

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**National Bank of Alaska
Charter Number: 14651**

**301 West Northern Lights Boulevard
Anchorage, AK 99510-0600**

Office of the Comptroller of the Currency

**50 Fremont Street, Suite 3900
San Francisco, CA 94105**

NOTE: This evaluation is not, nor should it 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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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **National Bank of Alaska** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 8, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area 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 do 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, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Limited-Scope 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, branch distribution).

Low- Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

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

The following table shows the performance level of **National Bank of Alaska**, with respect to the lending, investment, and service tests.

Performance Levels	National Bank of Alaska Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High satisfactory		X	
Low satisfactory			
Needs to improve			
Substantial noncompliance			

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

The major factors supporting the institution's rating are:

- The bank's community development lending demonstrates an excellent responsiveness to the needs of low- and moderate-income population and geographies with 20 loans totaling \$39 million for affordable housing, community services, and revitalization of low- and moderate-income geographies.
- NBA's lending activity displays excellent responsiveness to the credit needs of its assessment areas, as evidenced by the extremely high volume of residential mortgage, consumer, small business and community development loan originations.
- NBA has an excellent distribution of home purchase and home improvement loans to geographies and borrowers of different income levels in the Non-MSA portion of NBA's assessment area.
- NBA's dollar volume of investment and grant activity is good. The investment and grant activity is very responsive to the community's needs.
- NBA provides banking services which are readily accessible, given the geographic challenges of the state of Alaska, to all portions of the assessment area, including low- and moderate-income geographies and people.
- NBA is a leader in providing community development services.

Description of National Bank of Alaska

National Bank of Alaska (NBA) was established as a national charter in 1950. It is owned by the National Bancorp of Alaska, Inc., a bank holding company formed in 1982. NBA offers commercial banking and trust services and has six subsidiaries to facilitate mortgage, credit card, finance, leasing, and international banking related activities. NBA operates with 53 branches, five community agents, and a loan production office in Seattle which was converted to a branch in January of 1999. With the addition of the Seattle branch, NBA is considered an interstate bank. However, a conclusion was not drawn on loans, investments or services in the Seattle assessment area because the Seattle office was not a branch until very late in the evaluation period and its impact was considered negligible. The community agent program was established as an attempt to better address the banking needs of its customers, including those residing in the more remote, rural communities that are difficult to reach through traditional means. NBA is a full service commercial bank providing a full array of services within its two assessment areas. NBA was rated "Outstanding" for the prior evaluation period ending December 31, 1996.

As of December 31, 1998, NBA's total assets were \$2.8 billion, its net loan portfolio was \$1.6 billion and its Tier One Capital was \$256.6 million. NBA's earnings and capital levels are strong and there are no obvious financial impediments that would keep it from addressing CRA. However, like other banking institutions operating in the state of Alaska, a major obstacle to NBA in serving its customers is the state's geography. The large size of Alaska contributes to high transportation and communication expenses, particularly in the more remote, rural areas. Adding to this problem is the lack of infrastructure, fragmented population, and weak economic conditions that rural Alaska faces. This situation presents NBA with difficult challenges in its efforts to provide all of its customers with ready access to its banking services. The challenges are discussed further under the market profiles for each assessment area in Appendix A.

The management of NBA has chosen the entire state of Alaska and King County in the State of Washington as its community. These areas comprise three assessment areas; the Anchorage Metropolitan Statistical Area (MSA) 380, the Alaska Non-Metropolitan Statistical Areas (Non-MSA), and King County which includes the City of Seattle. This delineation meets the requirements of the regulation and does not arbitrarily exclude low- or moderate- income geographies. As mentioned previously, the Seattle assessment area was not considered in the performance assessment due to its late inclusion in evaluation period.

For comparative purposes, banks that are similarly situated to NBA are the First National Bank of Anchorage (FNBA) and Key Bank of Alaska. It should be noted however, that NBA has the largest asset base of the three, followed by FNBA and Key Bank of Alaska. Also, NBA has a lending focus that encompasses Home Mortgage Disclosure Act (HMDA) loan products, small business and consumer loans.

During our examination, we met or spoke with representatives of organizations serving the community. The information obtained from these discussions confirmed the bank's analysis of the credit needs within their assessment areas which include affordable housing and loans to small businesses. Ancillary to these credit needs is the need for credit education, home-ownership counseling, and assistance in applying for business credit. Please refer to Market Profiles under Appendix A for information about credit needs in individual assessment areas.

NBA offers special loan products that respond to identified credit needs of small business owners and low- and moderate-income consumers within its assessment areas. Overall, NBA continues to enhance its products to help meet the diverse credit needs of its assessment areas.

