

2015 COMPARATIVE STATEMENTS OF CONDITION AND STATEMENTS OF INCOME

2nd Quarter Financial Highlights **JUNE 30**



Second quarter financial and operational highlights:

- Net income of \$9.1 million, or \$28.41 earnings per share, compared to \$8.4 million, or \$25.97 earnings per share, reported during second quarter 2014. Net interest and loan fee income before provision for loan losses increased 9.2% based on volume growth and improvements in yield on earning assets.
- Net interest margin increased to 3.56% on a tax-equivalent basis, compared to 3.42% reported during the second quarter 2014.
- Outstanding loans increased to \$1.48 billion at June 30, 2015. Allowance for loan losses increased to \$14.1 million due to a \$0.7 million increase to the reserve based on loan growth for the quarter.
- Loan charge-offs, net of recoveries, resulted in a net recovery of \$102 thousand compared to a net charge-off of \$18 thousand during second quarter 2014.
- Delinquent and nonaccrual loans increased \$1.5 million to \$11.5 million as of June 30, 2015.
- Core sources of noninterest income remain stable overall; bankcard fees and expenses continue to reset in merchant services area as the bank completes transition to revenue-sharing provider relationship.
- Noninterest expenses were elevated on higher than expected medical benefit costs and nonrecurring other expenses.
- Common shares repurchased during second quarter 2015 totaled \$70 thousand at an average price of \$1,564.

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

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Senior Vice President and Chief Financial Officer

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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)

	JUNE 30,	
	2015	2014
ASSETS		
Cash and cash equivalents	\$95,651	\$145,473
Available-for-sale securities	1,672,055	1,579,749
Real estate loans to be sold	18,322	14,341
Loans:		
Commercial and industrial	304,327	260,339
Real estate	1,159,947	1,053,464
Consumer and other	18,300	16,729
Total Loans, Gross	1,482,574	1,330,532
Less: Allowance for loan losses	14,100	12,750
Total Loans, Net	1,468,474	1,317,782
Premises and equipment, net	49,906	48,494
Other real estate owned, net	14,082	12,528
Other assets	39,736	37,395
Total Assets	\$3,358,226	\$3,155,762
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Non-interest bearing	\$1,152,979	\$1,048,986
Interest bearing:		
Savings	593,648	572,850
NOW	195,530	182,275
Money market	157,811	157,768
Time	134,071	159,070
Total interest bearing	1,081,060	1,071,963
Total Deposits	2,234,039	2,120,949
Securities sold under agreements to repurchase	634,945	558,705
Capital lease obligations	89	142
Notes payable	—	69
Other liabilities	7,254	9,056
Total Liabilities	2,876,327	2,688,921
Shareholders' Equity:		
Common stock, \$100 par value		
Authorized: 2015 and 2014 - 400,000 shares		
Issued: 2015 -319,798 shares; 2014 - 321,755 shares)	31,980	32,176
Surplus	40,000	40,000
Retained earnings	405,183	390,663
Accumulated other comprehensive income (loss)	4,736	4,002
Total Shareholders' Equity	481,899	466,841
Total Liabilities and Shareholders' Equity	\$3,358,226	\$3,155,762

Comparative Statements of Income *(Unaudited)*

(Dollars in thousands except per common share data)

	FOR THREE MONTHS ENDING JUNE 30,		FOR SIX MONTHS ENDING JUNE 30,	
	2015	2014	2015	2014
INTEREST INCOME AND LOAN FEES				
Interest and fees on loans	\$22,100	\$20,589	\$42,332	\$40,162
Interest and dividends on investment securities	6,678	5,774	13,288	11,321
Interest on cash and cash equivalents	25	37	61	73
Total Interest And Loan Fee Income	28,803	26,400	55,681	51,556
INTEREST EXPENSE				
Interest on deposits	205	228	410	467
Interest on federal funds purchased and securities sold under agreements to repurchase	224	195	445	385
Interest on notes payable, capital lease obligations and other	1	1	1	2
Total Interest Expense	430	424	856	854
Net Interest And Loan Fee Income	28,373	25,976	54,825	50,702
Provision for loan losses	599	518	872	518
Net Interest And Loan Fee Income After Provision For Loan Losses	27,774	25,458	53,953	50,184
NONINTEREST INCOME				
Bankcard fees	2,569	2,881	5,042	5,736
Service charges on deposit accounts	1,165	1,275	2,334	2,184
Mortgage loan origination income	619	541	1,058	971
Mortgage loan servicing income	456	435	906	861
Net gains on investment securities	121	229	166	403
Other noninterest income	1,883	1,772	3,579	3,322
Total Noninterest Income	6,813	7,133	13,085	13,477
NONINTEREST EXPENSE				
Salaries and employee benefits	12,602	12,206	25,508	24,829
Occupancy expense, net	2,058	1,818	4,017	3,800
Furniture and equipment expense	596	479	1,006	951
Bankcard expenses	1,007	1,270	2,175	2,609
Other noninterest expense	4,902	4,383	9,665	8,061
Total Noninterest Expense	21,165	20,156	42,371	40,250
Income Before Taxes	13,422	12,435	24,667	23,411
Provision for income taxes	4,334	4,073	7,781	7,561
Net Income	\$9,088	\$8,362	\$16,886	\$15,850
Earnings Per Common Share <i>(not in thousands)</i>	\$28.41	\$25.97	\$52.77	\$49.21
Cash Dividends Paid Per Common Share <i>(not in thousands)</i>	\$12.50	\$12.50	\$25.00	\$25.00

We Believe in Alaska