

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 September 30, 2008

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

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

PART I - ITEM 1.

(dollars in thousands)

ASSETS	September 30, 2008	December 31, 2007
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$181,240	\$87,313
Federal funds sold and certificates of deposit	80,000	10,933
Total Cash and Cash Equivalents	261,240	98,246
Securities, available-for-sale	951,010	955,094
Mortgage loans held for sale	10,805	14,607
Loans, net of allowance for loan losses of \$17,000 and \$19,500 for 2008 and 2007	1,176,191	1,138,179
Premises and equipment, net	44,034	46,543
Other assets	51,740	55,995
Total Assets	\$2,495,020	\$2,308,664
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest bearing	\$628,767	\$565,945
Interest bearing	853,836	775,775
Total Deposits	1,482,603	1,341,720
Securities sold under agreements to repurchase	531,672	488,633
Notes payable, capital lease obligations and other	7,890	11,445
Other liabilities	8,858	8,392
Total Liabilities	2,031,023	1,850,190
Shareholders' Equity:		
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	381,869	373,510
Accumulated other comprehensive income	7,652	10,488
Total Shareholders' Equity	463,997	458,474
Total Liabilities and Shareholders' Equity	\$2,495,020	\$2,308,664

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
September 30,

Interest Income and Loan Fees	2008	2007
Interest and fees on loans	\$21,405	\$27,110
Interest and dividends on investment securities	9,675	10,286
Interest on federal funds sold and certificates of deposit	449	1,632
Total Interest and Loan Fee Income	31,529	39,028
Interest Expense		
Interest on deposits	2,445	4,203
Interest on federal funds purchased and securities sold under agreements to repurchase	1,128	5,109
Interest on notes payable, capital lease obligations and other	50	152
Total Interest Expense	3,623	9,464
Net Interest and Loan Fee Income	27,906	29,564
Provision for loan losses	1,020	2,868
Net Interest And Loan Fee Income After Provision For Loan Losses	26,886	26,696
Noninterest Income		
Bankcard fees	5,453	5,743
Service charges on deposit accounts	1,409	1,441
Gain on sale of mortgage loans	253	360
Mortgage loan servicing income	590	529
Other noninterest income	2,185	1,765
Total Noninterest Income	9,890	9,838
Noninterest Expense		
Salaries and employee benefits	10,602	10,041
Occupancy, net	1,569	1,549
Furniture and equipment	798	902
Bankcard expenses	4,402	4,332
Other noninterest expense	3,786	3,395
Total Noninterest Expense	21,157	20,219
Income Before Taxes	15,619	16,315
Provision for income taxes	5,430	6,389
NET INCOME	\$10,189	\$9,926
Earnings Per Common Share (not in thousands)	\$29.55	\$28.79
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 NINE MONTHS ENDED
September 30,

Interest Income and Loan Fees	2008	2007
Interest and fees on loans	\$66,004	\$81,068
Interest and dividends on investment securities	30,086	29,632
Interest on federal funds sold and certificates of deposit	1,362	3,975
Total Interest and Loan Fee Income	97,452	114,675
Interest Expense		
Interest on deposits	7,976	12,547
Interest on federal funds purchased and securities sold under agreements to repurchase	5,086	16,273
Interest on notes payable, capital lease obligations and other	152	265
Total Interest Expense	13,214	29,085
Net Interest and Loan Fee Income	84,238	85,590
Provision for loan losses	163	7,066
Net Interest And Loan Fee Income After Provision For Loan Losses	84,075	78,524
Noninterest Income		
Bankcard fees	13,716	14,550
Service charges on deposit accounts	4,351	4,463
Gain on sale of mortgage loans	1,097	1,049
Mortgage loan servicing income	1,744	1,428
Net gains on investment securities	118	-
Other noninterest income	11,675	5,348
Total Noninterest Income	32,701	26,838
Noninterest Expense		
Salaries and employee benefits	32,030	31,380
Occupancy, net	5,376	5,180
Furniture and equipment	2,459	2,699
Bankcard expenses	11,399	11,462
Other noninterest expense	12,411	10,257
Total Noninterest Expense	63,675	60,978
Income Before Taxes	53,101	44,384
Provision for income taxes	18,885	16,545
NET INCOME	\$34,216	\$27,839
Earnings Per Common Share (not in thousands)	\$99.25	\$80.75
Cash Dividends Paid Per Common Share (not in thousands)	\$75.00	\$75.00