Scope of Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation presents information on NBA's small business, small farm, residential mortgage and consumer loan originations from January 1, 1997 through December 31, 1998. All loans originated during the evaluation period by the two subsidiaries engaged in lending have been included in the previously mentioned loan categories. The volume of community development loans was evaluated through March 8, 1999. Unless otherwise stated, references to loans means exclusively these five types of loans and not any other NBA loan originations (e.g., large commercial loans). We also reviewed the bank's retail banking services and community development investments and services from January 1, 1997 through March 8, 1999.

Data Integrity

We reviewed a sample of HMDA, small business, small farm and community development loans to determine the integrity of the data used in the analysis. We found the data to be substantially correct and sufficient to assess the bank's performance during the evaluation period. As a result of our review, we determined that NBA is reporting small business loans in accordance with reporting guidelines. However, the number of loans reported is based on a conservative interpretation of the reporting guidelines. Our reviews indicate that other reporting banks, although technically correct, do not follow this conservative interpretation taken by NBA resulting in a wide disparity in volume of loans among the reporting banks. Our analysis indicated a potential pool of at least 800 loans in 1998 that could have been reported as originations and still met the technical reporting requirements. We considered this in assessing the volume of small business lending activity within the assessment area.

Selection of Areas for Full Scope Review

We performed a full-scope review on NBA's two assessment areas; the Anchorage MSA 380 and the Alaska Non-Metropolitan Assessment Area. Both areas are significant to the assessment of NBA's overall performance in the State of Alaska. Neither a full- nor limited-scope review was conducted on the Seattle assessment area due to its late inclusion in the evaluation period.

Ratings

NBA's overall performance is largely predicated upon its performance in the rural non-MSA portion of the assessment area outside the Anchorage MSA. This area accounts for 67% of the bank's lending activity by number of loans, 61% by dollar volume and has 42% of the bank's deposits, 70% of the bank's branches and 64% of the ATMs.

Fair Lending Review

In conjunction with this CRA examination, we also performed a fair lending examination of NBA. We used the OCC's fair lending examination procedures and focused on a sample of American Indians/Alaskan Natives and white applicants for mobile home purchases that were processed between January 1, 1998 and December 31, 1998. Our objective was to determine if NBA provided consistent treatment to these loan applicants without regard to race; color; religion; national origin; sex; marital status; age; receipt of public assistance income; or the applicant's exercise in good faith of any right under the Consumer Credit Protection Act. These factors (prohibited basis) form the basis for illegal discrimination.

Based on the findings of this review:

- < NBA satisfactorily complies with fair lending laws.
- < We found no evidence of disparate treatment being applied on a prohibited basis; no violations of fair lending laws were cited.
- < NBA has a satisfactory process in place to help ensure ongoing compliance with fair lending laws.

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, NBA's performance in the Anchorage MSA is very good and in the Alaska Non-Metropolitan Assessment Areas is excellent.

- The bank's community development lending demonstrates an excellent responsiveness to the needs of low- and moderate-income population and geographies with 17 loans totaling \$33 million for affordable housing, community services, and revitalization of low-and moderate-income geographies.
- NBA's lending activity displays excellent responsiveness to the credit needs of its assessment areas, as evidenced by the extremely high volume of residential mortgage, consumer, community development and small business loan originations.
- NBA has an excellent distribution of home purchase and home improvement loans to geographies and borrowers of different income levels in the Non-MSA portion of NBA's assessment area.
- NBA's distribution of small business loans to businesses of different sizes and in geographies of different income levels is very good.
- NBA regularly uses flexible lending practices to help meet the credit needs of low- and moderate-income home buyers and small businesses within its assessment areas.

Lending Activity

Refer to Table 1 in Appendix B for the facts and data used to evaluate NBA's lending activity.

NBA's lending reflects excellent responsiveness to credit needs in its assessment areas. NBA originated almost 60 thousand loans totaling more than \$1.758 billion within its assessment areas during the evaluation period. The majority of reportable loan originations (18 percent of the number and 57 percent of the dollars) were home purchase, home improvement or loans to refinance a home mortgage. Thus, in determining NBA's overall performance under the Lending Test, more weight was given to the analysis of home mortgage lending performance. Due to the limited volume of farm lending in comparison to the rest of the portfolio, farm lending is not discussed in the Performance Evaluation. Farm lending represents less than 1 percent of NBA's total lending.

Based on 1997 Aggregate HMDA Data, NBA is the largest originator of residential mortgage loans in all its assessment areas, with a market rank of one and a market share average of 32 percent. Market share data is not available for consumer or community development loans.

Based on 1997 Aggregate Small Business data, NBA is one of the largest originators of the number and dollar amount of small business loans in the State of Alaska. NBA's two largest commercial bank competitors are First National Bank of Anchorage and Key Bank, N.A., followed by three credit card banks.

