



## **PUBLIC DISCLOSURE**

March 27, 2017

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Bank Alaska  
Charter Number: 12072

101 W. 36th Avenue  
Anchorage, AK 99503

Office of the Comptroller of the Currency

Seattle Field Office  
101 Stewart St., Suite 1010  
Seattle, WA 98101

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of **First National Bank Alaska** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank Alaska Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- A good level of lending in both the bank’s full-scope assessment areas (AAs), the Anchorage Municipality/Matanuska-Susitna MSA AA, and the Non-MSA AA.
- A substantial portion of reportable loans within the bank’s AAs.
- A distribution of loans that reflects good dispersion throughout geographies of different incomes in the bank’s full-scope assessment areas (AAs).
- A distribution of loans to borrowers that reflects good penetration among individuals of different income levels, including low- and moderate-income (LMI) individuals, and businesses and farms of different sizes in the bank’s full-scope AAs.
- A very high level of community development (CD) lending, which was responsive to the needs in both of the bank’s full-scope AAs and positively impacted the overall Lending Test rating.
- Use of several flexible loan programs to meet the needs of LMI individuals and small businesses, which also positively impacted the Lending Test rating.
- An overall high level of investments, which were responsive to the most significant community development needs in the bank’s AAs as well as throughout the state of Alaska.
- Delivery systems that are readily accessible to geographies and individuals throughout the bank’s full-scope AAs, and a high level of CD services that benefited LMI individuals, LMI geographies, and small businesses in the bank’s AAs and throughout Alaska.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family

households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and

typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

First National Bank Alaska (FNBA) is the largest independently owned bank in Alaska. The federally chartered institution is an intrastate bank with no holding company or affiliates. The bank was founded in 1922 as the First National Bank of Anchorage and has been headquartered in Anchorage, Alaska since its inception. In 2001, the bank changed its name from the First National Bank of Anchorage to First National Bank Alaska, in order to more accurately reflect the statewide nature of the bank's commitments. The institution operates as a full service bank, providing a variety of financial services within its assessment areas.

The bank currently operates 30 branches and 34 ATMs in 18 communities throughout the state. The three designated AAs include the Municipality of Anchorage and the Matanuska-Susitna Metropolitan Statistical Area (Anchorage/Mat-Su MSA AA); the Non-MSA AA, which consists of eight non-metropolitan areas in Alaska; and the Fairbanks North Star MSA. There are 13 branches and 15 ATMs located in the Anchorage Mat-Su MSA AA; there are 14 branches and 15 ATMs located in Non-MSA AA; and there are three branches and four ATMs located in the Fairbanks North Star MSA AA.

The bank provides both commercial and retail deposit and loan products. Services include safe deposit boxes, night depositories, drive-up facilities, remote deposit capture, and internet banking. The bank also offers trust and private banking services. The bank's primary business focus is commercial lending directed toward small businesses. FNBA also offers residential real estate and consumer loan products. The bank continues to enhance its products and services to help meet the diverse needs of the Alaskan communities it serves. There were no mergers or acquisitions that affected the bank's operations during the evaluation period. For a more detailed description of products and services, please refer to the Service Test section of this evaluation.

As of December 31, 2016, FNBA reported total assets of \$3.6 billion and net tier one capital of \$498.9 million. The bank's loan portfolio was \$1.7 billion, which represents 47 percent of total assets. The bank's primary lending focus is commercial loans. FNBA's loan portfolio consists of the following: commercial loans, including commercial real estate, commercial and industrial loans, and construction and development loans (79 percent); 1 to 4 family residential loans (12 percent); multifamily loans (four percent); municipal loans (three percent); agricultural loans (one percent); and consumer loans (one percent).

There are no financial or legal impediments which restrict FNBA's ability to meet the credit needs of its AAs. The bank received an "Outstanding" rating at the prior CRA examination performed by the Office of the Comptroller of the Currency (OCC) dated January 6, 2014.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We reviewed home mortgage loans, small loans to businesses, and small loans to farms for the period beginning January 1, 2013 through December 31, 2015. We did not analyze the loan data for any loan products where the number of originated or purchased loans was less than 20 loans. Consequently, small loans to farms were not analyzed in the Anchorage/Mat-Su AA. We reviewed CD loans, investments, and services for the period beginning January 1, 2014 through March 27, 2017.

### Data Integrity

Prior to this evaluation, we tested the accuracy of FNBA's publicly filed information on home mortgage loans and small loans to businesses. The data we reviewed was collected and reported by the bank over the evaluation period. The testing indicated no substantive inaccuracies in the data for home mortgage loans, small loans to businesses and small loans to farms. Additionally, CD investments, loans, and services made or rendered during the evaluation period were reviewed to determine their eligibility for consideration. We included in this review all activities found to meet the definition of community development.

### Selection of Areas for Full-Scope Review

We selected the bank's Anchorage/Mat-Su MSA and the Non-MSA AAs for full-scope reviews, as these two AAs currently represent the highest percentage of deposits and loans. During the review period, just over 61 percent of FNBA's deposits and almost 53 percent of its reportable loans were in the Anchorage/Mat-Su MSA AA. In addition, nearly 31 percent of the bank's deposits and almost 37 percent of its reportable loans were in the Non-MSA AA. We performed a limited-scope review of the Fairbanks North Star MSA AA. This AA represents eight percent of the bank's deposits and 11 percent of its reported loans.

### Ratings

The bank's overall rating is based primarily on the full-scope reviews of the Anchorage/Mat-Su MSA and the Non-MSA AAs. To conclude on FNBA's overall record of performance, we assessed activities in the AAs under the Lending, Investment, and Service Tests. The rating methodology is structured such that the Lending Test is weighted the most heavily of the three tests.

Within the full-scope reviews, we placed more weight on lending performance in the Anchorage/Mat-Su MSA AA, since more than half of the bank's reportable loans were originated or purchased in this AA. We placed equal weight on home mortgage loans and small loans to businesses. Small loans to farms carried minimal weight since they represent only two percent of total reportable loans. Within home mortgage loans, we placed the most weight on home purchase loans and secondarily on home refinance loans. Home purchase loans represent 57 percent of total home mortgage loans in the Anchorage/Mat-Su MSA AA and 53 percent in the Non-MSA AA. Home refinance loans represent 31 percent of total home mortgage loans in the Anchorage/Mat-Su AA and 37 percent in the Non-MSA AA. Further, we

placed significantly less weight on home improvement and multifamily loans. Home improvement loans represent seven percent of total loans in the Anchorage/Mat-Su MSA AA and six percent in the Non-MSA. Multifamily loans represent five percent of total loans in the Anchorage/Mat-Su MSA AA and four percent in the Non-MSA AA.

## **Other**

We reviewed one recent community contact and performed two others in order to identify some of the most significant community development needs in the bank's AAs. Two organizations focus on economic development and the third focuses on providing affordable housing to low- and moderate-income (LMI) individuals. The community contacts indicated the following are the most significant needs in the bank's AAs:

- Affordable housing for LMI;
- Small business loans;
- Technical assistance to small businesses;
- Grants, loans, and investments to organizations that provide support to smaller businesses that cannot qualify for a loan at a financial institution;
- Services to LMI individuals living throughout the state of Alaska, including health services and tax services; and
- CD donations and services to organizations that provide drug and alcohol rehabilitation services to LMI.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) and 195.28(c), in determining a national bank's (bank) or federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development (HUD), and the Consumer Financial Protection Bureau (CFPB).

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "Outstanding". Based on full-scope reviews, the bank's performance in both the Anchorage/Mat-Su MSA and in the Non-MSA AAs is excellent. The "Outstanding" rating is based on a good level of lending in both AAs; an excellent portion of loans within its AAs; good geographic and borrower distribution of home mortgage loans, small loans to businesses, and small loans to farms; use of several flexible loan programs to meet the needs of LMI individuals and small businesses; and a very high level of CD loans which positively impacted the overall Lending Test rating.

