	3.51%	40.7	30.3	3.51%
Corporate bonds	23.4	22.4	3.41%	26.5	24.8	6.55%

Anticipated maturities of securities in the third and fourth quarters of 2009 are \$104.6 million (10.4%) and \$83.2 million (8.3%), respectively, which are comprised primarily of federal government agency securities. The decrease in yields reflects higher yielding securities being reinvested at current market rates. The increase in average term and duration of treasury securities is the result of maturing securities being reinvested. The decrease in average term and duration of municipal securities is the result of the sale of securities the bank determined no longer fit its overall investment strategy.

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MATERIAL CHANGES IN FINANCIAL POSITION, continued

Loan Portfolio and Allowance for Loan Losses Analysis

The following table provides comparative loan portfolio detail as of June 30, 2009, March 31, 2009, and December 31, 2008:

<u>Dollars in thousands</u>			
	June 30, 2009	March 31, 2009	December 31, 2008
Commercial and industrial	\$268,733	\$268,820	\$252,796
Real Estate	877,985	885,316	897,154
Consumer and other	19,899	19,660	22,758
Nontaxable states and political subdivision obligations	24,130	25,786	25,384
Total Loans, gross	<u>1,190,747</u>	<u>1,199,582</u>	<u>1,198,092</u>
Allowance for Loan Losses	<u>(21,750)</u>	<u>(21,000)</u>	<u>(19,000)</u>
Total Loans, net	<u>\$1,168,997</u>	<u>\$1,178,582</u>	<u>\$1,179,092</u>
Allowance as a % of loans	1.83%	1.75%	1.59%
Delinquent in excess of 30 days	\$14,464	\$22,769	\$17,061
Non-accrual in excess of 90 days	\$72,961	\$77,098	\$67,338

Net loans declined \$9.6 million during the second quarter as compared to March 31, 2009, primarily due to a decline in real estate and tax-exempt loans by \$7.3 million and \$1.7 million, respectively. Average loans for the second quarter decreased statewide by \$1.0 million with decreases in the Anchorage and Southeast regions of \$9.2 million and \$1.7 million offset by an increase in the Fairbanks region of \$9.3 million.

Non-accrual loans decreased in the second quarter primarily due to foreclosure activity. Consistent with a predominant position in the loan portfolio at 74% of loans overall, real estate loans comprise the significant population of non-accrual loans. The predominant category of non-accrual real estate loans are construction and land development loans in the major population centers of Anchorage and the adjacent Mat-Su Valley. Given the longer-term nature of development projects and the softening 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 the allowance for loan losses and believes it maintains an allowance for loan losses adequate to cover the current estimate of probable losses. The bank continues to closely monitor market conditions, which could result in future adjustments.

FIRST NATIONAL BANK ALASKA
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PART I

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.

The maintenance of an adequate level of capital to support business growth, is an important element in the bank's ability to add to future earnings. Equity increased to \$457.1 million at June 30, 2009 compared to \$456.9 million at March 31, 2009. The equity-to-asset ratio was 18.0% at the end of the second quarter of 2009. This is comparable to a ratio of 19.0% at March 31, 2009.

To strengthen confidence and encourage liquidity in the banking system, on October 14, 2008, the Federal Deposit Insurance Corporation (FDIC) announced the **Temporary Liquidity Guarantee Program**. In part, the program provides full insurance coverage of non-interest bearing deposit transaction accounts, regardless of dollar amount.

Under the plan, any participating depository institution is able to provide full deposit insurance coverage for non-interest bearing deposit transaction accounts, regardless of dollar amount. These are mainly payment-processing accounts, such as payroll accounts used by businesses. Frequently, these exceed the current maximum limit of \$250,000. This new temporary guarantee expires at the end of 2013 and is intended to help stabilize these accounts. The bank has chosen to participate in the program.

Participating financial institutions are charged a surcharge, which is added to their current insurance assessment in order to fully cover the non-interest bearing deposit transaction accounts.

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, on August 22, 2009, which is the expiration of regulatory approval, or upon termination of the program by the Board of Directors, whichever occurs earlier.

