

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

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2009

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**FIRST NATIONAL BANK ALASKA**

**ALASKA**

**92-0006595**

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

**(907) 777-4362**

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

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Yes  No

There were **332,902** shares of \$100 par value common stock outstanding as of **March 31, 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)

<b>ASSETS</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Cash and cash equivalents:		
Cash and due from banks	\$149,764	\$138,088
Federal funds sold and certificates of deposit	-	-
<b>Total Cash and Cash Equivalents</b>	<b>149,764</b>	<b>138,088</b>
Securities, available-for-sale	949,771	1,000,629
Securities, held-to-maturity	23,000	23,000
Real estate loans to be sold	10,416	7,734
Loans, net of allowance for loan losses of \$21,000 and \$19,000 for 2009 and 2008	1,178,582	1,179,092
Premises and equipment, net	42,960	43,684
Other assets	45,047	44,762
<b>Total Assets</b>	<b>\$2,399,540</b>	<b>\$2,436,989</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities:		
Deposits:		
Noninterest bearing	\$574,837	\$593,499
Interest bearing	909,805	867,210
<b>Total Deposits</b>	<b>1,484,642</b>	<b>1,460,709</b>
Securities sold under agreements to repurchase	435,866	487,138
Notes payable and capital lease obligations	4,796	4,798
Other liabilities	17,342	14,983
<b>Total Liabilities</b>	<b>1,942,646</b>	<b>1,967,628</b>
<b>Shareholders' Equity:</b>		
Common stock, \$100 par value (Authorized: 2009 and 2008 - 400,000 shares Issued: 2009 - 332,902 shares; 2008 - 338,760 shares)	33,290	33,876
Surplus	40,000	40,000
Retained earnings	365,226	372,569
Accumulated other comprehensive income	18,378	22,916
<b>Total Shareholders' Equity</b>	<b>456,894</b>	<b>469,361</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$2,399,540</b>	<b>\$2,436,989</b>

See accompanying notes to condensed financial statements.

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

**PART I - ITEM 1.**

(dollars in thousands)

FOR THREE MONTHS ENDED  
March 31,

<b>Interest Income and Loan Fees</b>	<b>2009</b>	<b>2008</b>
Interest and fees on loans	\$19,835	\$22,893
Interest and dividends on investment securities	9,790	10,449
Interest on cash and cash equivalents	60	586
<b>Total Interest and Loan Fee Income</b>	<b>29,685</b>	<b>33,928</b>
<b>Interest Expense</b>		
Interest on deposits	1,257	3,175
Interest on federal funds purchased and securities sold under agreements to repurchase	204	2,634
Interest on notes payable, capital lease obligations and other	43	51
<b>Total Interest Expense</b>	<b>1,504</b>	<b>5,860</b>
<b>Net Interest and Loan Fee Income</b>	<b>28,181</b>	<b>28,068</b>
Provision for loan losses	1,899	(1,046)
<b>Net Interest And Loan Fee Income After Provision For Loan Losses</b>	<b>26,282</b>	<b>29,114</b>
<b>Noninterest Income</b>		
Bankcard fees	3,555	3,842
Service charges on deposit accounts	1,381	1,455
Gain on sale of mortgage loans	728	445
Mortgage loan servicing income	764	565
Net gains on investment securities	-	75
Other noninterest income	1,662	5,066
<b>Total Noninterest Income</b>	<b>8,090</b>	<b>11,448</b>
<b>Noninterest Expense</b>		
Salaries and employee benefits	11,184	10,613
Occupancy, net	1,917	1,897
Furniture and equipment	754	827
Bankcard	2,833	3,182
Other noninterest expense	3,585	4,366
<b>Total Noninterest Expense</b>	<b>20,273</b>	<b>20,885</b>
<b>Income Before Taxes</b>	<b>14,099</b>	<b>19,677</b>
Provision for income taxes	4,574	7,187
<b>NET INCOME</b>	<b>\$9,525</b>	<b>\$12,490</b>
<b>Earnings Per Common Share</b> (not in thousands)	<b>\$28.31</b>	<b>\$36.23</b>
<b>Cash Dividends Paid Per Common Share</b> (not in thousands)	<b>\$25.00</b>	<b>\$25.00</b>

See accompanying notes to condensed financial statements.