Although market share data is not available for consumer loans, comparison of NBA's outstanding portfolio of consumer loans to other lenders in the area indicates that NBA has the largest portfolio of consumer loans in the Alaska region. Although not usually considered significant in assessing a bank's performance under the Community Reinvestment Act, consumer loans in the rural areas serve to provide equipment and tools such as snow mobiles and boats that are used for basic subsistence living.

Assessment Area Concentration

NBA has a very high concentration of loan originations within its assessment area. The bank originated 98 percent of the number and 98 percent of the dollar amount of reportable loans during the evaluation period in its assessment areas. This includes small business loans at 94 percent of the dollar and 96 percent of the number, small farm loans at 92 percent of the number and 94 percent of the dollar, residential mortgage loans at 99 percent of the number and 99 percent of the dollar, and consumer loans at 98 percent of the number and 97 percent of the dollar amount of loans originated.

Lending Gaps

This evaluation included an analysis of lending gaps in NBA's assessment areas. Although there were several geographies in the Alaska Non-Metropolitan Assessment Areas where very few or no loans had been made, the gaps were a result of the small population relative to the large territory covered by the geography and do not reflect negatively on the bank's performance in the assessment area.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

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

Anchorage MSA

The Anchorage MSA constitutes 36 percent of the total number and 40 percent of the total dollar volume of home mortgage loans originated within the banks market area, the bank is the number two ranked lender of home mortgage products in the MSA.

Home Purchase Loan

Home purchase loans comprise 35 percent of the number and 42 percent of the dollar volume of home mortgage loans originated by NBA. NBA is the number two ranked lender of home purchase loans in the MSA and the number two ranked lender of home purchase loans in both low- and moderate-income geographies in the MSA.

NBA's home purchase loans reflects a good distribution throughout the low-income geographies of the MSA. To assess the bank's geographic distribution of loans, we calculate the number of bank loans in low, moderate, middle and upper income geographies as a percentage of all loans in the bank's portfolio. We then compare this to the percentage of owner occupied dwellings that are located low-income geographies. NBA's loans in low- income geographies as a percentage of total loans is only slightly less than the percentage of owner occupied housing in low-income geographies.

Also, when assessing the bank's geographic distribution, we compare the percentage of NBA's loans in low-income geographies to the percentage of loans in low-income geographies that are being made by all other banks in the assessment area. NBA's percentage of loans in low-income geographies is less than the largest lender but more than the average of all other lenders.

Another indicator that we use when assessing geographic distribution is the comparison of the bank's overall share of the market in a particular loan category to the bank's market share in the low-income geography. NBA's market share of loans in low-income geographies is only slightly less than market share in all geographies. Lending in low-income geographies is difficult due to the shortage of available low cost housing and the decreasing affordability of the existing housing stock. Given these difficulties, the bank's market share in low-income geographies indicates a commitment to lending to borrowers in low-income geographies that is just as good as NBA's commitment to lending in all geographies. *See the Market Profile*

section of Appendix A for further discussion of lending impediments in low-income geographies.

We will use the three indicators discussed above; percentage of bank loans in a particular geography to demographics, percentage of bank loans in a particular geography to the percentage of all banks, and the bank's market share of loans in a particular geography to the bank's overall market share of loans throughout the performance evaluation to analyze the bank's distribution of loans throughout its assessment area and to borrowers of different incomes.

Using the indicators we discussed for low-income geographies, NBA's home purchase loans reflect excellent dispersion throughout the moderate-income geographies. NBA's loans in moderate-income geographies as a percentage of all its loans exceeded the percentage of owner occupied housing in moderate-income geographies. NBA's market share of home purchase loans in moderate-income geographies exceeded its overall market share. NBA's percentage of loans in moderate-income tracts to all loans was less than the top lender but more than the average of all other banks in the assessment area. As in low-income geographies, NBA's ability to originate loans in moderate-income geographies is impacted by the lack of affordable housing stock in these geographies. *See the Market Profile section of Appendix A for further discussion of lending impediments in low- and moderate-income geographies.*

Home Improvement Loans

Home improvement loans comprised 15 percent of the number and three percent of the dollar volume of home mortgage loans originated by NBA. Based on the 1997 aggregate HMDA data for all banks, the bank is the number one ranked lender of home improvement loans in the Anchorage MSA. The 1997 number one ranking represents a total of 22 originations for the bank. With three loans, the bank is the number one ranked lender of home improvement loans in low-income census tracts. With 19 loans, the bank is the number one ranked lender of home improvement loans in moderate-income geographies.