FIRST NATIONAL BANK ALASKA
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PART I

LIQUIDITY AND CAPITAL RESOURCES, continued

The bank received regulatory and shareholder approval in 2008. Repurchases are funded from available capital. All repurchased shares are retired and available to reissue for general corporate purposes. The specific timing and amount of repurchases varies based on market conditions, securities law limitations and other factors and may be suspended or discontinued at any time without prior notice. The repurchases table is found under Part II Item 2 on page 29.

Credit Facilities

The bank's committed line of credit of \$99.8 million from the Federal Reserve Bank held a rate of 0.50% as of June 30, 2009. The bank also had a committed line of credit of \$84.4 million from the Federal Home Loan Bank Seattle at a rate of 0.73% as of June 30, 2009. Additionally, the bank has a federal fund arrangement of \$25 million with an unaffiliated bank carrying an estimated rate of 0.00% to 0.25%. The lines of credit at the Federal Reserve Bank and the Federal Home Loan Bank were increased during the second quarter at no additional cost by approximately \$0.2 million and \$0.3 million, respectively, to provide additional borrowing capacity to compensate for the absence of available funding through the federal funds market. There were no outstanding balances against any of these available credit resources as of June 30, 2009.

Cash Flows Overview Analysis

For the three months ended June 30, 2009, cash and cash equivalents increased \$77.7 million, compared to a \$73.8 million decrease during second quarter 2008. Cash was provided by **operating activities** of \$1.7 million during second quarter 2009 as compared to \$12.5 million during second quarter 2008. Cash of \$65.3 million was used in **investing activities** for the three months ended June 30, 2009, which is \$4.9 million lower during the comparable quarter in 2008, where an increase in net loans and purchases of securities outpaced the current quarter. During 2009 the cash used in investing activities was caused primarily by net securities purchases. Cash was provided by **financing activities** of \$141.3 million during second quarter 2009 while cash was used in financing activities of \$16.1 million second quarter 2008. Cash inflow was led by increases in total deposits and repurchase agreement accounts offset by payment of a quarterly dividend and the continuing stock repurchase program.

For the six months ended June 30, 2009, cash and cash equivalents increased \$89.4 million, compared to a \$41.8 million increase for the comparative period in 2008. Net cash provided by **operating activities** decreased to \$16.7 million from \$35.7 million in 2009 due primarily to lower volume in investor loan production and sales. Net cash used in **investing activities** for the six months ended June 30, 2009 was \$23.8 million as compared to \$18.7 million provided by investing activities as of June 30, 2008. Net increases in total deposits and securities sold under agreements to repurchase provided additional cash available to be invested in securities. Cash provided by **financing activities** of \$96.5 million in the second quarter 2009 as compared with cash used in **financing activities** of \$12.6 million for the comparable period in 2008 was led primarily by deposit growth. Net increases in total deposits and securities sold under agreements to repurchase in 2009 continued to provide cash at higher net levels than 2008.

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LIQUIDITY AND CAPITAL RESOURCES, continued

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, 2009	December 31, 2008	To Be Well Capitalized Under Prompt Corrective Action Provisions
Total Capital Ratio	28.04%	29.01%	10.0%
Tier 1 Capital Ratio	26.79%	27.82%	6.0%
Tier 1 Leverage Ratio	18.15%	18.20%	5.0%

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PART I**

MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION

The following table provides quarterly summary of operations data for the five consecutive quarters ended June 30, 2009:

Dollars in thousands, except per share data and ratios

Quarterly Summary of Operations	2009			2008	
	Second	First	Fourth	Third	Second
Interest and Loan Fee Income	\$30,524	\$29,685	\$31,850	\$31,529	\$31,995
Interest Expense	1,465	1,504	2,495	3,623	3,731
Net Interest and Fee Income	29,059	28,181	29,355	27,906	28,264
Provision for Loan Losses	1,379	1,899	3,312	1,020	189
Net Interest and Fee Income After Provision for Loan Losses	27,680	26,282	26,043	26,886	28,075
Noninterest Income	8,677	8,090	8,665	9,890	11,363
Salaries and employee benefits	10,992	11,184	10,741	10,602	10,815
Noninterest Expense	10,280	9,089	11,253	10,555	10,818
Income Before Taxes	15,085	14,099	12,714	15,619	17,805
Provision for Income Taxes	5,004	4,574	4,028	5,430	6,268
Net Income	\$10,081	\$9,525	\$8,686	\$10,189	\$11,537
Earnings Per Common Share	\$30.28	\$28.31	\$25.31	\$29.55	\$33.46
Dividends Declared Per Common Share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Average Assets	\$2,422,951	\$2,371,229	\$2,451,707	\$2,362,826	\$2,286,307
Average Total Equity	\$438,269	\$444,007	\$455,441	\$454,202	\$451,158
Ratio of Net Income to					
Average Assets	1.68%	1.84%	1.41%	1.72%	2.04%
Return on Average Equity	9.23%	9.78%	7.59%	8.92%	10.28%