#### Lending Activity

Refer to Tables 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

##### Anchorage/Mat-Su MSA AA

Lending levels reflect good responsiveness to the credit needs in the Anchorage/Mat-Su MSA AA. FNBA originated 1,382 home mortgage loans and 1,111 small loans to businesses in this AA. The bank ranks second among four banks that gather deposits in this AA, with a market share of 20.84 percent. In comparison, FNBA ranks seventh for home purchase loans, with a market share of 2.24 percent; seventh for home improvement loans, with a market share of 4.30 percent; ninth for home refinance loans, with a market share of 1.45 percent; first for multifamily loans, with a market share of 29.31 percent; and fourth for small loans to businesses, with a market share of 4.62 percent. It is important to note that there are substantially more competitors for loan products. In addition, three or four lenders, including Wells Fargo, consistently dominate the market for all loans. Consequently, the lower rank and market share for most types of loans is not indicative of a lack of FNBA's efforts or willingness to make loans in this AA, but rather the significant competition posed by larger institutions that dominate the market. For home purchase, there are 112 financial institutions that compete for loans; four hold 74 percent of the market share. For home improvement loans, there are 50 financial institutions that compete for these loans; four hold 70 percent of the market share. For home refinance, there are 119 financial institutions that compete for loans; four hold 59 percent of the market share. For small business loans, there are 48 financial institutions that compete for loans, three hold 66 percent of the market share. For all products, FNBA ranks closely behind the largest competitors.

##### Non-MSA AA

Lending levels reflect good responsiveness to the credit needs in the Non-MSA AA. FNBA originated 598 home mortgage loans, 1,051 small loans to businesses and 107 small loans to farms in this AA. The bank ranks second among five banks that gather deposits in this AA, with a market share of 29.61 percent. In comparison, FNBA ranks fifth for home purchase

loans, with a market share of 3.79 percent; sixth for home improvement loans, with a market share of 5.75 percent; sixth for home refinance loans, with a market share of 3.19 percent; first for multifamily loans, with a market share of 64.29 percent; fourth for small loans to businesses, with a market share of 8.81 percent; and third for small loans to farms, with a market share of 14.44 percent. It is important to note the significant competition for most loans in this AA as well. There are three or four lenders that consistently dominate the market, making it difficult for a bank with the business focus and size of FNBA to compete. For home purchase loans there are 70 financial institutions that compete for these loans; the top four hold 80 percent of the market share. For home improvement loans, there are 15 financial institutions that compete for loans; the top four hold 83 percent of the market share. For home refinance loans, there are 65 financial institutions that compete for loans; the top four hold 69 percent of the market share. For small loans to businesses, there are 37 lenders that compete for loans; the top three financial institutions hold 73 percent of the market share. For all products, FNBA ranks closely behind the largest competitors.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of loans in LMI census tracts is good. Distribution of home mortgage loans is good. In the Anchorage/Mat-Su MSA AA, geographic distribution is good; and in the Non-MSA AA, geographic distribution is adequate. Distribution of small loans to businesses is good. In the Anchorage/Mat-Su MSA AA, geographic distribution is good; and in the Non-MSA AA, geographic distribution is excellent. Distribution of small loans to farms in moderate-income geographies in the Non-MSA AA is adequate. There are too few farm loans to analyze in the Anchorage/Mat-Su MSA AA. In addition, in concluding on the geographic distribution of loans in the Anchorage/Mat-Su MSA AA, it is important to note that this AA has only one low-income census tract.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

#### **Anchorage/Mat-Su MSA AA**

The geographic distribution of home purchase loans in the Anchorage/Mat-Su MSA AA is excellent. The distribution of these loans in both the low- and moderate-income census tracts substantially exceeded the percentage of owner occupied units in these census tracts, which is excellent. In addition, market share in both the low- and moderate-income census tracts substantially exceeded overall market share and is also excellent.

The geographic distribution of home improvement loans in this AA is excellent. The percentage of home improvement loans substantially exceeded the percentage of owner occupied units in the low-income census tract and is excellent. The percentage of home improvement loans in moderate-income census tracts significantly exceeded the percentage of owner occupied units and is also excellent. Data indicates the bank did not have a market share in the low-income tract. In moderate-income census tracts, market share substantially exceeded overall market share, which is excellent.

The geographic distribution of home refinance loans in the Anchorage/Mat-Su MSA AA is adequate. The percentage of these loans in the low-income census tract was well below the demographics and is very poor. However, the percentage of home refinance loans in moderate-income census tracts exceeded the demographics and is excellent. The bank did not have a market share in the low-income census tract. Market share in moderate-income tracts substantially exceeded overall market share, which is excellent.

The geographic distribution of multifamily loans in the Anchorage/Mat-SU MSA AA is excellent. Distribution of multifamily loans exceeded the percentage of multifamily units in both the low- and moderate-income census tracts. The bank did not have a market share in the low- income census tract. Market share in moderate-income census tracts nearly met overall market share and is excellent.

### Non-MSA AA

The geographic distribution of home purchase loans in the Non-MSA AA is adequate. There are no low-income census tracts in this AA. The percentage of home mortgage loans in moderate-income census tracts was significantly below the demographic comparator. In addition, the bank did not have a market share in LMI tracts for home purchase loans in this AA. However, it is important to note that the percentage of owner occupied units is less than one percent. The bank's performance is also mitigated by a high portion of vacant units and/or high unemployment rates in some of the boroughs in this AA, which limits opportunities for home mortgage loans in these census tracts. Furthermore, 70 other financial institutions compete for home purchase loans in moderate-income CTs in this AA, which further limits opportunities to originate home purchase loans.

The geographic distribution of home improvement loans is excellent. The percentage of home improvement loans in moderate-income census tracts substantially exceeded the percentage of owner occupied units and is excellent. The bank did not have a market share in these census tracts.

The geographic distribution of home refinance loans in the Non-MSA AA is adequate. The percentage of these loans in moderate-income census tracts was well below the demographic comparator and the bank did not have a market share in moderate-income census tracts. However, as noted above performance is mitigated due to the small portion of owner occupied units, as well as high vacancy rates and high unemployment rates in some boroughs in this AA. In addition, there is significant competition from 65 other financial institutions that compete for home refinance loans in this AA.

The geographic distribution of multifamily loans is very poor. The bank did not originate any multifamily loans in moderate-income census tracts in the Non-MSA AA.

### ***Small Loans to Businesses***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Anchorage/Mat-Su MSA AA

The geographic distribution of small loans to businesses in the Anchorage/Mat-Su MSA AA is good. The percentage of small loans to businesses in the low-income census tract was below the percentage of businesses in this tract, but it is adequate. Market share was well below overall market share and is poor. However, the percentage of small loans to businesses exceeded the percentage of businesses in moderate-income census tracts and is excellent. In addition, market share substantially exceeded overall market share and is excellent.

Non-MSA AA

The geographic distribution of small loans to businesses in the Non-MSA AA is excellent. The percentage of small loans to businesses in moderate-income census tracts substantially exceeded the percentage of businesses in these tracts and is excellent. Market share exceeded overall market share, which is also excellent.

**Small Loans to Farms**

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

Anchorage/Mat-Su MSA AA

Small loans to farms is not a significant loan product in the Anchorage/Mat-Su MSA AA. The bank originated only eight small loans to farms in this AA.

Non-MSA AA

The geographic distribution of small loans to farms in the Non-MSA AA is adequate. The percentage of these loans in moderate-income census tracts nearly met the percentage of farms in these tracts and is adequate. Market share in moderate-income census tracts was well below overall market share and is poor.

**Lending Gap Analysis**

We reviewed summary reports and maps and analyzed FNBA's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The bank's AA consists of whole geographies, meets the requirements of the CRA regulation, and does not arbitrarily exclude LMI areas.