NBA's distribution of home improvement loans in low-income geographies is good. The percentage of loans in low-income geographies is only slightly less than the percentage of owner occupied units in the low-income geographies. Comparison to other lenders is irrelevant because of the small number of loans involved (nine). The bank's market share in low-income geographies is equal to its market share overall.

NBA's distribution of home improvement loans in moderate-income geographies is good. The percentage of NBA's loans in moderate income geographies is slightly less than the percentage of owner occupied houses in moderate-income geographies. Comparison to other lenders is irrelevant because of the small number of loans involved. The bank's market share in moderate-income geographies is slightly less than their market share overall.

Refinance Loans

Loans to refinance home mortgages (“refinance loans”) were 49 percent of total and 56 percent of dollar volume of home mortgage loans originated by NBA. They were the largest percentage of loans originated during the assessment period, however, throughout the Performance Evaluation, they will be weighted less than home purchase and home improvement loans because refinance loans are indicative of a homeowners ability to obtain lower cost credit on an existing home loan rather than helping to fulfill the identified need of home ownership or improving the existing stock of available housing. The bank was the number one ranked originator of refinance loans in the MSA, the number two ranked originator of refinance loans in low-income geographies, and the number one ranked originator of refinance loans in moderate-income geographies.

NBA’s geographic distribution of refinance loans in low-income census tracts is good. The percentage of NBA’s loans in low-income census tracts is less than the percentage of owner occupied housing located in low-income tracts. However, this is due in part to NBA’s large existing portfolio of below market rate subsidized loans to low-income families. There is little incentive to refinance a loan when the interest rate the borrower is currently paying is below the market rate. The percentage of NBA’s loans in low-income geographies is slightly less than the next largest competitor but above the average of all other banks. In NBA’s case, their market share in low-income geographies is only slightly less than its market share overall.

We consider NBA’s geographic distribution of loans in moderate-income census tracts to be good. The percentage of NBA’s loans in moderate-income census tracts to its total loans is less than the percentage of owner occupied housing located in moderate-income tracts. The percentage of NBA’s loans in moderate-income tracts is also less than the next largest competitor and less than the average of all other banks. However, the percentage of loans in moderate income census tracts exceeds its own overall market share in all tracts. As discussed under low-income geographies, the level of refinance loans is impacted by the bank’s substantial existing portfolio of below market loans made under rate subsidy programs.

Non-Metropolitan Assessment Area

In the non-MSA portion of the assessment area, the bank originated 64 percent of its total number of home purchase loans and 60 percent of its total dollar volume of loans. In the non-metropolitan assessment area, the bank is the number one lender of all home mortgage products with 48 percent of the market share. The bank has almost three times the volume of loans as its next largest competitor.

The distribution in these areas is particularly significant because of the severe shortage of affordable housing and the significant barriers to home ownership in the non-metropolitan areas of the state. *See the Market Profile for the Non-Metropolitan Assessment Area under Appendix A.*

Home Purchase loans

Home purchase loans comprise 37 percent of the number and 49 percent of the dollar volume of home purchase loans originated by NBA in the Non-Metropolitan assessment area. The bank is the number one lender of home purchase loans in the non-MSA portion of the assessment area and the number one lender in both low and moderate income geographies.

NBA's geographic distribution of home purchase loans reflects excellent dispersion throughout the geographies. NBA's percentage of total loans in low- and moderate-income geographies is less than the percentage distribution of owner occupied housing within these geographies. However, NBA's percentage of total loans in both low- and moderate-income geographies exceeds the percentage of loans in low- and moderate-income geographies for all other bank's in the assessment area. NBA's market share of loans in both low- and moderate- income geographies exceeds its overall market share. NBA's market share shows that although there are difficulties associated with lending to these areas and a severe shortage of available housing, they have managed to perform better there then in the middle and upper-income geographies. This indicates an excellent responsiveness to the needs of low- and moderate-income geographies. *See the Market Profile for the Alaska Non-Metropolitan assessment area under Appendix A.*

Home improvement loans

Home improvement loans represent 25 percent of the number and eight percent of the dollar volume of home mortgage loans originated by NBA in the Alaska Non-Metropolitan Assessment Area.

NBA is the number one ranked lender of home improvement loans in the Alaska Non-Metropolitan Assessment Area and in both the low- and moderate-income geographies. Given the identified need of housing rehabilitation due to the shoddy construction during the oil boom, NBA is making a significant contribution to the needed improvement of the housing stock available to low- and moderate-income borrowers. *See the Market Profile for the Alaska Non-Metropolitan Assessment Area in Appendix A.*

NBA's distribution of home improvement loans in both low- and moderate-income geographies represents an excellent dispersion throughout the geographies in the Alaska Non-Metropolitan Assessment Area. Although the percentage of loans in low-income geographies is less than the percentage of owner occupied housing, NBA's market share indicates that they provide a significant level of home improvement credit to low-income geographies that far exceeds any other bank in the assessment area. The fact that NBA's market share in low- and moderate-income geographies exceeds its market share overall shows a commitment to these geographies and a responsiveness to their needs.