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

**PART I - ITEM 1.**

(dollars in thousands)

	<b>For Three Months Ended March 31,</b>	
<b>Comprehensive Income</b>	<b>2009</b>	<b>2008</b>
<b>Net Income</b>	<b>\$9,525</b>	<b>\$12,490</b>
<b>Other Comprehensive Income, net of taxes:</b>		
Increase (Decrease) in unrealized net holding gains during period, net of tax effect of \$3,168 and (\$5,754), 2009 and 2008	(4,538)	8,242
Reclassification of gains included in net income, net of tax effect of \$0 and \$31, 2009 and 2008	-	(44)
<b>Net Gains (Losses) Recognized in Other Comprehensive Income</b>	<b>(4,538)</b>	<b>8,198</b>
<b>Comprehensive Income</b>	<b>\$4,987</b>	<b>\$20,688</b>

See accompanying notes to condensed financial statements.

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

**PART I - ITEM 1.**

(dollars in thousands)

	<b>For Three Months Ended March 31,</b>	
<b>Operating Activities</b>	<b>2009</b>	<b>2008</b>
Net income	\$9,525	\$12,490
Adjustments to reconcile net income to net cash provided by operating activities	2,875	(522)
Net other operating activity	2,583	11,247
<b>Net Cash Provided By Operating Activities</b>	<b>14,983</b>	<b>23,215</b>
<b>Investing Activities</b>		
Proceeds from sales/maturities of securities, available-for-sale	67,956	163,293
Purchase of securities, available-for-sale	(25,943)	(91,583)
Net decrease (increase) in loans, net of undisbursed portion	(1,206)	17,305
Net other investing activity	724	(121)
<b>Net Cash Provided By Investing Activities</b>	<b>41,531</b>	<b>88,894</b>
<b>Financing Activities</b>		
Net increase (decrease) in total deposits	23,933	(27,432)
Net increase (decrease) in securities sold under agreements to repurchase	(51,272)	41,589
Payments on notes and capital leases	(45)	(2,005)
Dividends paid	(8,345)	(8,619)
Retirement of common stock	(9,109)	0
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(44,838)</b>	<b>3,533</b>
Increase in cash and cash equivalents	11,676	115,642
Cash and cash equivalents, January 1,	138,088	98,246
<b>Cash and Cash Equivalents, March 31,</b>	<b>\$149,764</b>	<b>\$213,888</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for interest	\$1,756	\$6,023
Cash paid during the period for income taxes	\$0	\$3
<b>Supplemental schedule of noncash investing activities:</b>		
Net transfers of loans to (from) other real estate owned	(\$160)	\$105

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**

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<b>Balance, January 1, 2009</b>	<b>\$469,361</b>
Net income for the three months ended March 31, 2009	9,525
Cash dividends declared on common stock	(8,345)
Retirement of common stock (5,858 shares)	(9,109)
<u>Change in accumulated other comprehensive income</u>	<u>(4,538)</u>
<b>Balance, March 31, 2009</b>	<b>\$456,894</b>

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 March 31, 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 three month period ended March 31, 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 336,470 and 344,759 for the quarters ended March 31, 2009 and 2008, respectively.

During the first quarter 2009, 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.

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PART I**

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

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

Dollars in thousands				
Description	March 31, 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	\$949,771		\$949,771	
<b>Total</b>	<b>\$949,771</b>	<b>\$0</b>	<b>\$949,771</b>	<b>\$0</b>

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, 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 March 31, 2009 the bank had no investments in Fannie Mae or Freddie Mac common or preferred stock or mortgage backed securities.

**FIRST NATIONAL BANK ALASKA  
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PART I**

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

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

Dollars in thousands					
Description	March 31, 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 March 31, 2009
Impaired loans	\$27,268			\$27,268	(\$1,784)
Originated mortgage servicing rights	3,357			3,357	(186)
Total	\$30,625	\$0	\$0	\$30,625	(\$1,970)

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.

