

2014 COMPARATIVE STATEMENTS OF CONDITION AND STATEMENTS OF INCOME

2nd Quarter Financial Highlights JUNE 30

Second quarter financial and operational highlights:

- **Net income** of \$8.4 million, or \$25.97 earnings per share, compared to \$7.7 million, or \$23.79 earnings per share, reported during second quarter 2013. The increase was primarily due to higher interest and loan fee income on growth in the loan portfolio.
- **Net interest margin** decreased to 3.30% on a tax-equivalent basis, compared to 3.35% reported during the second quarter 2013.
- **Outstanding loans** increased to \$1.33 billion at June 30, 2014. Allowance for loan losses increased to \$12.8 million due to a \$0.5 million increase to the reserve.
- **Loan charge-offs, net of recoveries** of \$18 thousand compared to \$7 thousand during second quarter 2013, continuing strong performance in loan quality.
- **Delinquent and nonaccrual loans** decreased \$3.1 million to \$10.3 million as of June 30, 2014.
- **Common shares repurchased** during second quarter 2014 totaled 212 at an average price of \$1,745.
- **Accumulated other comprehensive income** at June 30, 2014 was \$4.0 million, a \$5.1 million increase from March 31, 2014. The increase is due to unrealized gains in securities investment portfolio compared to unrealized losses during the first quarter. Unrealized gains of \$6.8 million are reported net of tax of \$2.8 million for the second quarter.

The Share Repurchase Program is currently authorized through March 2015. Interested shareholders may 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

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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
Valdez Branch	Valdez
Valley Centre Branch	Juneau
Wasilla Branch	Wasilla

Comparative Statements of Condition (Unaudited)

<small>(Dollars in thousands)</small>	JUNE 30,	
	2014	2013
ASSETS		
Cash and cash equivalents	\$145,473	\$108,246
Available-for-sale securities	1,579,749	1,451,801
Real estate loans to be sold	14,341	19,296
Loans:		
Commercial and industrial	260,339	264,665
Real estate	1,053,464	989,008
Consumer and other	16,729	16,405
Total Loans, Gross	1,330,532	1,270,078
Less: Allowance for loan losses	12,750	12,250
Total Loans, Net	1,317,782	1,257,828
Premises and equipment, net	48,494	44,347
Other real estate owned, net	12,528	13,711
Other assets	37,395	44,913
Total Assets	\$3,155,762	\$2,940,142
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Non-interest bearing	\$1,048,986	\$954,211
Interest bearing:		
Savings	572,850	560,028
NOW	182,275	172,953
Money market	157,768	157,308
Time	159,070	136,397
Total interest bearing	1,071,963	1,026,686
Total Deposits	2,120,949	1,980,897
Securities sold under agreements to repurchase	558,705	501,243
Capital lease obligations	142	194
Notes payable	69	570
Other liabilities	9,056	7,859
Total Liabilities	2,688,921	2,490,763
Shareholders' Equity:		
Common stock, \$100 par value		
Authorized: 2014 and 2013 - 400,000 shares		
Issued: 2014 - 321,755 shares; 2013 - 324,547 shares)	32,176	32,455
Surplus	40,000	40,000
Retained earnings	390,663	379,400
Accumulated other comprehensive income (loss)*	4,002	(2,476)
Total Shareholders' Equity	466,841	449,379
Total Liabilities and Shareholders' Equity	\$3,155,762	\$2,940,142

* Unrealized holding gain (loss) on available-for-sale securities, net of tax effect

Comparative Statements of Income (Unaudited)

<small>(Dollars in thousands except per common share data)</small>	FOR THREE MONTHS ENDING JUNE 30,		FOR SIX MONTHS ENDING JUNE 30,	
	2014	2013	2014	2013
INTEREST INCOME AND LOAN FEES				
Interest and fees on loans	\$20,468	\$19,308	\$40,003	\$38,042
Interest and dividends on investment securities	5,774	5,608	11,321	11,429
Interest on cash and cash equivalents	37	32	73	60
Total Interest And Loan Fee Income	26,279	24,948	51,397	49,531
INTEREST EXPENSE				
Interest on deposits	228	250	467	526
Interest on federal funds purchased and securities sold under agreements to repurchase	195	173	385	334
Interest on notes payable, capital lease obligations and other	1	10	2	19
Total Interest Expense	424	433	854	879
Net Interest And Loan Fee Income	25,855	24,515	50,543	49,652
Provision for loan losses	518	7	518	(587)
Net Interest And Loan Fee Income After Provision For Loan Losses	25,337	24,508	50,025	49,239
NONINTEREST INCOME				
Bankcard fees	2,881	3,606	5,736	6,934
Service charges on deposit accounts	1,275	1,029	2,184	1,923
Mortgage loan origination income	541	1,088	971	2,344
Mortgage loan servicing income	435	458	861	933
Net gains on investment securities	229	9	403	64
Other noninterest income	1,603	1,440	2,937	2,921
Total Noninterest Income	6,964	7,630	13,092	15,119
NONINTEREST EXPENSE				
Salaries and employee benefits	12,206	12,171	24,829	23,685
Occupancy expense, net	1,659	1,804	3,560	3,806
Furniture and equipment expense	482	472	955	980
Bankcard expenses	1,270	2,095	2,609	4,102
Other noninterest expense	4,249	4,204	7,753	7,736
Total Noninterest Expense	19,866	20,746	39,706	40,309
Income Before Taxes	12,435	11,392	23,411	24,049
Provision for income taxes	4,073	3,669	7,561	7,878
Net Income	\$8,362	\$7,723	\$15,850	\$16,171
Earnings Per Common Share <small>(not in thousands)</small>	\$25.97	\$23.79	\$49.21	\$49.81
Cash Dividends Paid Per Common Share <small>(not in thousands)</small>	\$12.50	\$12.50	\$25.00	\$25.00