Refinance Loans

Refinance loans comprise 37 percent of the number and 42 percent of the dollar volume of home purchase loans originated by NBA in the Non-Metropolitan Assessment Area. The bank is the number one ranked originator of refinance loans in the non-metropolitan portion of the assessment area and the number one originator of refinance loans in the low- and moderate-income geographies in the Non-Metropolitan Assessment Area. As mentioned in the discussion of lending in the Anchorage MSA, origination of refinance loans is hindered by the large volume of below market rate loans subsidized by programs for low- and moderate-income persons already existing in the bank's portfolio.

NBA's geographic dispersion of refinance loans reflects a good distribution throughout the low-income geographies. NBA's percentage of total loans in low-income geographies is less than the distribution of owner occupied housing in those tracts. NBA's market share in low-income tracts is less than the overall market share. However, NBA has 33 percent of all loans made in low tracts which is six of a total of 18. Loans in low-income tracts to total applications is 1 percent which is less than the average of all banks. However, the difference is statistically insignificant and represents a difference of one loan.

NBA's distribution of loans in moderate-income geographies reflects good dispersion. NBA's percentage of total loans in moderate-income geographies is less than the distribution of owner occupied housing in those tracts. The percentage of loans in moderate-income geographies is lower than the average of all other banks. However, the small number of loans originated by other lenders versus the large percentage of NBA loans makes the difference insignificant.

NBA's market share in moderate income geographies is less than its overall market share but this is a direct result of their significant below market rate portfolio.

Small Business Loans

Refer to Table 6 in the Appendix B for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

NBA's geographic distribution of small business loans reflects a very good dispersion throughout its assessment areas. The analysis focused on the distribution of small loans (less than or equal to one million dollars) to all businesses regardless of revenue size.

Anchorage MSA

Within the Anchorage MSA, the bank is one of the largest volume lenders of small business loans in the MSA. They are also one of the highest volume lenders in low- and moderate-income tracts throughout the MSA. NBA's geographic distribution of loans in low-income census tracts is excellent. The bank's percentage of loans made in low-income geographies is slightly more than the percentage of businesses located in those geographies.

NBA's percentage of loans in low-income census tracts is equal to the percentage of all loans made in low-income tracts and the bank's market share in low-income geographies is above its market share overall.

NBA's geographic distribution of loans in moderate-income census tracts is good. The bank's percentage of loans in moderate income geographies is significantly less than the percentage of businesses located in those geographies. It's market share in moderate income tracts is slightly less than its overall market share. The percentage of loans in moderate income census tracts is slightly less than the percentage of loans made by all banks in these geographies. The weak performance of the bank in the moderate-income geographies is mitigated by the high level of competition in these geographies. Of the businesses located in the moderate income geographies, 78 percent are in only three of the eight geographies. These three geographies are served by four NBA branches and the NBA corporate headquarters. The headquarters and branches of the bank's four leading competitors are also located in these geographies.

Non-Metropolitan Assessment Area

In the Alaska Non-Metropolitan Areas, NBA's geographic distribution of small business loans is very good. The bank is one of the largest volume lenders of small businesses in the Non-Metropolitan Assessment Area and one of the largest volume lenders in both low- and moderate-income geographies.

NBA's geographic distribution in low-income census tracts is excellent. The bank's percentage of loans made in low-income geographies is larger than percentage of business in those geographies. The bank's market share of loans in low-income tracts significantly exceeds its overall market share. The bank's percentage of loans to low-income tracts exceeds the percentage of loans made by all banks in those tracts.

NBA's geographic distribution in moderate income census tracts is very good. The bank's percentage of loans in moderate-income geographies is only slightly less than the percentage of business in those geographies. The bank's share of loans in moderate-income geographies is slightly less than it overall market share. The bank's percentage of loans made in moderate-income geographies is slightly less than the percentage of loans made by all banks in those geographies.

Consumer Loans

Refer to Table 14 in Appendix B for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations.

No market share or aggregate bank data exists to analyze the bank's consumer lending. The bank's lending is compared only to the demographics of the assessment area.

Anchorage MSA Assessment Area

NBA's geographic distribution of consumer loans reflects adequate distribution throughout the assessment area. The percentage of NBA's loans is less than the percentage of the population living in both the low- and moderate-income geographies.