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PART I**

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

**MATERIAL CHANGES IN FINANCIAL POSITION**

***Condensed Comparative Statements of Condition***

The following table provides condensed balance sheet change analysis for the current quarter ended March 31, 2009 and comparative balances for December 31, 2008 and March 31, 2008:

<u>Dollars in thousands</u>				
	March 31 2009	% Change	December 31, 2008	March 31, 2008
Cash and cash equivalents	\$149,764	8.5%	\$138,088	\$213,888
Total securities	972,771	-5.0%	1,023,629	897,316
Total loans, net (1)	1,188,998	0.2%	1,186,826	1,133,053
Premises and equipment	42,960	-1.7%	43,684	45,810
Other assets	45,047	0.6%	44,762	49,078
<b>Total Assets</b>	<b>\$2,399,540</b>	<b>-1.5%</b>	<b>\$2,436,989</b>	<b>\$2,339,145</b>
Noninterest bearing deposits	\$574,837	-3.1%	\$593,499	\$533,577
Interest bearing deposits	909,805	4.9%	867,210	780,711
Securities sold under agreements to repurchase	435,866	-10.5%	487,138	530,222
Other liabilities	22,138	11.9%	19,781	24,092
<b>Total Shareholders' Equity</b>	<b>456,894</b>	<b>-2.7%</b>	<b>469,361</b>	<b>470,543</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$2,399,540</b>	<b>-1.5%</b>	<b>\$2,436,989</b>	<b>\$2,339,145</b>

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

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PART I**

**MATERIAL CHANGES IN FINANCIAL POSITION, continued**

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

Dollars in thousands						
	March 31 2009	% Total	December 31, 2008	% Total	March 31, 2008	% Total
Cash and cash equivalents	\$149,764	6.2%	\$138,088	5.7%	\$213,888	9.1%
Total securities	972,771	40.5%	1,023,629	42.0%	897,316	38.4%
Total loans, net (1)	1,188,998	49.6%	1,186,826	48.7%	1,133,053	48.4%
Premises and equipment	42,960	1.8%	43,684	1.8%	45,810	2.0%
Other assets	45,047	1.9%	44,762	1.8%	49,078	2.1%
<b>Total Assets</b>	<b>\$2,399,540</b>	<b>100%</b>	<b>\$2,436,989</b>	<b>100%</b>	<b>\$2,339,145</b>	<b>100%</b>
Noninterest bearing deposits	\$574,837	24.0%	\$593,499	24.4%	\$533,577	22.8%
Interest bearing deposits	909,805	37.9%	867,210	35.6%	780,711	33.4%
Securities sold under agreements to repurchase	435,866	18.2%	487,138	20.0%	530,222	22.7%
Other Liabilities	22,138	0.9%	19,781	0.8%	24,092	1.0%
Total Shareholders' equity	456,894	19.0%	469,361	19.2%	470,543	20.1%
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$2,399,540</b>	<b>100%</b>	<b>\$2,436,989</b>	<b>100%</b>	<b>\$2,339,145</b>	<b>100%</b>

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

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

**Total assets** decreased \$37.4 million (1.5%) for the quarter ended March 31, 2009. **Cash and cash equivalents** increased \$11.7 million (8.5%). **Available-for-sale securities** decreased \$50.9 million (5.0%) to fund an outflow \$51.3 million (10.5%) of **securities sold under agreements to repurchase**. Additionally, the net **loan** portfolio increased \$2.2 million (0.2%) during the quarter. Other real estate owned, included in **other assets**, decreased during the quarter by \$1.1 million to \$3.5 million due to disposals.

**Total liabilities** decreased \$25.0 million (1.3%) during the first quarter. **Total deposits** increased \$23.9 million (1.6%) overall in the first quarter as interest bearing deposits increased \$42.6 million (4.9%) and noninterest bearing deposits decreased \$18.7 million (3.1%). **Other liabilities** increased \$2.4 million (15.7%) during the quarter, primarily due to an increase in current taxes payable.

**Total shareholders' equity** decreased during the first quarter by \$12.5 million (2.7%). **Retained earnings** decreased \$7.3 million (2.0%) over December 31, 2008. Net income for the first quarter of \$9.5 million exceeded quarterly dividend declarations of \$8.3 million, however, \$9.1 million was utilized to

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PART I**

**MATERIAL CHANGES IN FINANCIAL POSITION, continued**

repurchase bank stock under the stock repurchase program. **Accumulated other comprehensive income** decreased by \$4.5 million (19.8%), as net unrealized gains on securities, available-for-sale decreased to \$18.4 million at March 31, 2009, from the December 31, 2008 level of \$22.9 million.

