

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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BRANCHES

Channel Branch	Juneau
Cordova Branch	Cordova
Dimond Branch	Anchorage
Eagle River Branch	Eagle River
Eastchester Branch	Anchorage
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
North Star Branch	JBer
Northern Lights Branch	Anchorage
Palmer Branch	Palmer
Parkway Branch	Anchorage
Seward Branch	Seward
Sitka Branch	Sitka
Soldotna Branch	Soldotna
South Center Branch	Anchorage
U-Med Branch	Anchorage
Valdez Branch	Valdez
Valley Centre Branch	Juneau
Wasilla Branch	Wasilla

Comparative Statements of Condition *(Unaudited)*

(Dollars in thousands)

MARCH 31,

ASSETS	2015	2014
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	13,400	12,250
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	32,684	40,161
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	135,946	187,563
Total interest bearing	1,095,372	1,122,546
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	20,792	9,958
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)	9,241	(1,080)
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,

INTEREST INCOME AND LOAN FEES	2015	2014
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	36	36
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	—	1
Total Interest Expense	426	430
Net Interest And Loan Fee Income	26,452	24,726
Provision for loan losses	273	—
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	1,696	1,550
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	4,763	3,678
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
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Earnings Per Common Share <i>(not in thousands)</i>	\$24.35	\$23.24
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Cash Dividends Paid Per Common Share <i>(not in thousands)</i>	\$12.50	\$12.50
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We Believe in Alaska