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 September 30,	
	2008	2007
Net Income	\$10,189	\$9,926
Other Comprehensive Income, net of taxes:		
Increase (Decrease) in unrealized net holding gains during period, net of tax effect of \$1,223 and (\$4,903), 2008 and 2007	(1,751)	7,023
Reclassification of gains included in net income, net of tax effect	0	0
Net Gains (Losses) Recognized in Other Comprehensive Income	(1,751)	7,023
Comprehensive Income	\$8,438	\$16,949

Comprehensive Income	For Nine Months Ended September 30,	
	2008	2007
Net Income	\$34,216	\$27,839
Other Comprehensive Income, net of taxes:		
Increase (Decrease) in unrealized net holding gains during period, net of tax effect of \$1,931 and (\$3,713), 2008 and 2007	(2,767)	5,318
Reclassification of gains included in net income, net of tax effect of \$49 and \$0, 2008 and 2007	(69)	0
Net Gains (Losses) Recognized in Other Comprehensive Income	(2,836)	5,318
Comprehensive Income	\$31,380	\$33,157

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 Nine Months Ended September 30,	
Operating Activities	2008	2007
Net income	\$34,216	\$27,839
Adjustments to reconcile net income to net cash provided by operating activities	4,311	7,531
Net other operating activity	8,218	12,910
Net Cash Provided By Operating Activities	46,745	48,280
Investing Activities		
Proceeds from sales/maturities of securities, available-for-sale	316,411	208,476
Purchase of securities, available-for-sale	(318,441)	(271,173)
Net (increase) decrease in loans, net of undisbursed portion	(37,523)	16,330
Net other investing activity	1,445	(3,742)
Net Cash Used In Investing Activities	(38,108)	(50,109)
Financing Activities		
Net increase in total deposits	140,883	2,234
Net increase in securities sold under agreements to repurchase	43,039	80,749
Payments on notes and capital leases	(3,708)	(727)
Dividends paid	(25,857)	(25,857)
Net Cash Provided By Financing Activities	154,357	56,399
Increase in cash and cash equivalents	162,994	54,570
Cash and cash equivalents, January 1,	98,246	110,229
Cash and Cash Equivalents, September 30,	\$261,240	\$164,799
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$13,659	\$28,656
Cash paid during the period for income taxes	\$18,568	18,485
Increase (Decrease) in unrealized holding gains on available-for-sale securities, net of deferred tax of \$1,931 and (\$3,713), 2008 and 2007	(\$2,767)	\$5,318
Transfer of land held for bank premises to other real estate owned	\$1,240	\$0
Net transfers of loans to (from) other real estate owned	(\$555)	\$2,586
Purchase of equipment under capital lease obligation	\$0	\$196

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, 2008	\$458,474
Net income for the nine months ended September 30, 2008	34,216
Cash dividends declared on common stock	(25,857)
Change in accumulated other comprehensive income	(2,836)
Balance, September 30, 2008	\$463,997

See accompanying notes to condensed financial statements.

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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 September 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 nine month period ended September 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 September 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

Dollars in thousands				
Description	September 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	\$951,010		\$951,010	
Total	\$951,010		\$951,010	

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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.

The majority of the bank's investments are in high-quality short term U.S. Treasury, U.S. Government sponsored agency and municipal bonds where the fair values are determined by the bank's pricing service using quoted prices of similar securities. As of September 30, 2008 the bank had no investments in Fannie Mae or Freddie Mac common or preferred stock or mortgage backed securities.

