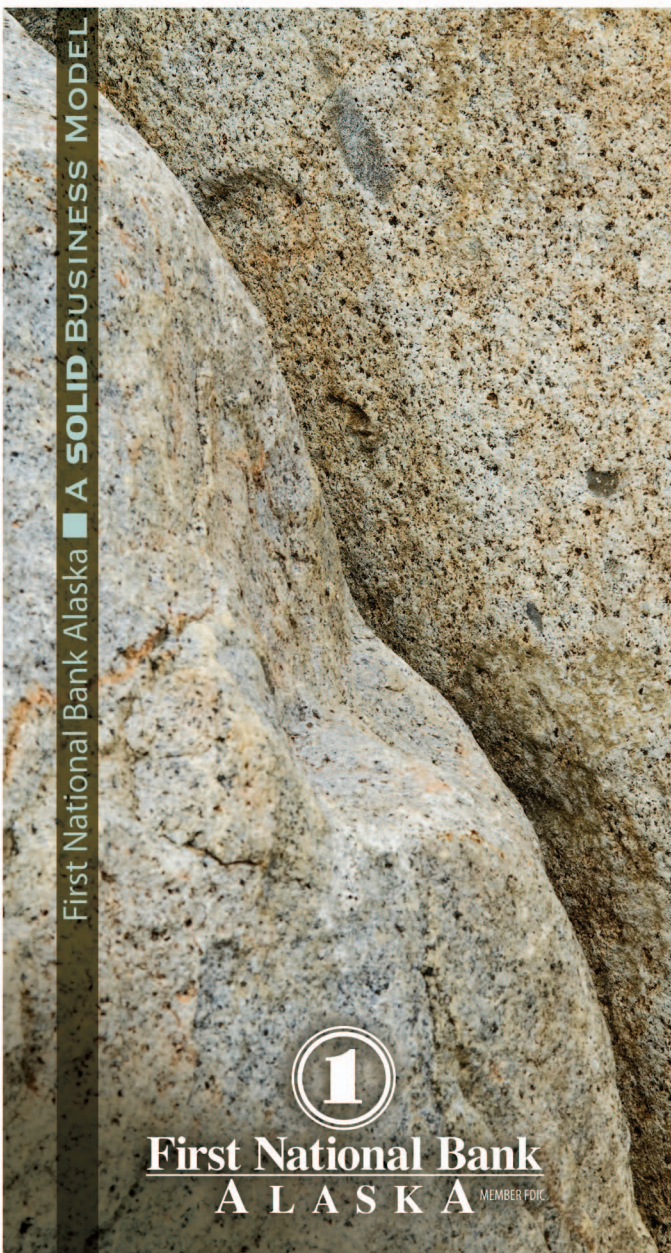


2011
 COMPARATIVE STATEMENTS OF CONDITION
 AND STATEMENTS OF INCOME

3rd Quarter **SEPTEMBER 30**



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**THIRD QUARTER RESULTS
 INCLUDE THE FOLLOWING
 FINANCIAL AND OPERATIONAL
 HIGHLIGHTS**

- **Net income** of \$9.6 million, or \$28.85 earnings per share, reported during third quarter 2011, compared to \$10.6 million, or \$31.84 earnings per share, reported during third quarter 2010.
- **Net interest margin** for the quarter on a tax-equivalent basis of 3.67%, compared to 4.15% reported during the third quarter 2010.
- **Provision for loan losses** recorded for the quarter at a net charge of \$54 thousand, compared to a net recovery of \$45 thousand recorded during the third quarter 2010.
- **Loans** decreased \$35.7 million during the quarter ended September 30, 2011 compared with June 30, 2011. Allowance for loan losses decreased \$2.75 million for the third quarter.
- **Delinquent** and nonaccrual loans decreased \$7.9 million to \$38.3 million as of September 30, 2011, compared to \$46.2 million as of June 30, 2011.
- **Deposits** increased \$191 million during the third quarter to \$1.9 billion, driven primarily by increases in noninterest bearing accounts.

Despite the extraordinary interest rate environment, tightly compressed margins, and flat loan demand, your bank has performed exceedingly well. Until uncertainties surrounding development of Alaska's resources are resolved, we expect caution to prevail with the Alaska business community for the foreseeable future.

