

2011
 COMPARATIVE STATEMENTS OF CONDITION
 AND STATEMENTS OF INCOME

2nd Quarter JUNE 30



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SECOND QUARTER FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Net income** of \$8.5 million, or \$25.48 earnings per share, compared to \$9.8 million, or \$29.41 earnings per share, reported during second quarter 2010.
- **Net interest margin** on a tax-equivalent basis of 3.97% compared to 4.39% reported during the six months ended June 30, 2010. Second quarter 2011 net interest margin on a tax-equivalent basis of 3.91%, compared to 4.31% reported during the second quarter 2010.
- **Provision for loan losses** recorded at a net charge of \$0.8 million, compared to a net recovery of \$0.2 million recorded during the second quarter 2010.
- **Loans** remained level for the quarter and year ended June 30, 2010. Allowance for loan losses increased \$0.6 million for the quarter.
- **Delinquent and nonaccrual loans** decreased \$7.9 million to \$46.2 million as of June 30, 2011, compared to \$54.1 million as of June 30, 2010.
- **Deposits** decreased \$12.9 million during the second quarter to \$1.8 billion, driven by decreases in noninterest bearing accounts.
- **Total shareholders' equity** of \$431.26 million results in a total capital ratio of 25.5% as of June 30, 2011, remaining well above thresholds required for "well capitalized" institutions.

STOCK REPURCHASE PROGRAM PROVIDES ADDITIONAL LIQUIDITY

The shareholder-approved stock repurchase program allows the bank to repurchase shares of its outstanding common stock in both open market and in privately negotiated transactions. The purpose of the stock repurchase program is to provide additional liquidity to you, our shareholder, and to provide an efficient use of the bank's excess capital.

Shareholders interested in learning more about the program, including the current target repurchase price, may contact Senior Trust Officer Bob Tannahill by phone at **907-777-4566**, or email RTannahill@FNBAlaska.com.

Directors

- D.H. Cuddy
 Chairman and President
- Betsy Lawer
 Vice Chair
- Maurice J. Coyle, M.D.
 George E. Gordon
 Margy K. Johnson
 Jane Cuddy Klopfer
 Loren H. Lounsbury
- Cheri Gillian
 Secretary to the Board

Branches

- Channel Branch** Juneau
- Cordova Branch** Cordova
- Dimond Branch** Anchorage
- Eagle River Branch** Eagle River
- Eastchester Branch** Anchorage
- Elmendorf Branch** Elmendorf AFB
- Federal Branch** Anchorage
- Glennallen Branch** Glennallen
- Golden Valley Branch** Fairbanks
- Haines Branch** Haines
- Healy Branch** Healy
- Homer Branch** Homer
- Interior City Branch** Fairbanks
- Johansen Branch** Fairbanks
- Juneau Branch** Juneau
- Kenai Branch** Kenai
- Kodiak Branch** Kodiak
- Kuskokwim Branch** Bethel
- Main Branch** Anchorage
- Muldoon Branch** Anchorage
- Northern Lights Branch** Anchorage
- Palmer Branch** Palmer
- Parkway Branch** Anchorage
- Seward Branch** Seward
- Sitka Branch** Sitka
- Soldotna Branch** Soldotna
- South Center Branch** Anchorage
- Valdez Branch** Valdez
- Valley Centre Branch** Juneau
- Wasilla Branch** Wasilla



COMPARATIVE STATEMENTS OF CONDITION (Unaudited)

(Dollars in thousands)	JUNE 30,	
	2011	2010
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$180,891	\$201,508
Total cash and cash equivalents	180,891	201,508
Securities:		
Available-for-sale	1,239,662	1,127,717
Held-to-maturity	—	23,000
Real estate loans to be sold	15,264	14,953
Loans:		
Commercial and industrial	289,554	269,245
Real estate	882,236	909,404
Consumer and other	17,722	19,864
Total loans, gross	1,189,512	1,198,513
Less: Allowance for loan losses	15,600	18,000
Total loans, net	1,173,912	1,180,513
Premises and equipment, net	41,947	41,887
Other real estate owned, net	18,841	16,570
Other assets	45,842	45,166
Total Assets	\$2,716,359	\$2,651,314

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Deposits:		
Non-interest bearing	\$768,024	\$700,892
Interest bearing:		
Savings	501,880	443,037
NOW	168,272	163,394
Money market	189,778	178,515
Time	148,588	160,108
Total interest bearing	1,008,518	945,054
Total deposits	1,776,542	1,645,946
Securities sold under agreements to repurchase	499,014	538,498
Capital lease obligations	36	88
Notes payable	1,524	1,977
Other liabilities	7,985	7,723
Total Liabilities	2,285,101	2,194,232
Shareholders' Equity:		
Common stock, \$100 par value		
(Authorized: 2011 and 2010 - 400,000 shares)		
(Issued: 2011 - 331,969 shares and 2010 - 332,054 shares)	33,197	33,205
Surplus	40,000	40,000
Retained earnings	349,170	369,168
Accumulated other comprehensive income	8,891	14,709
Total Shareholders' Equity	431,258	457,082
Total Liabilities and Shareholders' Equity	\$2,716,359	\$2,651,314

COMPARATIVE STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands except per common share data)	FOR THREE MONTHS ENDED JUNE 30,		FOR SIX MONTHS ENDED JUNE 30,	
	2011	2010	2011	2010
INTEREST INCOME AND LOAN FEES				
Interest and fees on loans	\$20,033	\$20,102	\$39,865	\$39,708
Interest and dividends on investment securities	6,283	8,327	13,354	17,231
Interest on cash and cash equivalents	94	114	171	198
Total Interest And Loan Fee Income	26,410	28,543	53,390	57,137
INTEREST EXPENSE				
Interest on deposits	637	837	1,322	1,668
Interest on federal funds purchased and securities sold under agreements to repurchase	156	178	324	350
Interest on notes payable, capital lease obligations and other	25	34	51	68
Total Interest Expense	818	1,049	1,697	2,086
Net Interest And Loan Fee Income	25,592	27,494	51,693	55,051
Provision for loan losses	760	(226)	1,576	525
Net Interest And Loan Fee Income After Provision For Loan Losses	24,832	27,720	50,117	54,526
NONINTEREST INCOME				
Bankcard fees	4,854	4,410	9,120	8,381
Service charges on deposit accounts	1,085	1,256	2,169	2,488
Gain on sale of mortgage loans	433	299	856	639
Mortgage loan servicing income	621	567	1,227	1,163
Net gains on investment securities	427	—	747	138
Other noninterest income	1,850	2,229	3,301	3,940
Total Noninterest Income	9,270	8,761	17,420	16,749
NONINTEREST EXPENSE				
Salaries and employee benefits	11,592	11,223	22,941	22,435
Occupancy expense, net	1,740	1,676	3,641	3,359
Furniture and equipment expense	624	822	1,220	1,602
Bankcard expenses	3,564	3,544	6,541	6,583
Other noninterest expense	3,977	4,573	8,119	8,598
Total Noninterest Expense	21,497	21,838	42,462	42,577
Income Before Taxes	12,605	14,643	25,075	28,698
Provision for income taxes	4,145	4,879	8,040	9,530
Net Income	\$8,460	\$9,764	\$17,035	\$19,168
Earnings Per Common Share (not in thousands)	\$25.48	\$29.41	\$51.30	\$57.73
Cash Dividends Paid Per Common Share (not in thousands)	\$12.50	\$25.00	\$25.00	\$50.00