Assets Measured at Fair Value on a Nonrecurring Basis

Dollars in thousands					
Description	September 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 September 30, 2008
Impaired Loans	\$30,172			\$30,172	(\$48)
Mortgage Servicing Rights	3,218			3,218	(31)
Total	\$33,390		\$0	\$33,390	(\$79)

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

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ITEM 1. NOTES TO CONDENSED FINANCIAL STATEMENTS, continued

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.

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 September 30, 2008, previous quarter ended June 30, 2008 and December 31, 2007:

<u>Dollars in thousands</u>				
	September 30, 2008	% Change	June 30, 2008	December 31, 2007
Cash and cash equivalents	\$261,240	86.5%	\$140,065	\$98,246
Securities, available-for-sale	951,010	3.8%	915,841	955,094
Total loans, net	1,186,996	1.7%	1,166,824	1,152,786
Premises and equipment, net	44,034	-3.0%	45,402	46,543
All other assets	51,740	0.2%	51,641	55,995
Total Assets	\$2,495,020	7.6%	\$2,319,773	\$2,308,664
Noninterest bearing deposits	\$628,767	11.1%	\$566,053	\$565,945
Interest bearing deposits	853,836	10.1%	775,808	775,775
Securities sold under agreements to repurchase	531,672	7.0%	496,818	488,633
All other liabilities	16,748	-1.0%	16,916	19,837
Shareholders' equity	463,997	0.0%	464,178	458,474
Total Liabilities and Shareholders' Equity	\$2,495,020	7.6%	\$2,319,773	\$2,308,664

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MATERIAL CHANGES IN FINANCIAL POSITION, continued

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

Dollars in thousands						
	September 30 2008	% Total	June 30, 2008	% Total	December 31, 2007	% Total
Cash and cash equivalents	\$261,240	10.5%	\$140,065	6.0%	\$98,246	4.3%
Securities, available-for-sale	951,010	38.1%	915,841	39.5%	955,094	41.4%
Total loans, net	1,186,996	47.5%	1,166,824	50.3%	1,152,786	49.9%
Premises and equipment	44,034	1.8%	45,402	2.0%	46,543	2.0%
All other assets	51,740	2.1%	51,641	2.2%	55,995	2.4%
Total Assets	\$2,495,020	100%	\$2,319,773	100%	\$2,308,664	100%
Noninterest bearing deposits	\$628,767	25.2%	\$566,053	24.4%	\$565,945	24.5%
Interest bearing deposits	853,836	34.2%	775,808	33.5%	775,775	33.6%
Securities sold under agreements to repurchase	531,672	21.3%	496,818	21.4%	488,633	21.2%
All other liabilities	16,748	0.7%	16,916	0.7%	19,837	0.9%
Shareholders' equity	463,997	18.6%	464,178	20.0%	458,474	19.8%
Total Liabilities and Shareholders' Equity	\$2,495,020	100%	\$2,319,773	100%	\$2,308,664	100%

Management Overview of Material Changes in Financial Position

Total assets increased \$175.2 million for the quarter ended September 30, 2008. **Cash and cash equivalents** increased \$121.2 million (86.5%) with cash and due from banks increasing \$78.3 million while federal funds sold and CD's increased \$42.9 million. Earnings from investments of the state's Permanent Fund provide dividends to residents of Alaska. This year the payment of the dividend was moved into September (previously October) and including an "energy rebate" which was added, totaled \$3,200 per person, injecting \$2 billion into the state's economy. These dividends facilitated the increase in deposits during the quarter. Due to the short term nature of these deposits and the possible need for additional liquidity in conjunction with the proposed stock repurchase program discussed later in this report, cash and due from banks increased along with the purchase of short-term certificates of deposit at the Federal Home Loan Bank of Seattle. **Available-for-sale securities** increased by \$35.2 million. Additionally, the net **loan** portfolio increased \$20.2 million during the quarter on seasonal activity. Included in other assets is other real estate owned (OREO) in the amount of \$3.5 million, \$3.4 million and \$5.6 million at September 30 and June 30, 2008 and December 31, 2007, respectively. These assets are recorded at fair value less costs to sell and are net of valuation reserve of \$0.5 million, \$0.1 million and \$0.3 million, respectively.

