

## 2014 COMPARATIVE STATEMENTS OF CONDITION AND STATEMENTS OF INCOME

1st Quarter Financial Highlights MARCH 31

### First quarter results include the following financial and operational highlights:

- **Net income** of \$7.5 million, or \$23.24 earnings per share, compared to \$8.4 million, or \$26.02 earnings per share, reported during first quarter 2013. The decrease in first quarter income year-over-year was primarily due to lower mortgage origination income and higher health care costs.
- **Interest and loan fee income** increased \$0.5 million over the same period 2013 due to growth in the loan portfolio.
- **Net interest margin** decreased to 3.27% on a tax-equivalent basis, compared to 3.33% reported during the first quarter 2013. Lower yields in the investment portfolio continue to put downward pressure on interest income.
- **Outstanding loans** increased to \$1.32 billion at March 31, 2014. Allowance for loan losses remained unchanged during 2014 at \$12.3 million.
- Minimal net activity recorded to the **provision for loan loss** during first quarter 2014 compared to a net recovery of \$0.6 million during first quarter 2013.
- **Delinquent and nonaccrual loans** increased \$2.0 million to \$13.4 million as of March 31, 2014.
- **Common shares repurchased** during first quarter 2014 totaled 389 at an average price of \$1,755.

The Share Repurchase Program is currently authorized through March 2015. 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

<b>Channel Branch</b>	Juneau
<b>Cordova Branch</b>	Cordova
<b>Dimond Branch</b>	Anchorage
<b>Eagle River Branch</b>	Eagle River
<b>Eastchester Branch</b>	Anchorage
<b>Federal Branch</b>	Anchorage
<b>Glennallen Branch</b>	Glennallen
<b>Golden Valley Branch</b>	Fairbanks
<b>Haines Branch</b>	Haines
<b>Healy Branch</b>	Healy
<b>Homer Branch</b>	Homer
<b>Interior City Branch</b>	Fairbanks
<b>Johansen Branch</b>	Fairbanks
<b>Juneau Branch</b>	Juneau
<b>Kenai Branch</b>	Kenai
<b>Kodiak Branch</b>	Kodiak
<b>Kuskokwim Branch</b>	Bethel
<b>Main Branch</b>	Anchorage
<b>Muldoon Branch</b>	Anchorage
<b>North Star Branch</b>	JBER
<b>Northern Lights Branch</b>	Anchorage
<b>Palmer Branch</b>	Palmer
<b>Parkway Branch</b>	Anchorage
<b>Seward Branch</b>	Seward
<b>Sitka Branch</b>	Sitka
<b>Soldotna Branch</b>	Soldotna
<b>South Center Branch</b>	Anchorage
<b>Valdez Branch</b>	Valdez
<b>Valley Centre Branch</b>	Juneau
<b>Wasilla Branch</b>	Wasilla



## Comparative Statements of Condition (Unaudited)

(Dollars in thousands)

	MARCH 31,	
	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$143,570	\$81,913
Available-for-sale securities	1,640,000	1,533,479
Real estate loans to be sold	10,889	20,892
Loans:		
Commercial and industrial	265,373	246,570
Real estate	1,038,941	977,474
Consumer and other	15,326	16,377
<b>Total Loans, Gross</b>	<b>1,319,640</b>	<b>1,240,421</b>
Less: Allowance for loan losses	12,250	12,250
<b>Total Loans, Net</b>	<b>1,307,390</b>	<b>1,228,171</b>
Premises and equipment, net	48,709	43,591
Other real estate owned, net	13,494	14,884
Other assets	40,161	35,117
<b>Total Assets</b>	<b>\$3,204,213</b>	<b>\$2,958,047</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Liabilities:

Deposits:		
Non-interest bearing	\$1,012,458	\$930,312
Interest bearing:		
Savings	590,480	598,761
NOW	185,697	182,105
Money market	158,806	174,531
Time	187,563	134,300
Total interest bearing	1,122,546	1,089,697
<b>Total Deposits</b>	<b>2,135,004</b>	<b>2,020,009</b>
Securities sold under agreements to repurchase	601,238	462,249
Capital lease obligations	155	208
Notes payable	68	560
Other liabilities	9,958	12,937
<b>Total Liabilities</b>	<b>2,746,423</b>	<b>2,495,963</b>

### Shareholders' Equity:

Common stock, \$100 par value		
Authorized: 2014 and 2013 - 400,000 shares		
Issued: 2014 - 321,967 shares; 2013 - 324,629 shares)	32,197	32,463
Surplus	40,000	40,000
Retained earnings	386,673	375,870
Accumulated other comprehensive income (loss)	(1,080)	13,751
<b>Total Shareholders' Equity</b>	<b>457,790</b>	<b>462,084</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$3,204,213</b>	<b>\$2,958,047</b>

## Comparative Statements of Income (Unaudited)

(Dollars in thousands except per common share data)

	FOR THREE MONTHS ENDING MARCH 31,	
	2014	2013
<b>INTEREST INCOME AND LOAN FEES</b>		
Interest and fees on loans	\$19,535	\$18,734
Interest and dividends on investment securities	5,547	5,821
Interest on cash and cash equivalents	36	28
<b>Total Interest And Loan Fee Income</b>	<b>25,118</b>	<b>24,583</b>

## INTEREST EXPENSE

Interest on deposits	239	276
Interest on federal funds purchased and securities sold under agreements to repurchase	190	161
Interest on notes payable, capital lease obligations and other	1	9
<b>Total Interest Expense</b>	<b>430</b>	<b>446</b>
<b>Net Interest And Loan Fee Income</b>	<b>24,688</b>	<b>24,137</b>
Provision for loan losses	—	(594)
<b>Net Interest And Loan Fee Income After Provision For Loan Losses</b>	<b>24,688</b>	<b>24,731</b>

## NONINTEREST INCOME

Bankcard fees	2,855	3,328
Service charges on deposit accounts	909	894
Mortgage loan origination income	430	1,256
Mortgage loan servicing income	426	475
Net gains on investment securities	174	55
Other noninterest income	1,334	1,481
<b>Total Noninterest Income</b>	<b>6,128</b>	<b>7,489</b>

## NONINTEREST EXPENSE

Salaries and employee benefits	12,623	11,514
Occupancy expense, net	1,901	2,002
Furniture and equipment expense	473	508
Bankcard expenses	1,339	2,007
Other noninterest expense	3,504	3,532
<b>Total Noninterest Expense</b>	<b>19,840</b>	<b>19,563</b>
<b>Income Before Taxes</b>	<b>10,976</b>	<b>12,657</b>
Provision for income taxes	3,488	4,209

<b>Net Income</b>	<b>\$7,488</b>	<b>\$8,448</b>
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<b>Earnings Per Common Share</b> <small>(not in thousands)</small>	<b>\$23.24</b>	<b>\$26.02</b>
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<b>Cash Dividends Paid Per Common Share</b> <small>(not in thousands)</small>	<b>\$12.50</b>	<b>\$12.50</b>
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