Non-Metropolitan Assessment Area

NBA's geographic distribution of consumer loans reflects very good distribution throughout the Non-Metropolitan Assessment Areas. The percentage of consumer loans made in low- income geographies is equal to the percentage of the population living in those geographies. The percentage of consumer loans made in moderate-income geographies is slightly less than the percentage of the population living in those geographies. Although less than the demographics, the bank's lending in low- and moderate-income geographies is significant given the barriers to lending in these areas. NBA's lending was enhanced by products developed to fill the consumer credit needs of low- and moderate-income geographies.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 7, 8 and 9 in Appendix B for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

NBA's distribution of residential mortgage loans reflects excellent dispersion among borrowers of different income levels throughout the bank's assessment areas, particularly to low-income families.

Anchorage MSA

Home Purchase Loans

The bank is the number two ranked lender of home purchase loans in the Anchorage MSA and the number two ranked lender of home purchase loans to low- and moderate-income borrowers within the Anchorage MSA.

The distribution of home purchase loans to low-income borrowers is good. Although, the distribution of home purchase loans to low-income borrowers is significantly below the distribution of low-income families, NBA's loans to low-income borrowers as a percentage of total loans exceeds the average percentage of all other lenders including the top lender. Also, the

bank's market share of loans to low-income borrowers exceeds its overall market share to those borrowers.

Overall, this is considered good given the low level of affordable housing stock to low- or moderate-income borrowers.

NBA's distribution of loans to moderate-income borrowers is excellent. The distribution of loans to moderate-income families exceeds the percentage of moderate-income families within the assessment area.

The bank's market share of loans to moderate-income borrowers exceeds the overall market share to those borrowers. NBA's loans to moderate-income borrowers as a percentage of all loans exceeds the average of all other lenders including the top lender.

Home Improvement Loans

NBA is the number one ranked lender of home improvement loans in the assessment area, with almost six times as many loans as the next largest competitor. NBA is the number one ranked lender of home improvement loans to both low- and moderate-income borrowers.

NBA's distribution of home improvement loans to low-income borrowers is excellent. Although the percentage of loans to low-income borrowers is much less than the percentage of low-income families, NBA's percentage of loans to low-income borrowers is greater than the percentage of loans to low-income borrowers originated by all other banks. Also, the bank's market share of loans to low-income borrowers exceeds its market share to all borrowers and clearly demonstrates a commitment to serving the home improvement credit needs of low- income borrowers.

NBA's distribution of home improvement loans to moderate-income borrowers is also excellent. The percentage of loans to moderate-income borrowers is only slightly less than the percentage of moderate-income families. The percentage of loans to moderate-income borrowers is greater than the percentage of loans to moderate-income borrowers made by other banks in the assessment area. The bank has a significant market share of home improvement loans to moderate-income borrowers that exceeds its overall market share to all borrowers. The market share of home improvement loans is at least twice as much as the next largest lender.

Refinance Loans

NBA is the number one ranked lender of refinance loans in the assessment area and the number two ranked lender of refinance loans to low- and moderate-income borrowers.

NBA's distribution of loans to both low- and moderate-income borrowers reflects a good dispersion of loans throughout its assessment area. NBA's percentage of loans to both low- and moderate-income borrowers as a percentage of total loans is below the distribution of low- and moderate-income families in the MSA. However, NBA's market share of loans to both low- and moderate-income borrowers exceeds its overall market share. Also, NBA's loans to low-income borrowers as a percentage of total loans exceeds the average percentage of all other lenders. NBA's percentage of loans to moderate-income borrowers exceeds the average of all other lenders.

Non-Metropolitan Assessment Area

Home Purchase

NBA is the number one ranked lender of home purchase loans in the assessment area with more than twice as many loans as the next largest lender. NBA is the number one ranked lender of home purchase loans to low- and moderate-income borrowers.

NBA's distribution of home purchase loans to low- and moderate-income borrowers throughout the assessment area is excellent. NBA's percentage of loans to both low- and moderate-income families is less than the percentage of low- and moderate-income families in the assessment area. However, NBA's loans to both low- and moderate-income borrowers as a percentage of loans to all borrowers exceeds the average of this percentage for all other banks in the assessment area and NBA's market share of home purchase loans to low- and moderate-income borrowers exceeds or is equal to NBA's overall market share.

Home Improvement Loans

NBA is the number one ranked lender of home improvement loans in the Alaska Non-Metropolitan Assessment Area. They are also the number one ranked lender of home improvement loans to both low- and moderate-income borrowers in the assessment area.