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MATERIAL CHANGES IN FINANCIAL POSITION, continued

Total liabilities increased \$175.4 million during the third quarter. **Total deposits** increased \$140.7 million overall in the third quarter, split relatively evenly between interest bearing and non-interest bearing deposits. Much of this increase can be attributed to the Alaska Permanent Fund Corporation dividend payments mentioned above which were deposited by our customers into the bank. **Securities sold under agreements to repurchase** increased \$34.9 million during the quarter reversing the second quarter decrease of \$33.4 million. These accounts are \$43.0 million above the December 31, 2007 levels and continue to fluctuate as highly interest rate sensitive customers move funds in and out of this product.

Total shareholders' equity decreased during the third quarter by \$0.2 million. **Retained earnings** increased \$1.6 million over June 30, 2008, as net income for the third quarter of \$10.2 million exceeded quarterly dividend declarations of \$8.6 million. **Accumulated other comprehensive income** decreased by \$1.8 million, as net unrealized gains on securities available-for-sale decreased to \$7.7 million at September 30, 2008, from the June 30, 2008 level of \$9.4 million.

Loan Portfolio and Allowance for Loan Losses Analysis

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

Dollars in thousands				
	September 30, 2008	June 30, 2008	December 31, 2007	September 30, 2007
Commercial and industrial	\$253,830	\$248,319	\$245,594	\$248,517
Real Estate	894,694	887,122	869,553	878,945
Consumer and other	23,403	23,557	22,232	26,116
Nontaxable states and political subdivision obligations	21,264	18,174	20,300	19,439
Total Loans, gross	1,193,191	1,177,172	1,157,679	1,173,017
Allowance for Loan Losses	(17,000)	(18,500)	(19,500)	(19,500)
Total Loans, net	\$1,176,191	\$1,158,672	\$1,138,179	\$1,153,517
Allowance as a % of loans	1.42%	1.57%	1.68%	1.66%
Delinquent in excess of 30 days	\$12,616	\$23,867	\$18,124	\$14,308
Nonaccrual loans	\$78,773	\$68,311	\$53,186	\$48,254

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MATERIAL CHANGES IN FINANCIAL POSITION, continued

Loan volumes increased seasonally \$16.0 million during the third quarter as compared to June 30, 2008 with portfolio growth in all categories outside of consumer loans. Average loans for the third quarter increased state-wide by \$20.8 million with the most significant increases recorded in the Anchorage region (\$9.8 million), Fairbanks region (\$4.9 million), Kenai Peninsula (\$3.7 million) and the Mat-Su region (\$2.4 million), while the Southeast region saw average loans decrease (\$1.2 million).

During the third quarter the bank recorded a \$2.5 million partial charge-off of a real estate development loan of which \$2.0 million was specifically reserved for at June 30, 2008 and December 31, 2007. An additional \$500 thousand was charged through the provision for loan losses in the third quarter. Further, the allowance for loan losses was increased \$0.5 million to provide for increased estimated losses in the portfolio during the third quarter.

The combination of the third quarter significant loan charge-off, the payoff of an individually significant loan, and the reduction of loans delinquent in excess of 30 days during 2008, together had the impact of reducing the allowance as a percentage of loans metric during 2008.

Non-accrual loans have continued on an increasing trend over prior year levels. Consistent with a predominant position in the loan portfolio at 75% 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 allowance for loan loss reserves and believes it maintains an allowance for loan losses adequate to cover the current estimate of probable losses. The bank continues to monitor closely market conditions, which could result in future adjustments.

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.

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

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MATERIAL CHANGES IN FINANCIAL POSITION, continued

part, the program provides full coverage of non-interest bearing deposit transactions accounts, regardless of dollar amount.

Under the plan, any participating depository institution will be 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, which expires at the end of 2009, is intended to help stabilize these accounts.