**Inside/Outside Ratio**

For the combined three-year evaluation period, FNBA originated a substantial portion of its reportable loan products in its AAs, which is excellent. Based on number of loans, the bank originated or purchased 99.53 percent of its home mortgage loans, 96.42 percent of its small loans to businesses, and 86.47 percent of its small loans to farms in its AAs. Based on dollar

volume, FNBA originated 99.38 percent of its home mortgage loans, 96.74 percent of its small loans to businesses, and 90.25 percent of its small loans to farms in its AAs.

### **Distribution of Loans by Income Level of the Borrower**

Overall, the distribution of home mortgage loans to borrowers of different incomes, including LMI borrowers, and to businesses of different sizes is good. For home mortgage loans, the distribution of these loans to LMI borrowers is good. In the Anchorage/Mat-Su MSA AA borrower distribution is good; and in the Non-MSA AA, borrower distribution is adequate. For small loans to businesses, the loan distribution to businesses that are small is adequate. In the Anchorage/Mat-Su MSA AA, the distribution is adequate; and in the Non-MSA AA, the distribution is good. For small loans to farms, the loan distribution to farms that are small is good in the Non-MSA AA. Small loans to farms is an insignificant product in the Anchorage/Mat-Su MSA AA.

#### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### **Anchorage/Mat-Su MSA AA**

The borrower distribution of home purchase loans to LMI borrowers in the Anchorage/Mat-Su MSA AA is good. The percentage of home purchase loans to low-income borrowers was below the percentage of the population that is low-income, but it is adequate. The percentage of home purchase loans to moderate-income borrowers substantially exceeded the percentage of the population that is moderate-income, which is excellent. For loans to low-income borrowers, market share exceeded overall market share and is excellent. Market share met overall market share for loans to moderate-income borrowers and is excellent.

The borrower distribution of home improvement loans to LMI borrowers in the Anchorage/Mat-Su MSA AA is good. The percentage of home refinance loans to low-income borrowers was below the demographic comparator, but it is good. The percentage of these loans to moderate-income borrowers significantly exceeded overall market share and is excellent. Market share of loans to low-income borrowers exceeded overall market share and is excellent. Market share of loans to moderate-income borrowers was below overall market share, but it is adequate.

The borrower distribution of home refinance loans to LMI borrowers in the Anchorage/Mat-Su MSA AA is good. The percentage of home refinance loans to low-income borrowers was below the demographic comparator, but it is adequate. The percentage of home refinance loans to moderate-income borrowers was near to the percentage of the population that is moderate-income and is excellent. Market share for loans to low-income borrowers exceeded overall market share and is excellent. Market share for loans to moderate-income borrowers met overall market share and is excellent.

Non-MSA AA

The borrower distribution of home purchase loans to LMI borrowers in the Non-MSA AA is adequate overall. The percentage of the bank's home purchase loans was well below the percentage of the population that is low-income and is poor. However, the percentage of home purchase loans to moderate-income borrowers was near to the population that is moderate-income and is excellent. Market share for loans to low-income borrowers significantly exceeded overall market share and is excellent. Market share of loans to moderate-income borrowers was well below overall market share and is poor.

The borrower distribution of home improvement loans to LMI borrowers in the Non-MSA AA is adequate overall. The percentage of home improvement loans to low-income borrowers was well below the percentage of the population that is low-income and is poor. However, the percentage of home improvement loans to moderate-income borrowers substantially exceeded the population that is moderate-income, which is excellent. The bank did not have a market share for home improvement loans to low-income borrowers. Market share of loans to moderate-income borrowers significantly exceeded overall market share and is excellent.

The borrower distribution of home refinance loans to LMI borrowers in the Non-MSA AA is adequate overall. The percentage of home refinance loans to low-income borrowers was well below the percentage of the population that is low-income, which is poor. The percentage of these loans to moderate-income borrowers was near to the demographic comparator and is good. Market share of loans to low-income borrowers nearly met overall market share and is excellent. Market share of loans to moderate-income borrowers met overall market share, which is excellent.

***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Anchorage/Mat-Su MSA AA

The distribution of loans to businesses that are small (businesses with gross annual revenues of \$1 million or less) in the Anchorage/Mat-Su MSA AA is adequate. The percentage of loans to businesses that are small was below the demographics and is poor. However, market share exceeded overall market share and is excellent. In concluding on the bank's performance, we considered the negative economic trends that have impacted commercial lending opportunities. Based on this and the excellent market share, we determined that overall performance is adequate. See appendix B: Market Profiles for additional details on opportunities for commercial lending.

Non-MSA AA

The distribution of loans to businesses that are small in the Non-MSA AA is good. The percentage of loans to businesses that are small was near to the demographics and is good. In addition, market share exceeded overall market share and is excellent.



### ***Small Loans to Farms***

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

#### *Anchorage/Mat-Su MSA AA*

Small loans to farms was not a significant product in this AA.

#### *Non-MSA AA*

The distribution of loans to farms that are small (farms with gross annual revenues of \$1 million or less) in the Non-MSA AA is good. The percentage of loans to farms that are small was near to the demographic comparator and is good. In addition, market share exceeded overall market share and is excellent.

### **Community Development Lending**

FNBA provided a very high level of CD lending that was responsive to the most significant needs in the bank's AAs and throughout the state of Alaska. The bank's CD lending positively impacted the overall Lending Test rating. Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

#### *Anchorage/Mat-Su MSA AA*

During the review period, FNBA originated 46 qualified CD loans totaling nearly \$82.2 million in the Anchorage/Mat-Su MSA AA. This represents 27 percent of allocated tier one capital<sup>1</sup>, and is a very high level of CD lending. While the loans are not complex or innovative, they are responsive to the most significant CD needs noted in the AA. They are allocated as follows: 27 percent helped provide affordable housing to LMI individuals; 65 percent provided economic development; and eight percent helped provide services to LMI individuals. Some examples include the following:

- Fourteen (14) CD loans totaling \$13.650 million provided 359 units of affordable housing for LMI individuals.
- Two CD loans totaling over \$10 million were provided to an organization which promotes economic development and benefit to LMI Native Americans.

#### *Non-MSA AA*

During the review period, the bank originated 15 CD loans totaling \$39.9 million in the Non-MSA AA. This represents 25 percent of allocated tier one capital, and is a very high level of

<sup>1</sup> The term "allocated tier one capital" is used to describe the portion of capital that is equal to the portion a specific AA represents in relation to total bank deposits. It is used only as a reference.

CD lending. While the loans are not complex or innovative, they are responsive to the most significant CD needs noted in the Non-MSA AA. They are allocated as follows: 28 percent helped provide affordable housing for LMI; 28 percent helped provide community development services for LMI; and 44 percent provided economic development to moderate-income and underserved, distressed middle-income areas. Examples of the CD loans include the following:

- Three CD loans totaling \$11.167 million provided 97 units of affordable housing for LMI.
- A CD loan totaling \$350 thousand was provided to an organization that provides comprehensive home and center based services and programs for LMI children and families with special needs.
- A CD loan for \$145 thousand was provided to an organization that provides transitional shelter and other services to victims of domestic violence.

In addition, FNBA provided 20 qualified CD loans totaling \$129.4 million that benefit a broader statewide area.