NBA's distribution of loans to both low- and moderate-income borrowers is excellent. Although the percentage of loans to both low- and moderate-income borrowers is less than the percentage of low- and moderate-income families in the assessment area, their significant market share clearly shows their commitment to providing home improvement credit to low- and moderate-income borrowers. As mentioned previously, NBA's level of home improvement lending addresses the need for housing rehabilitation identified in rural Alaska.

Refinance Loans

NBA has the largest market share of refinance loans to low and moderate income borrowers in the assessment area.

NBA's distribution of refinance loans to low- and moderate-income borrowers throughout the assessment area is good. NBA's loans to both low- and moderate-income borrowers as a percentage of all loans is less than the percentage of families that are low- and moderate-income. However, NBA's loans to low- and moderate-income borrowers as a percent of all its loans exceeds that percentage for all other lenders in the market and NBA's market share to both low- and moderate-income borrowers exceeds its overall market share to all borrowers.

Small Business Loans

Refer to Table 10 in Appendix B for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

NBA's distribution of small loans to businesses reflects a good responsiveness to the credit needs of small businesses throughout its assessment areas.

The majority of the bank's small business loans (65 percent by number) were originated in the Non-Metropolitan Area outside the Anchorage MSA.

Anchorage MSA

NBA's lending to businesses of different sizes is good. Approximately 72 percent of the small loans to businesses which NBA originated were to businesses with revenues of less than one million dollars. The portion of NBA's loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than one million dollars in its assessment areas. However, based on 1997 Aggregate Small Business data, NBA's performance was better than the aggregate market. In addition, the bank's market share of all loans is less than the bank's market share of loans made with revenues one million dollars or less. Also, the percentage of the bank's loans made in amounts of \$100 thousand or less approximates the percentage of loans made in such amounts by all other banks in the assessment area.

The 1997 Aggregate Small Business data also indicates that NBA's average loan size of \$86 thousand is slightly above the market average. The two largest credit card banks, with average loan sizes of about \$11 thousand, tend to distort the average loan size.

Non-Metropolitan Assessment Area

NBA's lending to businesses of different sizes is very good. Approximately 81 percent of the small loans to businesses which NBA originated were to businesses with revenues of less than one million dollars. The percentage of NBA's loan originations to such businesses is lower than the percentage of businesses with revenues of less than \$1 million in the assessment areas.

However, based on 1997 aggregate Small Business data, NBA's performance was better than the aggregate market. As was the case within the MSA, the bank's market share of loans to businesses with revenues of one million dollars or less was greater than its share of loans to all businesses. Also, the percent of bank loans made in amounts of \$100 thousand or less is slightly less than the percentage of loans made in such amounts by all other banks in the assessment area.

The 1997 Aggregate Small Business data also indicate that NBA's average loan size of \$69 thousand is only slightly above the average for all banks.

Consumer Loans

Refer to Table 14 in Appendix B for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations.

Anchorage MSA

NBA's distribution of consumer loans to low- and moderate-income households is very good. NBA's portion of loans made to low-income borrowers exceeds the portion of low-income households within NBA's assessment areas that are defined as low-income. In addition, NBA's portion of loans made to moderate-income families exceeded the percentage of families that are moderate-income.

Non-Metropolitan Assessment Area

NBA's distribution of loans to low-income households is good. The percentage of bank loans to low-income households is slightly less than the percentage of low-income households in the assessment area. NBA's distribution of loans to moderate income households is very good. The percentage of loans to moderate-income households exceeds the percentage of moderate income households in the assessment area. As mentioned previously, NBA's level of consumer lending provides credit for goods essential to basic needs of life in rural Alaska.

Community Development Lending Activity

Refer to Table one in Appendix B for the facts and data used to evaluate the bank's level of community development lending.

The level of community development lending in the Anchorage MSA and the Non-MSA assessment areas is excellent and very responsive to the needs of the community.

The bank is a leader in community development lending with a total dollar volume of qualified loans during the evaluation period of \$39 million. These 20 loans represented 15 percent of the NBA's Tier One Capital and provided funds for community service projects, revitalization of low- and moderate-income geographies, and 149 units of affordable housing for low- and moderate-income families. Eight of the loans totaling \$22 million were originated in the MSA. The remaining 12 loans totaling almost \$17 million were originated in the Non-Metropolitan Area outside the MSA.

Many of the loans are considered complex due to the nature of the collateral and the structure of the financing. Projects are responsive to identified needs ranging from affordable housing for the disabled to economic stabilization through infrastructure support. Projects representative of NBA's community development lending are discussed below.