Participating financial institutions will be charged a surcharge which will be added to their current insurance assessment in order to fully cover the non-interest bearing deposit transactions accounts.

All FDIC insured institutions will be covered under the program for the first 30 days without incurring any costs. After that initial period, however, institutions wishing to no longer participate must opt out or be assessed for future participation. If an institution opts out, the guarantees are only good for the first 30 days. The bank has chosen to participate in the program.

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.

The bank has received regulatory approval, has mailed proxies and set November 19, 2008 as the date of a special shareholders meeting to request approval of the capital reduction that will support the repurchase program. Repurchases will be funded from available capital and will not commence unless the bank receives shareholder approval. 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 \$47.0 million from the Federal Reserve Bank held a rate of 2.25% as of September 30, 2008. 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 \$79.4 million as of September 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 2.0% as of September 30, 2008. There were no outstanding balances against any of these borrowing sources as of September 30, 2008.

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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:

Dollars in thousands	Third Quarter 2008	2007	Year to Date	
			2008	2007
Net income	\$10,189	\$9,926	\$34,216	\$27,839
Adjustments to reconcile net income to net cash provided by operating activities	2,986	4,568	4,311	7,531
Real estate loans to be sold	(2,653)	(1,848)	3,802	12,886
All other operating activity	478	(2,340)	4,416	24
Net Cash Provided By Operating Activities	11,000	10,306	46,745	48,280
Net maturities/(purchases) of securities, available-for-sale	(38,904)	(86,946)	(2,030)	(62,697)
Net (increase) decrease in loans	(17,964)	12,566	(37,523)	16,330
All other investing activity	107	(203)	1,445	(3,742)
Net Cash Used In Investing Activities	(56,761)	(74,583)	(38,108)	(50,109)
Net increase (decrease) in total deposits	140,742	(3,235)	140,883	2,234
Net increase in securities sold under agreements to repurchase	34,854	34,493	43,039	80,749
Payments on notes and capital leases	(41)	(28)	(3,708)	(727)
Dividends paid	(8,619)	(8,619)	(25,857)	(25,857)
Net Cash Provided By Financing Activities	166,936	22,611	154,357	56,399
Increase (Decrease) in cash and cash equivalents	\$121,175	(\$41,666)	\$162,994	\$54,570

For the three months ended September 30, 2008, cash and cash equivalents increased \$121.2 million, compared to a \$41.7 million decrease during third quarter 2007. Cash was provided by **operating activities** of \$11.0 million during third quarter 2008 compared to \$10.3 million third quarter 2007.

Cash of \$56.8 million was used in **investing activities** for the three months ended September 30, 2008, slightly lower than the \$74.6 million used during the comparable quarter in 2007. During 2008, the cash used in investing activities shifted more toward increased loans over securities purchased.

Net cash provided by **financing activities** was \$166.9 million, an increase of \$144.3 million when compared to third quarter of 2007 on increases in both deposits and securities sold under agreements to repurchase. Third quarter increases in total deposits of \$140.7 million accounted for substantially all of the deposit increase for the year. We believe this is largely the result of the timing of the payment of the Permanent Fund Corporation dividend mentioned earlier, which were deposited by our customers into the bank.

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

LIQUIDITY AND CAPITAL RESOURCES, continued

Cash Flows Overview Analysis, continued

For the nine months ended September 30, 2008, cash and cash equivalents increased \$163.0 million, compared to a \$54.6 million increase in 2007. Net cash provided by **operating activities** decreased to \$46.7 million from \$48.3 million in 2007 through lower volume in investor loan production and sales. Net cash used in **investing activities** for the nine months ended September 30, 2008 decreased to \$38.1 million from \$50.1 million as of September 30, 2007. Cash provided by financing activities of \$154.4 million as compared with cash provided by **financing activities** of \$56.4 million for the comparable period led by deposit growth. Net increases in total deposits and securities sold under agreement to repurchase in 2008 continued to provide cash at higher net levels than 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:

	September 30, 2008	December 31, 2007	To Be Well Capitalized Under Prompt Corrective Action Provisions
Total Capital Ratio	29.49%	30.40%	10.0%
Tier 1 Capital Ratio	28.43%	29.15%	6.0%
Tier 1 Leverage Ratio	19.30%	19.13%	5.0%

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

MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION

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

Dollars in thousands, except per share data and ratios

Quarterly Summary of Operations	2008			2007	
	Third	Second	First	Fourth	Third
Interest and Loan Fee Income	\$31,529	\$31,995	\$33,928	\$38,019	\$39,028
Interest Expense	3,623	3,731	5,860	8,214	9,464
Net Interest and Fee Income	27,906	28,264	28,068	29,805	29,564
Provision for Loan Losses	1,020	189	(1,046)	997	2,868
Net Interest and Fee Income After Provision for Loan Losses	26,886	28,075	29,114	28,808	26,696
Noninterest Income	9,890	11,363	11,448	9,261	9,838
Salaries and employee benefits	10,602	10,815	10,613	10,161	10,041
Noninterest Expense	10,555	10,818	10,272	12,171	10,178
Income Before Taxes	15,619	17,805	19,677	15,737	16,315
Provision for Income Taxes	5,430	6,268	7,187	5,544	6,389
Net Income	\$10,189	\$11,537	\$12,490	\$10,193	\$9,926
Earnings Per Common Share	\$29.55	\$33.46	\$36.23	\$29.57	\$28.79
Dividends Declared Per Common Share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Average Assets	\$2,362,826	\$2,286,307	\$2,266,419	\$2,340,224	\$2,342,295
Average Total Equity	\$454,202	\$451,158	\$447,684	\$446,532	\$445,012
Ratio of Net Income to					
Average Assets	1.72%	2.04%	2.22%	1.74%	1.69%
Return on Average Equity	8.92%	10.28%	11.22%	9.06%	8.85%

Management Overview of Material Changes in Quarterly Results of Operation

Net income before taxes for the quarter ended September 30, 2008 decreased \$0.7 million to \$15.6 million from \$16.3 million for the third quarter of 2007. The **provision for loan losses** of \$1.0 million for the third quarter of 2008 is \$1.8 million less than the provision reported for the third quarter of 2007 when the bank increased the allowance in response to sharply rising delinquencies and nonaccrual loans. Third quarter **Noninterest income** is lower than the previous quarter when 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 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

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 September 30, 2008 and 2007:

<u>Dollars in thousands</u>								
	Average Third Quarter		Average Yield		Change Due to			
	2008	2007	2008	2007	Rate	Volume	Time	
Earning Assets								
Loans-Taxable	\$1,107,084	\$1,130,324	7.08%	8.86%				
Loans-NonTaxable	18,518	17,282	9.95%	8.54%				
Investment Securities-Taxable	818,845	819,858	4.37%	4.74%				
Investment Securities- NonTaxable	78,824	51,124	5.83%	5.80%				
Federal Funds Sold and certificates of deposits	93,202	126,985	1.92%	5.10%				
Total Earning Assets	\$2,116,473	\$2,145,573	5.79%	6.99%	-1.09%	-0.11%	0.00%	

Interest and loan fee income for the quarters ended September 30, 2008 and 2007 was \$31.5 million and \$39.0 million, respectively, for a decrease of \$7.5 million or 19.2%. The tax equivalent yield on average earning assets decreased 120 basis points, from 6.99% in 2007 to 5.79% in 2008. Total average earning assets decreased \$29.1 million, from \$2.146 billion at September 30, 2007 to \$2.116 billion as of September 30, 2008. Average loan levels decreased \$22.0 million year over year, while average investment securities increased \$26.7 million, primarily in nontaxable municipal securities while federal funds sold and CD's decreased \$33.8 million for the same period.

Decreases in yield and volumes in both investments and 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 are held for liquidity purposes and due to a mix change from loans into lower yielding investment securities.