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

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

<u>Dollars in thousands</u>			
	March 31 2009	December 31, 2008	March 31, 2008
Commercial and industrial	\$268,820	\$252,796	\$235,845
Real estate	885,316	897,154	864,172
Consumer and other	19,660	22,758	20,663
Nontaxable states and political subdivision obligations	25,786	25,384	19,671
Total Loans, gross	1,199,582	1,198,092	1,140,351
Allowance for Loan Losses	(21,000)	(19,000)	(18,500)
Total Loans, net	<u>\$1,178,582</u>	<u>\$1,179,092</u>	<u>\$1,121,851</u>
Allowance as a % of loans	1.75%	1.59%	1.62%
Delinquent in excess of 30 days	\$22,769	\$17,061	\$11,600
Nonaccrual in excess of 90 days	\$77,098	\$67,338	\$64,279

Loan volumes increased \$1.5 million during the first quarter as compared to December 31, 2008. Overall loan levels were relatively unchanged. Slight loan mix changes arose as small increases in commercial and industrial lending were offset by small reductions in real estate and consumer categories. Average loans for the first quarter increased statewide by \$6.4 million with the most significant increases recorded in the Fairbanks region (\$14.8 million) offset by significant decreases recorded in the Anchorage region (\$8.1 million).

Non-accrual loans have continued on an increasing trend over prior year levels. 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.

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**MATERIAL CHANGES IN FINANCIAL POSITION, continued**

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 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.

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 decreased to \$456.9 million at March 31, 2009 compared to \$469.4 million at December 31, 2008. The equity-to-asset ratio was 19.0% at quarter-end 2009. This compares to a ratio of 19.3% at December 31, 2008.

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 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 2009 and is intended to help stabilize these accounts.

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.

All FDIC insured institutions were 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.

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**LIQUIDITY AND CAPITAL RESOURCES, continued**

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 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. Repurchases table is found under Part II Item 2 on page 21.

***Credit Facilities***

The bank's committed line of credit of \$99.5 million from the Federal Reserve Bank held a rate of 0.50% as of March 31, 2009. The banks also had a committed line of credit of \$84.2 million from the Federal Home Loan Bank Seattle at a rate of 0.80% as of March 31, 2009. In addition, the bank has no federal fund arrangements from unaffiliated banks, which have been suspended due to the unstable market conditions. The lines of credit at the Federal Reserve Bank and the Federal Home Loan Bank were increased during the first quarter at no additional cost by approximately \$24.5 million and \$3.4 million, respectively, to provide additional borrowing capacity to compensate for the absence of available funding through the federal funds market.

***Cash Flows Overview Analysis***

For the three months ended March 31, 2009, cash and cash equivalents increased \$11.7 million, compared to a \$115.7 million increase during first quarter 2008. Cash was provided by ***operating activities*** of \$15.0 million during first quarter 2009 when compared to \$23.2 million first quarter 2008.

Cash of \$41.5 million was provided by ***investing activities*** for the three months ended March 31, 2009, which is \$47.4 million lower during the comparable quarter in 2008, where loan payoffs and securities maturities produced higher cash flow. During 2009 the cash provided from investing activities was generated primarily by net securities maturities.

Cash was used in ***financing activities*** of \$44.8 million during first quarter 2009 while cash was provided by financing activities of \$3.5 million first quarter 2008. Cash outflow was led by decreases in repurchase agreement accounts and by the continuing stock repurchase program.

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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:

	March 31, 2009	December 31, 2008	To Be Well Capitalized Under Prompt Corrective Action Provisions
Total Capital Ratio	28.39%	29.01%	10.0%
Tier 1 Capital Ratio	27.14%	27.82%	6.0%
Tier 1 Leverage Ratio	18.48%	18.20%	5.0%

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**MATERIAL CHANGES IN QUARTERLY RESULTS OF OPERATION**

The following table provides quarterly summary of operations data for five consecutive quarters ended March 31, 2009:

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

Quarterly Summary of Operations	2009		2008		
	First	Fourth	Third	Second	First
Interest and Loan Fee Income	\$29,685	\$31,850	\$31,529	\$31,995	\$33,928
Interest Expense	1,504	2,495	3,623	3,731	5,860
Net Interest and Fee Income	28,181	29,355	27,906	28,264	28,068
Provision for Loan Losses	1,899	3,312	1,020	189	(1,046)
Net Interest and Fee Income After Provision for Loan Losses	26,282	26,043	26,886	28,075	29,114
Noninterest Income	8,090	8,665	9,890	11,363	11,448
Salaries and employee benefits	11,184	10,741	10,602	10,815	10,613
Noninterest Expense	9,089	11,253	10,555	10,818	10,272
Income Before Taxes	14,099	12,714	15,619	17,805	19,677
Provision for Income Taxes	4,574	4,028	5,430	6,268	7,187
Net Income	\$9,525	\$8,686	\$10,189	\$11,537	\$12,490
Earnings Per Common Share	\$28.31	\$25.31	\$29.55	\$33.46	\$36.23
Dividends Declared Per Common Share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Average Assets	\$2,371,229	\$2,451,707	\$2,362,826	\$2,286,307	\$2,266,419
Average Total Equity	\$444,007	\$455,441	\$454,202	\$451,158	\$447,684
Ratio of Net Income to					
Average Assets	1.84%	1.41%	1.72%	2.04%	2.22%
Return on Average Equity	9.78%	7.59%	8.92%	10.28%	11.22%

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

**Net income before taxes** for the quarter ended March 31, 2009 decreased \$5.6 million to \$14.1 million from \$19.7 million for the quarter ended 2008. First quarter net interest and fee income of \$28.2 million decreased \$0.1 million over the quarter ended March 31, 2008. The **provision for loan losses** of \$1.9 million for the first quarter of 2009 due to increasing losses anticipated in impaired loans. First quarter **noninterest income** is lower than the first quarter in 2008 when the bank recorded a gain on disposition of \$3.3 million related to transactions with Visa, 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 March 31, 2009 and 2008:

<u>Dollars in thousands</u>								
	Average Three Month Balances		Average Yield		Change Due to			
	2009	2008	2009	2008	Rate	Volume	Time	
<b>Earning Assets</b>								
Loans-Taxable	\$1,104,360	\$1,078,399	6.58%	7.90%				
Loans-NonTaxable	25,136	19,503	10.04%	9.34%				
Investment Securities-Taxable	880,046	827,072	4.22%	4.81%				
Investment Securities- NonTaxable	74,548	57,509	6.03%	6.10%				
Federal Funds Sold and certificates of deposit	79	83,670	0.00%	2.82%				
Interest Bearing Cash Balances	97,608	0	0.25%	0.00%				
<b>Total Earning Assets</b>	<b><u>\$2,181,777</u></b>	<b><u>\$2,066,153</u></b>	<b><u>5.36%</u></b>	<b><u>6.42%</u></b>	-1.47%	0.50%	-0.09%	

Interest and loan fee income for the quarters ended March 31, 2009 and 2008 was \$29.7 million and \$33.9 million, respectively, for a decrease of \$4.2 million or 12.5%. The tax equivalent yield on average earning assets decreased 106 basis points, from 6.42% in 2008 to 5.36% in 2009. Total average earning assets increased \$115.6 million, from \$2.066 billion at March 31, 2008 to \$2.182 billion as of March 31, 2009. Average loan levels increased \$31.6 million year over year and average investment securities increased \$70.0 million for the same period.

Decreases in yield 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.

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**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 March 31, 2009 and 2008:

Dollars in thousands	Average Three Month Balances		Average Yield		Change Due to		
	2009	2008	2009	2008	Rate	Volume	Time
<b>Interest Bearing Liabilities</b>							
Savings	\$372,319	\$315,633	0.30%	1.21%			
First Rate	151,622	132,470	0.06%	0.91%			
First Investment	179,061	175,451	0.17%	1.50%			
Time	173,272	138,342	2.06%	3.70%			
Federal Funds Purchased	-	1,148	0.00%	4.55%			
Repurchase Agreements	465,404	515,921	0.18%	2.04%			
Other Debt	2,561	3,133	6.81%	6.55%			
Total Interest Bearing Liabilities	<u>\$1,344,239</u>	<u>\$1,282,098</u>	<u>0.45%</u>	<u>1.84%</u>	-1.45%	0.08%	-0.02%

Interest expense for the quarters ended March 31, 2009 and 2008 was \$1.5 million and \$5.9 million, respectively. Interest expense decreased significantly as interest rates paid for the total average aggregate interest bearing liabilities decreased 139 basis points, from 1.84% in 2008 to 0.45% in 2009. Total average aggregate outstanding interest bearing liabilities increased \$62.1 million from \$1.282 billion at March 31, 2008 to \$1.344 billion in 2009.