### **Product Innovation and Flexibility**

FNBA has originated loans through the use of numerous flexible loan programs that benefit LMI individuals and small businesses. Use of these flexible loan products positively impacted the bank's Lending Test rating. Throughout the years, the bank has received a number of awards and recognition for using these programs to reach the unbanked and or underserved populations. Some of the programs, primarily benefited the bank's AAs, while others also benefited areas outside the bank's AAs. The number and dollar volume of loans that benefited LMI individuals in the bank's AAs during the evaluation period, through the use of these flexible loan programs are noted below:

- Alaska Housing Finance Corporation (AHFC) Tax-Exempt First Time Homebuyer's program: The bank originated 56 loans totaling over \$9.211 million to LMI borrowers.
- AHFC Rural Owner Occupied Program: The bank originated 11 loans totaling \$1.569 million to LMI borrowers.
- AHFC Affordable Housing Enhanced Loan Program: The bank originated 18 loans totaling \$2.776 million to LMI borrowers.
- Cook Inlet Housing Authority Home Program: The bank originated 11 loans totaling \$1.659 million to LMI borrowers.
- United States Department of Agriculture Rural Development (USDA RD) Insured First Deed of Trust Program: The bank originated 15 loans totaling \$2.666 million to LMI borrowers.
- AHFC Interest Rate Reduction for Low-Income Borrowers: The bank originated 12 loans totaling \$1.447 million to low-income borrowers.

- Office of Native American Programs – HUD 184 loan program: The bank originated four loans totaling \$1.032 million to LMI borrowers.
- Alaska Community Development Program – Home Opportunity Program: The bank originated six loans totaling \$917.7 thousand to low-income borrowers.

In addition, the bank participates in several programs which support small businesses in the bank's AAs as well as the state of Alaska. These include loans supported through the Small Business Administration, the Bureau of Indian Affairs, Alaska Industrial Development and Export Authority, and Title VI Loan programs tied to the Native American Housing Assistance and Self Determination Act program. During the review period, the bank originated 88 commercial loans totaling over \$141 million through these programs.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the Fairbanks North Star MSA AA is not inconsistent with the bank's overall "Outstanding" performance under the Lending Test. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Anchorage/Mat-Su MSA AA is adequate and in the Non-MSA AA, performance is excellent. In addition, the bank provided qualified investments and donations to CD organizations whose purpose is to service a broader statewide area. These investments contributed positively to the overall Investment Test rating. While the investments are not complex or innovative, they are responsive to some of the most significant community development needs in the AAs and the state of Alaska.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

#### Anchorage/Mat-Su MSA AA

FNBA provided an adequate level of qualified CD investments in the Anchorage/Mat-Su MSA AA. During the review period, the bank provided 154 investments (investments/donations) totaling \$7.9 million. This represents three percent of allocated tier one capital. The total includes two prior period investments totaling \$4.420 million. The investments were responsive to some of the most significant needs in the AA. The majority of the investments (56 percent) provided affordable housing to LMI individuals. The remaining 44 percent provided CD services to LMI individuals. Examples of these investments include the following:

- Two low-income housing tax credit investments totaling over \$4 million provided affordable housing to LMI.

- Three investments totaling nearly \$3 million provided electric utilities to LMI areas.

### Non-MSA AA

The bank provided an excellent level of qualified CD investments in the Non-MSA AA. During the review period, FNBA provided 71 qualified investments (investments/donations) totaling \$21.3 million. This represents 14 percent of allocated tier one capital. The total includes five prior period investments totaling \$21 million, which continue to provide benefit to the AA. The investments were responsive to some of the most significant needs in the AA. The majority of the investments (97 percent) were provided to organizations that provide services to LMI individuals. The CD organizations that received benefit of these donations included an abused women's shelter, a homeless shelter, Head Start programs, emergency food and shelter programs, and a food bank, all which benefit LMI individuals. The remaining investments helped provide affordable housing for LMI, economic development, and revitalization of LMI areas. Some noteworthy investments include the following:

- An investment totaling \$6.8 million continues to provide health services to Alaska Native communities.
- Six donations totaling \$60 thousand supported a scholarship program and educational outreach targeted at LMI individuals living in Alaska Native villages.

The bank also received positive consideration for 80 qualified investments/donations totaling almost \$9 million that benefited a broader statewide area. The purpose of the majority of the CD organizations that received benefit from these investments is to service the entire state of Alaska, including the bank's AAs. Seven investments totaling \$4.8 million provided rehabilitation/construction funds which were used to provide housing for LMI individuals in Alaska Native villages.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Fairbanks North Star MSA AA is weaker than the bank's overall "Outstanding" performance. The bank's investments in this AA were limited to donations; the dollar volume of investments was significantly lower than that noted in the full-scope AAs. However, this did not impact the overall Investment Test rating since this AA represents less than eight percent of the bank's deposits and 11 percent of the bank's reportable loans. Refer to Table 14 in appendix C for the facts and data that support these conclusions.

### **SERVICE TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Anchorage/Mat-Su MSA AA and Non-MSA AA is excellent. Delivery systems are readily accessible to geographies and individuals throughout the Anchorage/Mat-Su AA and the Non-MSA AA. In addition, the bank provided a high level of

CD services in both of its full-scope AAs. Furthermore, the bank also provided a high level of CD services to organizations that serve a broader statewide area.

## **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

### *Anchorage/Mat-Su MSA AA*

Delivery systems are readily accessible to geographies and individuals throughout the Anchorage/Mat-Su MSA AA. FNBA's distribution of branches in moderate-income census tracts substantially exceeds the percentage of the population living in moderate-income census tracts. Almost half (46 percent) of the bank's branches in the Anchorage/Mat-Su AA are located in moderate-income census tracts. The bank does not have a branch in a low-income census tract. However, it is important to note that there is only one low-income census tract in this AA and only two percent of the population lives in that tract. Branch openings and closings did not affect delivery systems, particularly to low- and moderate-income individuals and geographies. During the review period, no branches were closed and one branch was opened in a middle-income census tract. Branch hours and services do not vary in a way that would inconvenience LMI individuals.

### *Non-MSA AA*

Delivery systems are readily accessible to geographies and individuals throughout the Non-MSA AA. FNBA's distribution of branches in moderate-income census tracts significantly exceeds the percentage of the population living in these tracts. There are no low-income census tracts in this AA. Branch openings and closings did not affect delivery systems, particularly to low- and moderate-income individuals and geographies. During the review period, one branch was closed in an upper-income census, and there was one branch relocation. Branch hours and services do not vary in a way that would inconvenience LMI individuals.

## **Alternative Delivery Services**

### *Anchorage/Mat-Su MSA AA*

The bank operates 14 expanded service ATMs and one special service ATM in the Anchorage/Mat-Su MSA AA. Expanded service ATMs and special service ATMs are substantially similar, with the exception that special service ATMs may be limited to the operating schedule of the venue (i.e. mall hours). Both allow FNBA card holders and non-FNBA cardholders to withdraw cash from deposit accounts, obtain cash advances, and obtain information on deposit accounts. FNBA card holders can also transfer funds between accounts. For non-FNBA cardholders, the ATMs allow transfers between deposit accounts if the card holder's provider allows this service. Neither the expanded service nor the special service ATMs accept deposits.

Non-MSA AA

The bank operates 15 ATMs in the Non-MSA AA. Thirteen (13) of the ATMs are expanded service ATMs while two are special service ATMs.

All Assessment Areas

Overall, both the bank's Anchorage/Mat-Su MSA and the Non-MSA AAs serve vast areas that cannot be serviced by brick and mortar locations. This is particularly true of many areas within the Non-MSA AA which consist of very small pockets of individuals who reside in villages and tiny communities scattered throughout the state. For many individuals it is particularly difficult to travel to branches during the winter months. In view of this, the bank introduced online banking services in 2001. FNBA offers online home loan applications as well as other specialized micro sites specific to particular industries. Throughout the years, the bank has continued to enhance its online banking. These improvements include electronic statements, express transfer, check images online (including front and back of each cleared check for both current and previous statements), and stop payment electronic service orders to help guard against lost or stolen checks. In late 2016, FNBA launched PopMoney, a person-to-person payment service through personal online banking and the FNBAApp, which allows customers to access their accounts through their mobile devices. Consumer BillPay customers can conveniently send, request, and receive money securely and directly to their bank accounts. In addition, FNBA will cash checks for both FNBA and non-FNBA customers. Furthermore, employees will make appointments and travel to hub and other communities to meet customers' needs. These services include meeting with a business customer to discuss project financing or meeting with a consumer or business customer to close a loan. In an effort to service those customers whose primary language is not English, FNBA provides bilingual services at several different offices and via telephone. These languages include, but are not limited to Albanian, Arabic, Bulgarian, Chinese, Czech, Finnish, German, Greek, Hmong, Ilocano, Japanese, Portuguese, Russian, Spanish, Swedish, Tagalog, Thai, and Visayan.

