

2014 COMPARATIVE STATEMENTS OF CONDITION AND STATEMENTS OF INCOME

3rd Quarter Financial Highlights **SEPTEMBER 30**

Third quarter financial and operational highlights:

- **Net income** of \$9.3 million, or \$29.01 earnings per share, compared to \$8.3 million, or \$25.70 earnings per share, reported during third quarter 2013. The increase was primarily due to overall improvements in non-interest income and non-interest expense.
- **Net interest margin** decreased to 3.34% on a tax-equivalent basis, compared to 3.40% reported during the third quarter 2013.
- **Outstanding loans** increased to \$1.35 billion at September 30, 2014. Allowance for loan losses remains unchanged at \$12.750 million.
- **Provision for loan loss** recorded a net charge off of \$11 thousand compared to net recovery of \$25 thousand during third quarter 2013.
- **Delinquent and nonaccrual loans** decreased \$1.1 million to \$9.2 million as of September 30, 2014.
- **Common shares repurchased** during third quarter 2014 totaled 1,141 at an average price of \$1,736.
- **New branch construction** is underway in Anchorage and Juneau to enhance the delivery of banking services to existing customers and to attract new business to the bank. A new U-Med Branch in Anchorage, slated to open in early 2015, will off full-service consumer and commercial banking in close proximity to the thriving university campus and medical services hub. In Juneau, a larger building with a fresh, updated aesthetic is scheduled to open in 3rd quarter 2015, replacing the bank's existing Channel Branch, presently located on the lot adjacent to the construction site.

The Share Repurchase Program is currently authorized through March 2015. Interested shareholders can contact Bob Tannahill (907-777-4560), Sr. Trust Officer, at First National Bank Alaska.

Respectfully submitted,

Michele Schuh

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Sr. Vice President & Chief Financial Officer

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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	opening early 2015
Valdez Branch	Valdez
Valley Centre Branch	Juneau
Wasilla Branch	Wasilla

Comparative Statements of Condition (Unaudited)

(Dollars in thousands)

	SEPTEMBER 30,	
	2014	2013
ASSETS		
Cash and cash equivalents	\$96,168	\$234,149
Available-for-sale securities	1,705,384	1,532,465
Real estate loans to be sold	10,607	13,954
Loans:		
Commercial and industrial	255,731	244,302
Real estate	1,074,311	1,006,813
Consumer and other	16,063	16,212
Total Loans, Gross	1,346,105	1,267,327
Less: Allowance for loan losses	12,750	12,250
Total Loans, Net	1,333,355	1,255,077
Premises and equipment, net	48,543	48,009
Other real estate owned, net	12,079	11,773
Other assets	37,851	40,916
Total Assets	\$3,243,987	\$3,136,343

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Deposits:		
Non-interest bearing	\$1,107,892	\$1,054,768
Interest bearing:		
Savings	567,408	588,705
NOW	193,786	194,029
Money market	163,007	157,741
Time	147,595	136,953
Total interest bearing	1,071,796	1,077,428
Total Deposits	2,179,688	2,132,196
Securities sold under agreements to repurchase	588,150	542,407
Capital lease obligations	128	182
Notes payable	71	579
Other liabilities	8,643	8,552
Total Liabilities	2,776,680	2,683,916

Shareholders' Equity:

Common stock, \$100 par value		
Authorized: 2014 and 2013 - 400,000 shares		
Issued: 2014 - 320,614 shares; 2013 - 322,408 shares)	32,062	32,241
Surplus	40,000	40,000
Retained earnings	394,100	380,142
Accumulated other comprehensive income	1,145	44
Total Shareholders' Equity	467,307	452,427
Total Liabilities and Shareholders' Equity	\$3,243,987	\$3,136,343

Comparative Statements of Income (Unaudited)

(Dollars in thousands except per common share data)

	FOR THREE MONTHS ENDING SEPTEMBER 30,		FOR NINE MONTHS ENDING SEPTEMBER 30,	
	2014	2013	2014	2013
INTEREST INCOME AND LOAN FEES				
Interest and fees on loans	\$20,496	\$21,309	\$60,499	\$59,351
Interest and dividends on investment securities	5,985	5,325	17,306	16,754
Interest on cash and cash equivalents	52	99	125	159
Total Interest And Loan Fee Income	26,533	26,733	77,930	76,264

INTEREST EXPENSE

Interest on deposits	220	246	687	772
Interest on federal funds purchased and securities sold under agreements to repurchase	206	190	591	524
Interest on notes payable, capital lease obligations and other	2	10	4	29
Total Interest Expense	428	446	1,282	1,325
Net Interest And Loan Fee Income	26,105	26,287	76,648	74,939
Provision for loan losses	11	562	529	(25)
Net Interest And Loan Fee Income After Provision For Loan Losses	26,094	25,725	76,119	74,964

NONINTEREST INCOME

Bankcard fees	2,962	3,927	8,698	10,861
Service charges on deposit accounts	1,287	999	3,471	2,922
Mortgage loan origination income	520	787	1,491	3,131
Mortgage loan servicing income	439	446	1,300	1,379
Net gains on investment securities	184	—	587	64
Other noninterest income	1,678	1,492	4,615	4,413
Total Noninterest Income	7,070	7,651	20,162	22,770

NONINTEREST EXPENSE

Salaries and employee benefits	11,738	11,735	36,567	35,420
Occupancy expense, net	1,836	1,760	5,396	5,566
Furniture and equipment expense	585	465	1,540	1,445
Bankcard expenses	1,260	2,170	3,869	6,272
Other noninterest expense	3,872	4,831	11,625	12,567
Total Noninterest Expense	19,291	20,961	58,997	61,270
Income Before Taxes	13,873	12,415	37,284	36,464
Provision for income taxes	4,548	4,106	12,109	11,984

Net Income	\$9,325	\$8,309	\$25,175	\$24,480
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Earnings Per Common Share <small>(not in thousands)</small>	\$29.01	\$25.70	\$78.21	\$75.51
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Cash Dividends Paid Per Common Share <small>(not in thousands)</small>	\$12.50	\$12.50	\$37.50	\$37.50
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