

2015 COMPARATIVE STATEMENTS OF CONDITION AND STATEMENTS OF INCOME

1st Quarter Financial Highlights MARCH 31



First quarter financial and operational highlights:

- **Net income** of \$7.8 million, or \$24.35 earnings per share, compared to \$7.5 million, or \$23.24 earnings per share, reported during first quarter 2014. Net interest and loan fee income after provision for loan losses increased 5.9% on yield improvements and volume growth in earning assets..
- **Net interest margin** increased to 3.43% on a tax-equivalent basis, compared to 3.32% reported during the first quarter 2014.
- **Outstanding loans** increased to \$1.41 billion at March 31, 2015. Allowance for loan losses increased to \$13.4 million due to a \$0.3 million increase to the reserve based on loan growth.
- **Loan charge-offs**, net of recoveries resulted in a net recovery of \$27 thousand compared to minimal net activity during first quarter 2014.
- **Delinquent and nonaccrual loans** increased \$3.4 million to \$13.4 million as of March 31, 2015.
- **Noninterest expenses** increased 5.5% over first quarter 2014 with higher employee benefit expenses and nonrecurring professional services expenses.
- **Common shares repurchased** during first quarter 2015 totaled 648 at an average price of \$1,591.

The Share Repurchase Program is currently authorized through April 2016. Interested shareholders can contact Bob Tannahill (907-777-4560), Senior Trust Officer, at First National Bank Alaska.

Respectfully submitted,

Michele Schuh

Michele Schuh
Senior Vice President

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Comparative Statements of Condition *(Unaudited)*

(Dollars in thousands)

	MARCH 31,	
	2015	2014
ASSETS		
Cash and cash equivalents	\$122,239	\$143,570
Available-for-sale securities	1,756,405	1,640,000
Real estate loans to be sold	11,018	10,889
Loans:		
Commercial and industrial	267,756	265,373
Real estate	1,129,509	1,038,941
Consumer and other	16,364	15,326
Total Loans, Gross	1,413,629	1,319,640
Less: Allowance for loan losses	<u>13,400</u>	<u>12,250</u>
Total Loans, Net	1,400,229	1,307,390
Premises and equipment, net	44,647	48,709
Other real estate owned, net	14,459	13,494
Other assets	<u>32,684</u>	<u>40,161</u>
Total Assets	\$3,381,681	\$3,204,213
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Non-interest bearing	\$1,105,247	\$1,012,458
Interest bearing:		
Savings	599,959	590,480
NOW	198,546	185,697
Money market	160,921	158,806
Time	<u>135,946</u>	<u>187,563</u>
Total interest bearing	<u>1,095,372</u>	<u>1,122,546</u>
Total Deposits	2,200,619	2,135,004
Securities sold under agreements to repurchase	678,745	601,238
Capital lease obligations	102	155
Notes payable	—	68
Other liabilities	<u>20,792</u>	<u>9,958</u>
Total Liabilities	2,900,258	2,746,423
Shareholders' Equity:		
Common stock, \$100 par value		
Authorized: 2015 and 2014 - 400,000 shares		
Issued: 2015 - 319,868 shares; 2014 - 321,967 shares)	31,987	32,197
Surplus	40,000	40,000
Retained earnings	400,195	386,673
Accumulated other comprehensive income (loss)	<u>9,241</u>	<u>(1,080)</u>
Total Shareholders' Equity	481,423	457,790
Total Liabilities and Shareholders' Equity	\$3,381,681	\$3,204,213

Comparative Statements of Income *(Unaudited)*

(Dollars in thousands except per common share data)

	FOR THREE MONTHS ENDING MARCH 31,	
	2015	2014
INTEREST INCOME AND LOAN FEES		
Interest and fees on loans	\$20,232	\$19,573
Interest and dividends on investment securities	6,610	5,547
Interest on cash and cash equivalents	<u>36</u>	<u>36</u>
Total Interest And Loan Fee Income	26,878	25,156
INTEREST EXPENSE		
Interest on deposits	205	239
Interest on federal funds purchased and securities sold under agreements to repurchase	221	190
Interest on notes payable, capital lease obligations and other	—	<u>1</u>
Total Interest Expense	426	430
Net Interest And Loan Fee Income	26,452	24,726
Provision for loan losses	<u>273</u>	—
Net Interest And Loan Fee Income After Provision For Loan Losses	26,179	24,726
NONINTEREST INCOME		
Bankcard fees	2,473	2,855
Service charges on deposit accounts	1,169	909
Mortgage loan origination income	439	430
Mortgage loan servicing income	450	426
Net gains on investment securities	45	174
Other noninterest income	<u>1,696</u>	<u>1,550</u>
Total Noninterest Income	6,272	6,344
NONINTEREST EXPENSE		
Salaries and employee benefits	12,906	12,623
Occupancy expense, net	1,959	1,982
Furniture and equipment expense	410	472
Bankcard expenses	1,168	1,339
Other noninterest expense	<u>4,763</u>	<u>3,678</u>
Total Noninterest Expense	21,206	20,094
Income Before Taxes	11,245	10,976
Provision for income taxes	3,447	3,488
Net Income	\$7,798	\$7,488
Earnings Per Common Share <i>(not in thousands)</i>	\$24.35	\$23.24
Cash Dividends Paid Per Common Share <i>(not in thousands)</i>	\$12.50	\$12.50