The bank has also implemented remote deposit capture. This service focuses on the needs of the bank's business customers and allows them to scan checks and transmit digital images to the bank for credit to their accounts. This reduces dependence on a transportation system that can be significantly affected by adverse weather conditions and other associated delays.

While Alaska has historically experienced high poverty rates, it is one of the largest "online" states in the country. The remoteness of villages and homes can account for some of this, as well as government programs which have brought computers and internet access to bush Alaska. This has likely had an impact on FNBA's ability to service LMI areas in the state. The bank's data on customers served by alternate delivery systems indicates that average monthly use is significant, with 20,000 consumers and 16,000 businesses using the bank's online services. However, the incomes of customers using these alternative delivery systems are not tracked. Consequently, we did not place significant weight on these alternative delivery systems when concluding on the Service Test.

## Community Development Services

### Anchorage/Mat-Su MSA AA

FNBA provided a high level of CD services in the Anchorage/Mat-Su MSA AA. During the review period, the bank provided 1,584 hours of qualified CD services. These services benefited numerous CD organizations, which offer services that benefit LMI individuals and small businesses. The services were tailored to the most significant needs in the bank's Anchorage/Mat-Su MSA AA. The majority of the services (53 percent) benefited CD organizations that provide services to LMI individuals, including food, temporary shelter, health services, tax services, and financial literacy education. During the review period, FNBA expanded services with financial literacy programs, such as "Teach Children to Save" and Junior Achievement. The remaining CD service hours focus on organizations that provide affordable housing (38 percent), economic development (one percent), and revitalization of LMI areas (eight percent). Some of the most noteworthy contributions include the following:

- Bank employees provided 422 hours to two CD organization that provide affordable housing for LMI individuals, including LMI disabled individuals.
- A bank employee provided 84 hours to an organization which provides services to LMI seniors.
- A bank employee provided 174 hours to a CD organization that provides early learning education to LMI children.

### Non-MSA AA

FNBA provided a high level of qualified CD services in the Non-MSA AA. During the review period, the bank provided 1,014 hours of qualified CD services that benefited numerous LMI individuals and CD organizations. The services were tailored to the most significant needs in the bank's Non-MSA AA. The majority (98 percent) of the services were provided to organizations that provide services to LMI individuals. The remaining two percent of the services were provided to organizations that provide affordable housing to LMI individuals. Some noteworthy examples include the following:

- Bank employees provided 220 qualified service hours to three organizations that provide community services to low-income individuals.
- A bank employee provided 74 qualified service hours to an organization that provides services to LMI women.

### Statewide

In addition, the bank also provided a high level of CD services to organizations which serve a broader statewide area. During the review period, the bank provided 1,597 hours of qualified CD services to organizations that benefited numerous LMI individuals and CD organizations in a broader statewide area. Eighty-five (85) percent was provided to organizations that provide services to LMI individuals; 11 percent was provided to organizations that provide affordable

housing to LMI individuals; the remaining four percent was provided to organizations that provide economic development to small businesses and revitalization of LMI areas. Since the bank provided an excellent number of hours in its full-scope AAs, we also considered the hours provided to organizations that serve a broader statewide area in concluding on the bank's performance under the Service Test.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the Service Test in the Fairbanks North Star MSA is not inconsistent with the bank's overall "Outstanding" performance under the Service Test. Refer to Table 15 in appendix C for the facts and data that support these conclusions.



## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 1/1/13 to 12/31/15 Investment and Service Tests and CD Loans: 1/1/14 to 3/27/17	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank Alaska (FNBA) Anchorage, Alaska	HMDA, Small Loans to Businesses, Small Loans to Farms, and Community Development Loans, Services, and Investments	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	None	None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Anchorage/Mat-Su MSA #11260	Full-Scope	
Non-MSA AA #99999	Full-Scope	
Fairbanks MSA #21820	Limited-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Anchorage/Mat-Su MSA Assessment Area

Demographic Information for Full Scope Area: Anchorage/Mat-Su MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	79	1.27	29.11	51.90	17.72	0.00
Population by Geography	380,821	2.03	24.82	53.76	19.39	0.00
Owner-Occupied Housing by Geography	87,632	0.48	16.01	58.29	25.23	0.00
Business by Geography	33,804	1.31	27.32	52.13	19.24	0.00
Farms by Geography	606	0.99	20.46	59.57	18.98	0.00
Family Distribution by Income Level	91,429	19.60	18.01	23.62	38.77	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	34,392	3.25	34.31	53.79	8.64	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2015 Households Below Poverty Level		82,861 89,600 7%	Median Housing Value Unemployment Rate (2010 US Census)	242,183 4.04%		

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2015 FFIEC updated MFI

FNBA operates 13 branches and 15 full service ATMs in the Anchorage/Mat-Su MSA AA. The Anchorage/Mat-Su MSA is the largest assessment area in the state and includes all of the Anchorage Municipality and the entire Matanuska-Susitna Borough. The Anchorage/Mat-Su MSA is the most populous area in the state with approximately 380,000 inhabitants as of the 2010 census. Furthermore, the Anchorage Municipality is the most populous city in Alaska with 291,000 residents; the city contains approximately 40 percent of the entire population of the state. Based on the 2010 U.S. Census data, the Anchorage/Mat-Su MSA AA consists of 79 census tracts; one census tract is low-income and 23 census tracts are moderate-income.

#### Employment and Economic Factors

The most significant economic sector in the Anchorage Mat-Su MSA AA is air transportation. The Anchorage International Airport handles more cargo tonnage than any other airport in the United States and is the third busiest cargo airport in the world. Anchorage emerged as a leading cargo airport due to its central location relative to the world's economic capitals. The local economy also benefits from a large military presence. Joint Base Elmendorf-Richardson is located between the Municipality of Anchorage and the Matanuska-Susitna Borough. Other significant economic sectors include health-care services, government, tourism, and resource extraction. The key employers in the assessment area are Providence Health Systems, Teleco Telephone of Alaska, Era Helicopters, ASRC Service Center, Alyeska Pipeline Services, Hope Community Services, Conoco Phillips Alaska, Bax Global, WHPacific, General Communication, and both local and federal government agencies, including military personnel. As of December 2016, the U.S. Bureau of Labor Statistics noted a six percent unemployment

rate for the Anchorage/Mat-Su MSA AA, versus a 6.6 percent unemployment rate for the state of Alaska and 4.7 percent for the United States.

### Housing and Opportunities for Home Mortgage Loans

There are 112,804 housing units in the Anchorage/Mat-Su MSA AA. The median home value as of December 31, 2016 was \$292,500. Housing demand is expected to decline in the Anchorage/Mat-Su MSA AA over the near future due to the economic impact of declining oil prices and population stagnation and decline. This may have begun to impact the AA during the latter part of this review period. Housing growth has challenges outside of these negative economic indicators as well. A joint report by McDowell Group Inc. and ECO Northwest cites a structural decline in housing demand due to a sparse and dwindling availability of buildable land in the Municipality of Anchorage and surrounding areas.

### Opportunities for Commercial Loans

Based on 2015 demographic data, there were 33,804 businesses. The state of Alaska is currently facing a budget deficit due to declining oil prices. Negative economic trends have impacted commercial lending opportunities and existing commercial loans. A leading indicator of this was reported at adn.com in January 2017. The article cites an increase in vacancy rates from 7.5 percent to 9.1 percent over the past year for office space within the city of Anchorage. Retail jobs in the area have experienced growth over the past few years, but are forecasted to lose 600 jobs in Anchorage and over 1,000 statewide.