***Provision for Loan Losses***

The following is an analysis of the changes in the allowance for loan losses for the quarters ended March 31, 2009 and 2008:

	2009	2008
Beginning Balance, January 1,	\$19,000	\$19,500
Total Charge Offs	64	408
Total Recoveries	(165)	(454)
Net Charge Offs (Recoveries)	(101)	(46)
Provision for Loan Losses	1,899	(1,046)
Balance, March 31	<u>\$21,000</u>	<u>\$18,500</u>

The provision for loan losses of \$1.9 million for the first quarter of 2009 reflects additional losses anticipated on impaired loans.

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

***Noninterest Income and Expenses***

Total noninterest income for the quarters ended March 31, 2009 and 2008 was \$8.1 million and \$11.4 million, respectively. Bankcard fees decreased \$0.3 million (7.4%) with reduced transaction volumes in the first quarter, expected both from the previous quarter's holiday volume and the reduced spending during the first quarter due to 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 strong loan origination volume during the first quarter driven by lower home mortgage rates and refinancing opportunity. Mortgage loan servicing income increased \$0.2 million, incorporating both an increase in servicing fee income of \$0.3 million and an increase in impairment charges on servicing right assets of \$0.2 million, also an effect of the refinancing activity in the mortgage arena. The decrease in other noninterest income is directly related to the March 2008 transactions where the bank recorded 3.4 million in gains with respect to Visa activity pursuant to their public stock offering and related escrow funding activity.

Noninterest expense for the quarters ended March 31, 2009 and 2008 was \$20.3 million and \$20.9 million, respectively. Salary and employee benefit expenses increased \$0.6 million (5.4%) as expected with annual cost of living and inflation adjustments. Furniture and equipment expenses are down modestly through expense management, bankcard expenses are down consistent with processing volume decreases as discussed above and other noninterest expense decreased \$0.8 million, directly related to the absence of a nonrecurring \$1.1 million VISA litigation expense charge reported in first quarter 2008.

***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>			
	Three Months Ended	Year Ended December 31,	Three Months Ended
	March 31, 2009	2008	March 31, 2008
Income before taxes	\$14,099	\$65,815	\$19,677
Provision for income taxes	4,574	22,913	7,187
Net Income	<u>\$9,525</u>	<u>\$42,902</u>	<u>\$12,490</u>
Effective combined tax rate	32.4%	34.8%	36.5%

The effective tax rate at March 31, 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.

**FIRST NATIONAL BANK ALASKA  
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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 March 31, 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 March 31, 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 limitation 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.

**FIRST NATIONAL BANK ALASKA  
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PART II**

**ITEM 1. LEGAL PROCEEDINGS**

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

**ITEM 1A. RISK FACTORS**

The bank believes that there have not been any material changes in risk factors since the year ended December 31, 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 March 31, 2009**

The following table provides information about repurchases of common stock by the bank during the quarter ended March 31, 2009:

<b>Month Ending</b>	<b>(a) Total Number of Shares Purchased</b>	<b>(b) Average Price Paid per Share</b>	<b>(c) Total Number of Shares Purchased as Part of Publicly Announced Program</b>	<b>(d) Maximum Number of Shares or Approximate Dollar Value of Shares that May yet be Purchased under the Program</b>
January 2009	-	\$ -	-	\$ 90,032,736
February 2009	4,971	\$ 1,543.65	4,971	\$ 82,359,230
March 2009	887	\$ 1,618.52	887	\$ 80,923,600
<b>Total</b>	<b>5,858</b>	<b>\$ 1,554.99</b>	<b>5,858</b>	<b>\$ 80,923,600</b>

**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

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May 8, 2009

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

Date

/s/ Jason L. Roth

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May 7, 2009

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

Date

/s/ Michele M. Schuh

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May 7, 2009

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Michele M. Schuh  
Comptroller  
(Principal Accounting Officer)

Date

## EXHIBIT 31.1

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

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

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

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

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

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

/s/ D.H. Cuddy

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

May 8, 2009

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Date

## EXHIBIT 31.2

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

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

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

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

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

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

/s/ Jason L. Roth

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

May 7, 2009

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Date

**EXHIBIT 32.1**

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

In connection with the First National Bank Alaska's ("bank") Quarterly Report on Form 10-Q ("Report") for the period ending March 31, 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

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

May 8, 2009

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Date

**EXHIBIT 32.2**

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

In connection with the First National Bank Alaska's ("bank") Quarterly Report on Form 10-Q ("Report") for the period ending March 31, 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

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

May 7, 2009

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Date