**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 bearing liabilities, respective yields, and change analysis for the quarters ended September 30, 2008 and 2007:

Dollars in thousands								
	Average Third Quarter		Average Yield		Change Due to			
	2008	2007	2008	2007	Rate	Volume	Time	
Interest Bearing Liabilities								
Savings	\$326,560	\$309,653	0.88%	1.49%				
First Rate	139,701	131,494	0.61%	1.54%				
First Investment	190,333	178,704	1.09%	2.56%				
Time	143,120	137,215	2.75%	3.98%				
Federal Funds Purchased	258	0	3.08%	0.00%				
Repurchase Agreements	498,558	532,661	0.90%	3.80%				
Other Debt	3,154	3,510	6.30%	6.55%				
Total Interest Bearing Liabilities	\$1,301,684	\$1,293,237	1.11%	2.87%	-1.77%	0.01%	0.00%	

Interest expense for the quarters ended September 30, 2008 and 2007 was \$3.6 million and \$9.5 million, respectively. Interest expense decreased significantly as interest rates paid for the total average aggregate interest bearing liabilities decreased 176 basis points, from 2.87% in 2007 to 1.11% in 2008. Total average aggregate outstanding interest bearing liabilities increased \$8.4 million from \$1.293 billion at September 30, 2007 to \$1.302 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 nine month periods ended September 30, 2008 and 2007:

<u>Dollars in thousands</u>						
	Average Nine Month Balances		Average Yield		Change Due to	
	2008	2007	2008	2007	Rate	Volume
Earning Assets						
Loans-Taxable	\$1,091,758	\$1,131,833	7.43%	8.90%		
Loans-NonTaxable	19,087	17,061	9.67%	8.28%		
Investment Securities-Taxable	823,763	809,874	4.58%	4.67%		
Investment Securities- NonTaxable	70,189	46,091	5.93%	5.77%		
Federal Funds Sold and certificates of deposit	80,410	101,637	2.26%	5.23%		
Total Earning Assets	\$2,085,207	\$2,106,496	6.07%	7.02%	-0.89%	-0.07%

Interest and loan fee income for the nine months ended September 30, 2008 and 2007 was \$97.5 million and \$114.7 million, respectively, for a decrease of \$17.2 million or 15.0%. The tax equivalent yield on average earning assets decreased 95 basis points, from 7.02% in 2007 to 6.07% in 2008. Total average earning assets decreased \$21.3 million, from \$2.106 billion at September 30, 2007 to \$2.085 billion as of September 30, 2008. Average loan levels decreased \$38.0 million year over year, while average investment securities increased \$38.0 million and federal funds sold and CD's decreased \$21.2 million for the same period. The increased volume of investment securities partially offset decreasing yields in all earning asset categories except for nontaxable loans. Interest income was also negatively impacted by falling rates on overnight federal fund sales that were held for liquidity purposes.

**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 bearing liabilities, respective yields, and change analysis for the nine month periods ended September 30, 2008 and 2007:

<u>Dollars in thousands</u>						
	Average Nine Month Balances		Average Yield		Change Due to	
	2008	2007	2008	2007	Rate	Volume
Interest Bearing Liabilities						
Savings	\$319,019	\$318,344	0.99%	1.50%		
First Rate	134,445	128,967	0.67%	1.61%		
First Investment Time	183,243	177,295	1.14%	2.66%		
	140,361	134,167	3.20%	3.89%		
Federal Funds Purchased	694	147	3.46%	5.46%		
Repurchase Agreements	509,762	509,869	1.33%	4.27%		
Other Debt	3,144	3,477	6.44%	6.57%		
Total Interest Bearing Liabilities	<u>\$1,290,668</u>	<u>\$1,272,266</u>	<u>1.37%</u>	<u>3.05%</u>	-1.73%	0.04%

Interest expense for the nine months ended September 30, 2008 and 2007 was \$13.2 million and \$29.1 million, respectively. Interest expense decreased significantly as interest rates paid for the total average aggregate interest bearing liabilities decreased 168 basis points, from 3.05% in 2007 to 1.37% in 2008. Total average aggregate outstanding interest bearing liabilities increased \$18.4 million from \$1.272 billion at September 30, 2007 to \$1.291 billion in 2008.