### Competition

Competition for deposits is moderate in the Anchorage/Mat-Su MSA AA. Based on the June 2016 FDIC Deposit Market Share report, four financial institutions competed for over \$7 million in deposits in the Anchorage/Mat-Su MSA AA. Wells Fargo leads the market and has captured \$3.4 million of the deposit share in the assessment area. FNBA follows Wells Fargo with \$1.5 million of the deposit share. The remaining competitors are Key Bank, N.A. and Northrim Bank.

On the other hand, there is significant competition for loans in this AA. The financial institutions mentioned above, as well as several other financial institutions, including a number of credit unions, compete for loans in this AA. In addition, Bank of America, N.A. provides significant competition for small business loans through its credit card portfolio. The economic downturn that stems from the decline in oil prices and a population decline has further increased competition. Larger banks such as Wells Fargo and Key Bank are typically able to offer more competitive rates than FNBA due to their scale.

## Non-MSA Assessment Area

Demographic Information for Full Scope Area: Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	32	0.00	9.38	68.75	21.88	0.00
Population by Geography	127,461	0.00	2.14	74.15	23.71	0.00
Owner-Occupied Housing by Geography	32,439	0.00	0.72	76.97	22.31	0.00
Business by Geography	13,060	0.00	1.98	73.53	24.49	0.00
Farms by Geography	353	0.00	2.27	78.47	19.26	0.00
Family Distribution by Income Level	32,033	17.27	16.36	20.81	45.56	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	10,771	0.00	3.48	82.77	13.75	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2015 Households Below Poverty Level		68,693 73,300 8%	Median Housing Value Unemployment Rate (2010 US Census)	22,986 3.89%		

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2015 FFIEC updated MFI

FNBA operates 14 branches and 15 ATMs in the Non-MSA AA. Primary competitors for both deposits and loans within the non-MSA AA are Wells Fargo Bank, N.A.; Northrim Bank; First Bank; and KeyBank, N.A. There is also significant competition from a number of local credit unions and other financial institutions, which compete for loans in this AA.

The Non-MSA AA includes 32 census tracts and consists of eight full or partial boroughs in rural Alaska. These include Bethel, Denali, Haines-Klukwan, Juneau, Kenai, Kodiak, Sitka, and Valdez-Cordova. There are no low-income census tracts and three moderate-income census tracts in this AA. The boroughs that comprise this AA represent a wide range of demographics as noted below:

### Bethel Borough

Bethel is the largest community in western Alaska and the ninth largest community in the state. Bethel is located in southwestern Alaska, 40 miles from the mouth of the Kuskokwim River and 400 air miles west of Anchorage. The outlying villages served through Bethel have no access through roadways. Bethel is located within the *Yukon Delta National Wildlife Refuge*, the second largest refuge in the United States. Bethel is home to some of the poorest census tracts in the nation. Most have no banking services available outside of the special programs offered by FNBA. The bank operates one branch, located in an upper-income census tract in the city of Bethel.

### Employment and Economic Factors

The largest employment industries in Bethel are public service, healthcare, education, and transportation. Over 50 percent of Bethel's jobs are centered in local, state, or federal government. The remainder of the jobs are in private industry and small businesses. Many residents supplement their income with subsistence hunting, fishing, and berry picking. The town is home to the Alaska state prison system's *Yukon Kuskokwim Correctional Center*,

which hires about 45 employees. The unemployment rate for Bethel as of December 31, 2016 was 12.2 percent.

#### Housing and Opportunities for Home Mortgage Loans

There are 5,912 housing units in Bethel. The median home value is \$217,500. Renters represent almost 50 percent of the population. Almost 21 percent of the homes are vacant. These include rentals, for sale properties, vacation homes, and other homes. Consequently, this and the high unemployment rate limits opportunities for mortgage loans in this AA.

#### Opportunities for Commercial Loans

Data indicates there are 486 businesses located in the borough and half of those employ one to four individuals, indicating there may be some very small businesses included in this total, which typically cannot obtain financing through traditional financial institutions. This limits opportunities for commercial lending.

### **Denali Borough**

The Denali Borough is located in central Alaska. The borough seat is located in Healy. The majority of the borough residents reside in Healy. The borough contains North America's highest point, Denali, formerly known as Mount McKinley. The bank has one branch located in a middle-income census tract within the community of Healy.

#### Employment and Economic Factors

The Usibelli Coal Mine, Golden Valley Electric Association, the Denali Borough School District, and the National Park Service are major employers in Healy. There is also a military base located in this borough, which contributes to the economy. As of December 31, 2016, the unemployment rate of the Denali Borough was 18.2 percent.

#### Housing and Opportunities for Home Mortgage Loans

There are approximately 1,757 housing units in the Denali Borough. The median home value is \$267,300. Of housing units, 32 percent are owner occupied, while 12 percent are renter occupied. It is estimated that 56 percent of the homes are vacant. Given the high level of vacant homes, the decline in the population within the borough, and the high unemployment rate, opportunities for home mortgage loans are limited.

#### Opportunities for Commercial Loans

Data indicates there are 178 businesses located in the borough and 71 percent of those employ one to four individuals, indicating there may be some very small businesses included in this total, which typically cannot obtain financing through traditional financial institutions. This limits opportunities for commercial lending.

### **Haines Borough/Hoonah-Angoon**

Haines is a very small coastal town located in the south-eastern part of Alaska. Haines is one of the stops along the Alaska Marine Highway. Many people who travel in winter, travel to Haines by ferry to avoid traveling the Alaskan highway, which may be closed. The bank operates one branch located in a middle-income census tract.

*Employment and Economic Factors*

Haines has a mixed workforce of both white- and blue-collar workers. Just over 12 percent of the people living in Haines work in sales jobs; about 12 percent work in office and administrative support positions; and eight percent work in management occupations. It is reported that 33 percent of adults living in Haines have at least a bachelor's degree. As of December 31, 2016, the unemployment rate in the Haines Borough was 11.1 percent.

*Housing and Opportunities for Home Mortgage Loans*

There are 1,629 housing units in Haines. The median listing price of homes is \$189,000. Homeowners represent 64 percent of the occupied housing, while renters represent 36 percent. It is estimated that 14 percent of the homes are vacant. Neighborhoodscout.com notes there has been a decline in appreciation rates of -5.77 percent annually. Overall, there appears to be some opportunities for home purchase loans in the borough. However, the high unemployment rate and the decline in appreciation rates limits opportunities for home improvement and home refinance loans.

*Opportunities for Commercial Loan*

Data indicates there are 170 businesses located in the borough and 72 percent of those employ one to four individuals, indicating there may be some very small businesses included in this total, which typically cannot obtain financing through traditional financial institutions. This limits opportunities for commercial loans in this borough.

**Juneau Borough**

The Juneau city/borough is the capital city of Alaska. It is a unified municipality located on the Gastineau Channel in the Alaskan Panhandle. Juneau is the second largest city in the United States by area, but not population. As of the 2010 census, the city/borough had a population of 31,276. Juneau has no roads connecting to the rest of Alaska or to the rest of North America. The absence of a road network is due to the extremely rugged terrain surrounding the city. All goods coming and going from Juneau are transported by airplane or boat. The city/borough of Juneau includes Douglas Island, a tidal island located to the west of mainland Juneau. Juneau comprises six census tracts. FNBA operates two branches in this borough. One is located in a middle-income census tract and the other is located in an upper-income census tract.

*Employment and Economic Factors*

The primary employers in Juneau are state, federal and municipal government. Municipal government includes the local airport, the hospital, harbors, the school district, and the University of Alaska Southeast. The fishing industry is a major part of Juneau's economy as well. Tourism is also a large contributor to the local economy and generates the most income in the summer months. Cruise ships provide an economic boost to segments of the economy on a seasonal basis. Other industries which contribute to the economy are mining and construction. As of December 31, 2016, the unemployment rate was 4.5 percent.