D.H. Cuddy

D.H. Cuddy
 Chairman and President

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)	SEPTEMBER 30,	
	2011	2010
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$220,667	\$191,460
Federal funds sold and certificates of deposit	—	—
Total cash and cash equivalents	220,667	191,460
Securities:		
Available-for-sale: 2011 - \$1,436,165; 2010 - \$1,174,729	1,461,735	1,283,398
Held-to-maturity (fair value: 2011 - 0; 2010 - \$23,677)	—	23,000
Real estate loans to be sold	18,910	14,394
Loans:		
Commercial and industrial	245,827	254,903
Real estate	890,014	920,188
Consumer and other	18,013	19,078
Total loans, gross	1,153,854	1,194,169
Less: Allowance for loan losses	13,250	16,000
Total loans, net	1,140,604	1,178,169
Premises and equipment, net	42,297	41,911
Other real estate owned, net	18,454	18,973
Other assets	41,990	43,615
Total Assets	\$2,944,657	\$2,794,920

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Deposits:		
Non-interest bearing	\$883,998	\$769,797
Interest bearing:		
Savings	550,915	454,089
NOW	173,618	178,133
Money market	189,803	191,516
Time	142,353	156,094
Total interest bearing	1,056,689	979,832
Total deposits	1,940,687	1,749,629
Securities sold under agreements to repurchase	553,158	546,068
Federal funds purchased	—	25,000
Capital lease obligations	22	75
Notes payable	1,550	2,010
Dividend declared	—	41,507
Other liabilities	9,180	10,777
Total Liabilities	2,504,597	2,375,066
Shareholders' Equity:		
Common stock, \$100 par value		
(Authorized: 2011 and 2010 - 400,000 shares)		
(Issued: 2011 - 330,235 shares and 2010 - 332,054 shares)	33,024	33,205
Surplus	40,000	40,000
Retained earnings	351,978	329,933
Accumulated other comprehensive income	15,058	16,716
Total Shareholders' Equity	440,060	419,854
Total Liabilities and Shareholders' Equity	\$2,944,657	\$2,794,920

COMPARATIVE STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands except per common share data)	FOR THREE MONTHS ENDED		FOR NINE MONTHS ENDED	
	SEPTEMBER 30,	SEPTEMBER 30,	SEPTEMBER 30,	SEPTEMBER 30,
	2011	2010	2011	2010
INTEREST INCOME AND LOAN FEES				
Interest and fees on loans	\$19,695	\$20,882	\$59,560	\$60,590
Interest and dividends on investment securities	6,884	8,020	20,238	25,251
Interest on cash and cash equivalents	110	113	281	311
Total Interest And Loan Fee Income	26,689	29,015	80,079	86,152
INTEREST EXPENSE				
Interest on deposits	580	756	1,902	2,424
Interest on federal funds purchased and securities sold under agreements to repurchase	159	181	483	531
Interest on notes payable, capital lease obligations and other	27	35	78	103
Total Interest Expense	766	972	2,463	3,058
Net Interest And Loan Fee Income	25,923	28,043	77,616	83,094
Provision (credit) for loan losses	54	(45)	1,630	480
Net Interest And Loan Fee Income After Provision For Loan Losses	25,869	28,088	75,986	82,614
NONINTEREST INCOME				
Bankcard fees	6,196	5,752	15,316	14,133
Service charges on deposit accounts	1,092	1,237	3,261	3,725
Gain on sale of mortgage loans	446	457	1,302	1,096
Mortgage loan servicing income	595	722	1,822	1,885
Net gains (losses) on investment securities	(1)	—	746	138
Other noninterest income	1,745	1,693	5,046	5,633
Total NonInterest Income	10,073	9,861	27,493	26,610
NONINTEREST EXPENSE				
Salaries and employee benefits	11,046	11,070	33,987	33,505
Occupancy expense, net	1,574	1,604	5,215	4,963
Furniture and equipment expense	585	881	1,805	2,483
Bankcard expenses	4,309	4,000	10,850	10,583
Other noninterest expense	4,386	4,180	12,505	12,778
Total Noninterest Expense	21,900	21,735	64,362	64,312
Income Before Taxes	14,042	16,214	39,117	44,912
Provision for income taxes	4,492	5,640	12,532	15,170
Net Income	\$9,550	\$10,574	\$26,585	\$29,742
Earnings Per Common Share (not in thousands)	\$28.85	\$31.84	\$80.14	\$89.57
Cash Dividends Paid Per Common Share (not in thousands)	\$12.50	\$25.00	\$37.50	\$75.00