**FIRST NATIONAL BANK ALASKA
FORM 10-Q
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 September 30, 2008 and 2007:

Dollars in thousands		
	2008	2007
Beginning Balance, June 30,	\$18,500	\$17,500
Total Charge Offs	2,629	1,169
Total Recoveries	(109)	(301)
Net Charge Offs	2,520	868
Provision for Loan Losses	1,020	2,868
Balance, September 30	\$17,000	\$19,500

The following is an analysis of the changes in the allowance for loan losses for the nine months ended September 30, 2008 and 2007:

Dollars in thousands		
	2008	2007
Beginning Balance, Jan 1,	\$19,500	\$13,000
Total Charge Offs	3,305	1,510
Total Recoveries	(642)	(944)
Net Charge Offs	2,663	566
Provision for Loan Losses	163	7,066
Balance, September 30	\$17,000	\$19,500

During the third quarter of 2008 the bank recorded a \$2.5 million partial charge-off of a real estate development loan of which \$2.0 million was specifically reserved for at June 30, 2008 and December 31, 2007. An additional \$500 thousand for the same loan was charged through the provision for loan losses in the third quarter. Further, the provision for loan losses was increased \$0.5 million to provide for increased estimated losses in the portfolio.

The provision for loan losses is significantly lower in 2008 from 2007 levels when the allowance for loan losses was increased to provide for inherent losses associated with rising nonaccrual and problem loans identified during that year. In 2008, increasing nonaccrual loans have not had a direct impact on the current provision as the majority of problem loans have been previously identified and are already reflected in the allowance for loan losses where necessary.

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

MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION, continued

Noninterest Income and Expenses

Total noninterest income for the quarters ended September 30, 2008 and 2007 was \$9.9 million and \$9.8 million, respectively with all categories remaining at comparable levels.

Noninterest expense for the quarters ended September 30, 2008 and 2007 was \$21.2 million and \$20.2 million, respectively. Salary and employee benefit expenses increased \$0.6 million (5.6%) in the third quarter 2008 relative to the same period of 2007. The quarterly increase in noninterest expense included higher legal expenses of approximately \$0.5 million and higher levels of OREO losses and foreclosure expenses of \$0.3 million.

Total noninterest income for the nine months ended September 30, 2008 and 2007 was \$32.7 million and \$26.8 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 nine months of 2008 by \$6.0 million.

Noninterest expense for the nine months ended September 30, 2008 and 2007 was \$63.7 million and \$61.0 million, respectively. In addition to the third quarter noninterest activity discussed above, noninterest expense increased \$2.7 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.

Subsequent to September 30, 2008, Visa announced that a settlement with one of the litigants had been reached. The bank has estimated the additional impact of the settlement is not material to these quarterly financial statements and intends to record the additional settlement in the fourth quarter.

**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>			
	Nine Months Ended September 30, 2008	Year Ended December 31, 2007	Nine Months Ended September 30, 2007
Income before taxes	\$53,101	\$60,121	\$44,384
Provision for income taxes	18,885	22,089	16,545
Net Income	<u>\$34,216</u>	<u>\$38,032</u>	<u>\$27,839</u>
Effective combined tax rate	35.6%	36.7%	37.3%

The lower effective tax rate reflected in the provision for income taxes for the nine months ended September 30, 2008 is the result of two factors. The 2007 effective rate was approximately 0.7% higher than normal due to a one-time adjustment in connection with an amended 2005 federal tax return filing to bring to closure a state tax-exempt interest issue that began in 2005. The current year effective rate also improved with anticipated changes in permanent tax differences that lower taxable income.

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, 2007. 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-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
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, 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

11/06/2008

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

Date

/s/ Jason L. Roth

11/06/2008

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

Date

/s/ Michele M. Schuh

11/06/2008

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)

11/06/2008

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)

11/06/2008

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 September 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

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

11/06/2008

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 September 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

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

11/06/2008

Date