*Housing and Opportunities for Home Mortgage Loans*

There are 13,078 housing units in Juneau. The median home value for a single family residence is \$320,400. Just over 62 percent of the units are owner occupied. Almost eight percent of the units are vacant. Due to the high level of permanent government employees and the lower vacancy rates, opportunities for home mortgage loans are good.

#### Opportunities for Commercial Loans

Data indicates there are 3,351 businesses located in the borough and 70 percent of those employ one to four individuals, indicating there may be some very small businesses included in this total, which typically cannot obtain financing through traditional financial institutions. Nonetheless, due to the significant number of businesses overall, there appear to be some opportunities to originate commercial loans.

### **Kenai Peninsula Borough**

The borough comprises 13 census tracts. The borough includes the Kenai Peninsula and adjacent areas of mainland Alaska. The borough seat is located in the city of Soldotna. As of 2010, the population was 55,400. FNBA operates four branches in this borough. All are located in middle-income census tracts.

#### Employment and Economic Factors

The Kenai Peninsula has one of the state's most diverse economies in Alaska. Major industries include oil and gas, commercial fishing, and tourism. The oil and gas industry is composed of exploration, extraction, storage, processing, and transportation. This industry accounts for about one-third of the labor force. The timber industry is also an emerging part of the local economy with an automated lumber mill on the eastern peninsula and a large chipping operation located in the southern peninsula. The unemployment rate of the Kenai Peninsula Borough was 8.0 percent as of December 31, 2016.

#### Housing and Opportunities for Home Mortgage Loans

There are 33,580 housing units in the Kenai Peninsula Borough. The median home value for a single family residence is \$205,600. Owner occupied units represent 52 percent of the units. It is estimated that 28 percent of the units are vacant. Given the high vacancy rate throughout the borough, opportunities for home mortgage loans are somewhat limited.

#### Opportunities for Commercial Loans

Data indicates there are 5,128 businesses located in the borough and 82 percent of those employ one to four individuals, indicating there may be some very small businesses included in this total, which typically cannot obtain financing through traditional financial institutions. Nevertheless, due to the substantial number of businesses, there is opportunity to originate commercial loans in this area.

### **Kodiak Island Borough**

The Kodiak Island Borough encompasses a total of 12,022 square miles, of which 6,550 square miles is land and 5,472 square miles is water. Most of the land area belongs to Kodiak Island. A thin strip of coastal area on the western part of the Alaska Peninsula and other nearby islands are also included in the borough. The waterway between the island and the mainland is known as the Shelikof Strait. South of the island are the open waters of the Pacific

Ocean, so the site is considered good for launching certain types of satellites. The Kodiak Launch Complex is ideal for putting satellites in Molniya and polar orbits. The area comprises four census tracts. One of the census tracts, a moderate-income census tract, consists of the Kodiak Station Coast Guard. Based on 2010 census data, the population was 13,592. The bank has one branch located in a moderate-income census tract.

#### Employment and Economic Factors

The coast guard is the borough's largest employer. Nearly 1,000 activity duty personnel are stationed in Kodiak along with some 1,700 family members and several hundred civilian employees. According to [live.laborstats.alaska.gov](http://live.laborstats.alaska.gov), the unemployment rate of the Kodiak Island Borough was 6.7 percent as of December 31, 2016.

#### Housing and Opportunities for Home Mortgage Loans

There are a total of 5,308 housing units located within the borough. The median home value for a single family residence is \$274,500. Of the total units, 47 percent are owner occupied. It is estimated that 14 percent of the units are vacant. Consequently, there are some opportunities for home mortgage loans.

#### Opportunities for Commercial Loans

Data indicates there are 1,135 businesses located in the borough and 70 percent of those employ one to four individuals, indicating there may be some very small businesses included in this total, which typically cannot obtain financing through traditional financial institutions. This may limit opportunities for commercial loans.

### **Sitka Borough**

The borough of Sitka is a unified city-borough located in southern Alaska. The borough consists of two census tracts. As of the 2010 census, Sitka had a population of 8,881. Sitka is only accessible by boat or plane as it is a series of islands in the Pacific Ocean. Vehicles are usually brought to Sitka via the Alaska Marine Highway ferry system. Sitka has approximately 14 miles of road from one end of the island to the other. Almost everything is within walking distance from the downtown area which is where a majority of employers are located. The bank operates one branch in Sitka. It is located in a middle-income census tract.

#### Employment and Economic Factors

Sitka's two largest employers are the South East Alaska Regional Health Consortium, employing 482 people and the Sitka School District, which employs 250 people. However, there are more people employed in the seafood industry than any other sector. An estimated 18 percent of the population earns at least a portion of their income from fishing and seafood harvesting or processing. Many locals also hunt and gather subsistence food such as fish, deer, berries, seaweeds and mushrooms for family consumption. According to [live.laborstats.alaska.gov](http://live.laborstats.alaska.gov), the unemployment rate of the borough as of December 31, 2016 was 4.2 percent.



*Housing and Opportunities for Home Mortgage Loan*

Sitka has a total of 4,096 housing units. The median housing value is \$348,000. According to neighborhoodscout.com, Sitka home prices are not only among the most expensive in Alaska, but Sitka real estate also consistently ranks among the most expensive in America. Owner occupied housing represents 57 percent of total housing. Vacant homes are estimated to be about 16 percent. Based on this, there are some opportunities for home mortgage lending in this borough.

*Opportunities for Commercial Loans*

Data indicates there are 1,106 businesses located in the borough and 73 percent of those employ one to four individuals. This indicates there may be some very small businesses included in this total, which typically cannot obtain financing through traditional financial institutions. This limits opportunities for commercial loans.

**Valdez-Cordova Borough**

The Valdez-Cordova census area is part of an unorganized borough and has no borough seat. Its largest communities are Valdez and Cordova. The AA consists of three census tracts. The 2010 census notes a population of 9,000 residents within the borough. This represents a decline of over 18 percent of the population noted in the 2000 census. FNBA operates three branches in this AA. Two are located in middle-income census tracts and one is located in an upper-income census tract.

*Employment and Economic Factors*

Within the Valdez-Cordova Borough there is a mixed workforce of both white- and blue-collar jobs. The borough is home to service providers, sales and office workers, construction workers and builders. As a percentage of the population, 21 percent of the population holds office or administrative support positions, 11 percent hold management occupations, and 10 percent are in law enforcement and firefighting. The Alyeska Pipeline Service Company is one of the major employers. However, it has begun to move several positions to its headquarters in Anchorage. This is being done in response to the town council passing a resolution charging a tax to all the tankers coming into the port to be loaded with oil. The company employs about 900 full-time employees in the borough and Anchorage combined. According to live.laborstats.alaska.gov, the unemployment rate for Valdez-Cordova was 9.3 percent as of December 31, 2016.

*Housing and Opportunities for Home Mortgage Loans*

The total number of housing units in the borough is 6,063. The median home value for a single family residence is \$192,000. Owner occupied units represent 41 percent of the total units. Vacant housing is estimated to be 38 percent. Given the level of vacant housing, the high unemployment rate, and the decline in population, opportunities for home mortgage loans are limited.

*Opportunities for Commercial Lending*

Data indicates there are 877 businesses located in the borough and 67 percent of those employ one to four individuals, indicating there may be some very small businesses included in

this total, which typically cannot obtain financing through traditional financial institutions. This may limit opportunities for commercial loans.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and

purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: ALASKA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015						
Assessment Area (2015):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Anchorage/Mat-Su AA	52.58	1,382	357,348	1,111	243,096	8	615	46	82,153	2,547	683,212	61.23
Non-MSA AA	36.91	598	134,275	1,051	155,605	107	12,846	15	39,954	1,771	342,680	30.88
<b>Limited Review:</b>												
Fairbanks North Star AA	10.51	156	35,834	344	69,394	0	0	4	21,465	504	126,693	7.89

\* Loan Data as of December 31, 2015. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2014 to March 27, 2017.