Management Overview of Material Changes in Quarterly Results of Operation

Net income before taxes for the quarter ended June 30, 2009 decreased \$2.7 million to \$15.1 million from \$17.8 million for the comparative quarter ended 2008. Second quarter net interest and fee income of \$29.1 million increased \$0.8 million over the quarter ended June 30, 2008. The **provision for loan losses** of \$1.4 million for the second quarter of 2009 increased \$1.2 million from the comparative quarter in 2008 due to increasing losses anticipated in impaired loans. Second quarter **noninterest income** is lower than the second quarter in 2008 when the bank recorded a gain of \$2.7 million related to stock transactions with MasterCard, Inc.

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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, 2009 and 2008:

<u>Dollars in thousands</u>								
	Average Second Quarter		Average Yield		Change Due to			
	2009	2008	2009	2008	Rate	Volume	Time	
Earning Assets								
Loans-Taxable	\$1,119,097	\$1,089,791	6.81%	7.32%				
Loans-NonTaxable	24,200	19,033	9.43%	9.85%				
Investment Securities-Taxable	883,764	825,373	3.95%	4.54%				
Investment Securities- NonTaxable	72,205	74,233	5.89%	5.91%				
Federal Funds Sold and certificates of deposit	68	64,357	0.00%	2.04%				
Interest Bearing Cash Balances	133,563	0	0.25%	0.00%				
Total Earning Assets	<u>\$2,232,897</u>	<u>\$2,072,787</u>	<u>5.28%</u>	<u>6.02%</u>	-1.67%	1.08%	-0.15%	

Interest and loan fee income for the quarters ended June 30, 2009 and 2008 was \$30.5 million and \$32.0 million, respectively, for a decrease of \$1.5 million or 4.7%. The tax equivalent yield on average earning assets decreased 74 basis points, from 6.02% in 2008 to 5.28% in 2009. Total average earning assets increased \$160.1 million, from \$2.073 billion at June 30, 2008 to \$2.233 billion as of June 30, 2009. Average loan and investment securities levels increased \$34.5 million and \$56.4 million, respectively, while federal funds sold decreased \$64.3 million year over year.

Lower interest rates had an overall downward impact on interest and loan fee income while loan and securities volume increases had an overall upward impact. Interest income was also negatively impacted by falling rates on overnight federal fund sales that were held at higher volumes in 2008 over 2009 for liquidity purposes.

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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, 2009 and 2008:

Dollars in thousands							
	Average Second Quarter		Average Yield		Change Due to		
	2009	2008	2009	2008	Rate	Volume	Time
Interest Bearing Liabilities							
Savings	\$379,979	\$314,863	0.31%	0.88%			
First Rate	152,518	131,164	0.08%	0.51%			
First Investment	173,043	183,944	0.18%	0.86%			
Time	187,138	139,622	1.74%	3.18%			
Federal Funds Purchased	0	675	0.00%	1.79%			
Repurchase Agreements	473,316	514,807	0.18%	1.03%			
Other Debt	2,564	3,145	6.57%	6.52%			
Total Interest Bearing Liabilities	\$1,368,558	\$1,288,220	0.43%	1.16%	-0.79%	0.07%	-0.01%

Interest expense for the quarters ended June 30, 2009 and 2008 was \$1.5 million and \$3.7 million, respectively, for a decrease of \$2.2 million. Interest expense decreased as interest rates paid for the total average aggregate interest bearing liabilities decreased 73 basis points, from 1.16% in 2008 to 0.43% in 2009. Average yields decreased primarily due to declining interest rates, resulting in lower interest expense for the current quarter as compared to the same period of 2008. Total average aggregate outstanding interest bearing liabilities increased \$80.3 million from \$1.288 billion at June 30, 2008 to \$1.369 billion in 2009 as average deposit levels increased \$123.1 million offset by a decrease in average securities sold under agreements to repurchase of \$41.5 million.