\*\*\* Deposit Data as of June 30, 2015. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: ALASKA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015					Market Share (%) by Geography*				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Anchorage/Mat-Su AA	797	66.69	0.48	0.88	16.01	18.95	58.29	62.86	25.23	17.31	2.24	2.90	3.44	2.16	1.63	
Non-MSA AA	319	26.69	0.00	0.00	0.72	0.31	76.97	88.09	22.31	11.60	3.79	0.00	0.00	4.32	2.16	
<b>Limited Review:</b>																
Fairbanks North Star AA	79	6.61	2.36	1.27	7.72	16.46	59.95	54.43	29.97	27.85	0.93	2.56	0.00	0.93	1.05	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: ALASKA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015					Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Anchorage/Mat-Su AA	94	63.51	0.48	1.06	16.01	19.15	58.29	50.00	25.23	29.79	4.30	0.00	5.74	4.22	3.57	
Non-MSA AA	37	25.00	0.00	0.00	0.72	2.70	76.97	75.68	22.31	21.62	5.75	0.00	0.00	5.22	7.69	
<b>Limited Review:</b>																
Fairbanks North Star AA	17	11.49	2.36	0.00	7.72	17.65	59.95	47.06	29.97	35.29	3.17	0.00	18.18	3.13	0.00	

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE 2015			Geography: ALASKA						Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31,						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anchorage/Mat-Su AA	426	60.86	0.48	0.23	16.01	17.84	58.29	56.81	25.23	25.12	1.45	0.00	2.30	1.44	1.05
Non-MSA AA	221	31.57	0.00	0.00	0.72	0.45	76.97	86.88	22.31	12.67	3.19	0.00	0.00	3.55	2.08
<b>Limited Review:</b>															
Fairbanks North Star AA	53	7.57	2.36	3.77	7.72	5.66	59.95	60.38	29.97	30.19	1.37	4.00	0.00	1.72	0.76

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: ALASKA								Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anchorage/Mat-Su AA	65	69.89	3.45	6.15	44.50	50.77	44.86	41.54	7.19	1.54	27.55	0.00	25.86	31.43	33.33
Non-MSA AA	21	22.58	0.00	0.00	4.45	0.00	58.18	95.24	37.37	4.76	69.23	0.00	0.00	66.67	100.00
<b>Limited Review:</b>															
Fairbanks North Star AA	7	7.53	13.71	14.29	44.54	57.14	33.57	0.00	8.19	28.57	7.69	0.00	25.00	0.00	0.00

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: ALASKA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015					Market Share (%) by Geography *				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Anchorage/Mat-Su AA	1,111	44.33	1.31	0.99	27.32	31.32	52.13	56.35	19.24	11.34	4.62	2.70	5.38	5.13	3.29	
Non-MSA AA	1,051	41.94	0.00	0.00	1.98	3.24	73.53	88.49	24.49	8.28	8.81	0.00	9.35	11.46	4.54	
<b>Limited Review:</b>																
Fairbanks North Star AA	344	13.73	3.82	0.00	35.22	47.09	40.45	37.21	20.51	15.70	5.90	0.00	10.00	5.37	3.13	

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2015).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			Geography: ALASKA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015					Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Anchorage/Mat-Su AA	8	6.96	0.99	0.00	20.46	37.50	59.57	50.00	18.98	12.50	5.56	0.00	15.38	5.88	0.00	
Non-MSA AA	107	93.04	0.00	0.00	2.27	1.87	78.47	72.90	19.26	25.23	14.44	0.00	7.14	15.06	23.64	
<b>Limited Review:</b>																
Fairbanks North Star AA	0	0.00	0.68	0.00	18.37	0.00	53.74	0.00	27.21	0.00	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on 2015 Peer Small Business Data -- US and PR

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2015).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: ALASKA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015					Market Share*				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Anchorage/Mat-Su AA	797	66.69	19.60	7.16	18.01	25.00	23.62	26.43	38.77	41.41	2.87	3.25	2.86	2.73	2.93	
Non-MSA AA	319	26.69	17.27	3.69	16.36	15.10	20.81	22.48	45.56	58.72	5.10	6.67	2.17	4.01	6.94	
<b>Limited Review:</b>																
Fairbanks North Star AA	79	6.61	20.02	6.06	18.09	21.21	24.27	28.79	37.62	43.94	0.86	1.72	0.87	0.79	0.82	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.3% of loans originated and purchased by bank.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: ALASKA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Anchorage/ Mat-Su AA	94	63.51	19.60	11.11	18.01	22.22	23.62	22.22	38.77	44.44	4.12	4.30	2.92	5.19	3.80	
Non MSA AA	37	25.00	17.27	3.23	16.36	29.03	20.81	29.03	45.56	38.71	5.26	0.00	7.14	6.25	5.13	
<b>Limited Review:</b>																
Fairbanks North Star AA	17	11.49	20.02	5.88	18.09	11.76	24.27	35.29	37.62	47.06	3.25	8.33	3.85	2.33	2.38	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 6.8% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE				Geography: ALASKA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>4</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anchorage/ Mat-Su AA	426	60.86	19.60	9.32	18.01	17.13	23.62	27.71	38.77	45.84	1.98	2.49	1.97	1.43	2.29
Non-MSA AA	221	31.57	17.27	4.27	16.36	14.22	20.81	25.12	45.56	56.40	4.75	4.62	4.76	2.31	6.24
<b>Limited Review:</b>															
Fairbanks North Star AA	53	7.57	20.02	10.00	18.09	22.00	24.27	26.00	37.62	42.00	1.92	3.45	1.77	0.52	3.17

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 6.0% of loans originated and purchased by bank.

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ALASKA			Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Anchorage/Mat-Su AA	1,111	44.33	78.54	49.41	45.90	26.28	27.81	4.62	4.67
Non-MSA AA	1,051	41.94	74.68	68.03	60.42	24.26	15.32	8.81	9.49
<b>Limited Review:</b>									
Fairbanks North Star AA	344	13.73	77.20	55.23	44.48	29.65	25.87	5.90	6.42

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2015).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.00% of small loans to businesses originated and purchased by the bank.



**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: ALASKA			Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Anchorage/Mat-Su AA	8	6.96	94.88	100.00	75.00	25.00	0.00	5.56	10.00
Non-MSA AA	107	93.04	92.07	84.11	53.27	37.38	9.35	14.44	16.23
<b>Limited Review:</b>									
Fairbanks North Star AA	0	0.00	98.64	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2015 Peer Small Business Data -- US and PR

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2015).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 1.74% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: ALASKA				Evaluation Period: JANUARY 1, 2014 TO MARCH 27, 2017			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Anchorage/Mat-Su AA	2	4,420	154	3,524	156	7,944	27.09	0	0
Non-MSA AA	5	21,041	71	236	76	21,276	72.54	0	0
<b>Limited Review:</b>									
Fairbanks North Star AA	0	0	15	108	15	108	0.37	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	Geography: ALASKA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population										
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography										
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp							
<b>Full Review:</b>																								
Anchorage/Mat-Su AA	61.74	13	43.33	0.00	46.15	53.85	0.00	1	0	0	0	+1	0	2.03	24.82	53.76	19.39							
Non-MSA AA	30.30	14	46.67	0.00	7.14	71.43	21.43	0	1	0	0	0	-1	0.00	2.14	74.15	23.71							
<b>Limited Review:</b>																								
Fairbanks North Star AA	7.95	3	10.00	0.00	33.33	33.33	33.33	0	0	0	0	0	0	3.50	19.17	52.24	25.08							

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: STATEWIDE AREA				Evaluation Period: JANUARY 1, 2014 TO MARCH 27, 2017					
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Broader Statewide Area	6	3,464	80	5,510	86	8,974	100	0	0

\* Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.