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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 earning assets, respective yields on a tax equivalent basis, and change analysis for the six months ended June 30, 2009 and 2008:

<u>Dollars in thousands</u>							
	Average Six Month Balances		Average Yield		Change Due to		
	2009	2008	2009	2008	Rate	Volume	Time
Earning Assets							
Loans-Taxable	\$1,111,729	\$1,084,095	6.69%	7.61%			
Loans-NonTaxable	24,668	19,372	9.74%	9.54%			
Investment Securities-Taxable	881,906	826,223	4.08%	4.68%			
Investment Securities- NonTaxable	73,376	65,871	5.96%	5.99%			
Federal Funds Sold and certificates of deposit	74	74,014	0.00%	2.48%			
Interest Bearing Cash Balances	115,586	0	0.25%	0.00%			
Total Earning Assets	<u>\$2,207,339</u>	<u>\$2,069,575</u>	<u>5.32%</u>	<u>6.22%</u>	-1.51%	0.66%	-0.05%

Interest and loan fee income for the six months ended June 30, 2009 and 2008 was \$60.2 million and \$65.9 million, respectively, for a decrease of \$5.7 million or 8.6%. The tax equivalent yield on average earning assets decreased 90 basis points, from 6.22% in 2008 to 5.32% in 2009. Total average earning assets increased \$137.8 million, from \$2.070 billion at June 30, 2008 to \$2.207 billion as of June 30, 2009. Average loan levels increased \$32.9 million year over year and average investment securities increased \$63.2 million for the same period.

Decreases in yield in taxable loans and securities investments drove the overall decline in interest and loan fee income offset slightly by increases in yield of nontaxable loans and increases in volume. Interest income was also negatively impacted by falling rates on overnight federal fund sales that are held for liquidity purposes.

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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 months ended June 30, 2009 and 2008:

Dollars in thousands								
	Average Six Month Balances		Average Yield		Change Due to			
	2009	2008	2009	2008	Rate	Volume	Time	
Interest Bearing Liabilities								
Savings	\$376,149	\$315,248	0.31%	1.05%				
First Rate	152,070	131,817	0.07%	0.71%				
First Investment Time	176,053	179,698	0.18%	1.18%				
	180,205	138,982	1.90%	3.44%				
Federal Funds Purchased	0	912	0.00%	3.53%				
Repurchase Agreements	469,360	515,364	0.18%	1.54%				
Other Debt	2,563	3,139	6.69%	6.54%				
Total Interest Bearing Liabilities	\$1,356,400	\$1,285,160	0.44%	1.50%	-1.14%	0.09%	-0.01%	

Interest expense for the six months ended June 30, 2009 and 2008 was \$3.0 million and \$9.6 million, respectively. Interest expense decreased significantly as interest rates paid for the total average aggregate interest bearing liabilities decreased 106 basis points, from 1.50% in 2008 to 0.44% in 2009. Total average aggregate outstanding interest bearing liabilities increased \$71.2 million from \$1.285 billion at June 30, 2009 to \$1.356 billion in 2009 slightly offsetting the decline due to falling interest rates.

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PART I**

MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION, continued

Provision for Loan Losses

The following is an analysis of the changes in the allowance for loan losses for the quarters ended June 30, 2009 and 2008:

	2009	2008
Beginning Balance, March 31,	\$21,000	\$18,500
Total Charge Offs	750	268
Total Recoveries	(121)	(79)
Net Charge Offs	629	189
Provision for Loan Losses	1,379	189
Balance, June 30	\$21,750	\$18,500

The following is an analysis of the changes in the allowance for loan losses for the six months ended June 30, 2009 and 2008:

	2009	2008
Beginning Balance, January 1,	\$19,000	\$19,500
Total Charge Offs	814	676
Total Recoveries	(286)	(533)
Net Charge Offs	528	143
Provision for Loan Losses	3,278	(857)
Balance, June 30	\$21,750	\$18,500

The provision for loan losses of \$1.4 million for the second quarter and \$3.3 million year-to-date in 2009 reflects additional losses anticipated on impaired loans over the 2008 levels. The allowance for loan losses increased \$0.75 million and \$2.75 million for the three and six months ended June 30, 2009, respectively. The allowance for loan losses increased \$3.25 million over June 30, 2008, due to additional anticipated losses on impaired loans. Loan charge offs, net of loan recoveries were \$0.6 million and \$0.5 million for the three and six months ended June 30, 2009, respectively, as compared to \$0.2 million and \$0.1 million for the comparative periods in 2008.

Noninterest Income and Expenses

Total noninterest income for the quarters ended June 30, 2009 and 2008 was \$8.7 million and \$11.4 million, respectively. Bankcard fees decreased \$0.3 million (7.3%) with reduced transaction volumes in the second quarter, expected both from the fourth quarter 2008 holiday volume and reduced spending in 2009 due to continued weakness in the economy. Service charges on deposit accounts continue to decrease slightly led by diminishing NSF and other customer controllable fees. Gains on sale of mortgage loans increased \$0.3 million on continued strong loan origination volume during the second quarter driven by lower home mortgage rates and refinancing opportunity. Mortgage loan servicing income increased \$0.1 million during the quarter ended June 30, 2009, which includes both an increase in servicing fee income of \$0.2 million offset by a slight increase in accretion and impairment costs on servicing right assets. The decrease in other noninterest income for the quarter ended June 30, 2009 over the same

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PART I**

MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION, continued

Noninterest Income and Expenses, continued

period in 2008 is directly related to a June 2008 transaction where a \$2.7 million gain was recorded with respect to a partial sale of MasterCard stock held by the bank. Additionally, noninterest income for the six months ended June 30, 2009, of \$3.4 million is lower than the comparable period in 2008 of \$9.5 million as a result of recording \$3.4 million of income with respect to VISA transactions.

Noninterest expense for the quarters ended June 30, 2009 and 2008 was \$21.3 million and \$21.6 million, respectively. Salary and employee benefit expenses increased \$0.2 million (1.6%) as expected with annual cost of living and inflation adjustments. Occupancy and furniture and equipment expenses are down modestly due to lower statewide repair and maintenance activities and expense management. In addition, bankcard expenses are down consistent with processing volume decreases as discussed above while other noninterest expense remained level.

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, 2009	Year Ended December 31, 2008	Six Months Ended June 30, 2008
Income before taxes	\$29,184	\$65,815	\$37,482
Provision for income taxes	9,578	22,913	13,455
Net Income	<u>\$19,606</u>	<u>\$42,902</u>	<u>\$24,027</u>
Effective combined tax rate	32.8%	34.8%	35.9%

The effective tax rate at June 30, 2009 is lower than both comparable periods due to the additional benefits of higher tax-exempt investment income and available low-income housing tax credits projected over 2009.

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PART I**

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 as disclosed at December 31, 2008. It should be noted the bank conducts nearly all its activities within the state of Alaska. The Alaskan economy is directly impacted by federal and state appropriations as well as commodity prices in conjunction with natural resource extraction and development. The bank is subject to market risk if either federal and/or state spending within the state declines or commodity prices decline resulting in decreasing resource activities.

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-15 (e) and 15d-15(e) under the Securities Exchange Act of 1934) as of June 30, 2009. 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.

Internal control over financial reporting. There were no significant changes in the bank's internal controls over financial reporting or in other factors that could significantly affect those controls subsequent to June 30, 2009.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

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FORM 10-Q
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, 2008.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

**First National Bank Alaska
Repurchase Activity required in 10K (item 5)
Regulation S-K (229.703)
As of June 30, 2009**

The following table provides information about repurchases of common stock by the bank during the quarter ended June 30, 2009:

Month Ending	(a) Total number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Program	(d) Maximum Number of Shares or Approximate Dollar Value of Shares that May yet be Purchased under the Program
April 2009	-	\$ -	-	\$ 80,923,600
May 2009	-	\$ -	-	\$ 80,923,600
June 2009	94	\$ 1,650.00	94	\$ 80,768,500
Total	94	\$ 1,650.00	94	\$ 80,768,500

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

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit</u>
(19)	Annual report filed on Form 10-K for the year ended December 31, 2008
(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

August 6, 2009

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

Date

/s/ Jason L. Roth

August 6, 2009

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

Date

/s/ Michele M. Schuh

August 6, 2009

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

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

August 6, 2009

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

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

August 6, 2009

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, 2009, 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

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

August 6, 2009

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, 2009, 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

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

August 6, 2009

Date