- A loan to construct a native heritage center in an area targeted by the Anchorage Municipality for redevelopment and revitalization. The center will support job creation and provide education facilities for area residents. The project is the centerpiece for the revitalization of four adjacent low- and moderate-income neighborhoods.
- A loan to a non-profit health provider for the purchase of a primary health care center for Alaska Natives. The facility provides health care to several villages that are primarily low- and moderate-income.
- A loan to purchase a power generation system to supply power to a primarily low- and moderate-income fishing village. The loan reduces the cost of electricity to the residents of the village who rely on mainly subsistence living for their income. The community was designated an economic disaster area due to the poor salmon harvest.
- A loan to develop 24 units of affordable housing to families with income below 60 percent of the median.

In addition to the loans and total above, the bank also provided guarantees or letters of credit of \$5 million to three different community service or affordable housing organizations in the assessment areas. These lines were to provide back up funding in case anticipated funding was late or did not materialize.

It should be noted that the bank addresses many needs via community development lending through transactions that are officially reported in other lending categories. NBA originated an additional 14 loans for \$4.2 million that address the need for affordable housing, community service or neighborhood revitalization, but are reported in other areas of the portfolio.

Product Innovation/Flexibility:

- NBA uses numerous flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income persons and geographies. These practices enhance the bank's lending performance.

Several of the bank's lending programs have flexible characteristics that are designed to address the credit needs of low- and moderate-income persons, geographies or small businesses. NBA originated 2,203 loans totaling \$198 million under these programs over the assessment period. Eight of those programs are offered both inside and outside of the Anchorage MSA and are detailed on the next page.

- c AHFC Home Owners Assistance Fund (HOF). The bank originated 13 loans totaling \$820 thousand. The Program has limitations on income, assets , purchase price and loan amount. Assistance is also provided in the form of an interest rate subsidy and/or monthly payment subsidy.
- c AHFC Tax Exempt, First-Time Home Buyer's Program. The bank originated 584 loans for \$51.4 million over the evaluation period. This product includes conventional, FHA, VA and Rural Development loan types. Qualifying and income limitations apply, focusing on individuals who are low- and moderate-income. Flexible aspects of this product are the reduced interest rate and required down payment.
- c AHFC Interest Rate Reduction for Low Income Borrowers (IRRLIB) Program. The volume over the assessment period totaled 248 loans for \$24.4 million. This product includes conventional, FHA, VA and Rural Development loan types. Qualifying and income limitations apply, focusing on individuals who are low- and moderate-income. The flexible aspect of this program is the interest rate, which is reduced based on the borrower's family income.
- c USDA - RD (Formerly known as RECDs-Farmers Home Regular and Leverage Programs.) The bank originated 97 loans totaling \$9.7 million. Income limits under this program target low- to moderate-income borrowers. Higher debt ratios apply (29/41) and no down payment is required under this program. The program is designed for low- to moderate-income borrowers in certain rural communities.
- c HUD 184 (FNMA and AHFC). The bank originated 42 loans totaling \$6 million. This is a program targeted to Native American and Alaska Native populations. It provides flexible underwriting to areas where obtaining title is difficult.
- c Anchorage Neighborhood Housing Service (ANHS) HAP Program. The bank originated 121 loans totaling \$4.7 million. This program targets low- to moderate- income borrowers who want to purchase a home in a low- to moderate-income area in Anchorage. This program allows qualified applicants to finance their down payment and closing costs though a second mortgage.
- c USDA Rural Development. NBA, which has been named the first certified lender in the state, originated 23 loans for \$22 million under this program. The program offers guarantees up to 80 percent for small business loans in rural communities with less than 50,000 residents and provides loans to non-profits and municipality for public purpose projects.
- c First Time Borrower Program. The bank originated 844 loans totaling \$4.7 million. This program is targeted to consumer's who need credit for essential items such as automobiles in urban areas and ATVs or snowmobiles and small boats in rural areas.

INVESTMENT TEST

Conclusions for Areas Receiving Full-scope Reviews

NBA's performance under the Investment Test is rated High Satisfactory. Based on full-scope reviews, NBA's performance in the Anchorage MSA 380 and the Alaska Non-Metropolitan Assessment Area is good.

Refer to Table 12 in Appendix B for the facts and data used to evaluate NBA's level of qualified investments.

- NBA has a significant level of qualified community development related investments.
- NBA took a leadership position in developing investments not routinely provided by private investors.
- The investments and grants are very responsive to credit and community economic development needs.

During the evaluation period, NBA made a total of \$20.77 million in qualified investments which included \$279 thousand in grants or donations. The bank purchased 58 percent of the state's available tax credits in 1997 and purchased 14 percent of available credits in 1998. Although there were \$230 million in qualified community development investments offered for sale by the Alaska Housing Finance Corporation, the bank chose not to take advantage of these investments because of their high level of marketability among other investors. The total amount of community development investments represented slightly over 8 percent of the bank's Tier One Capital. In addition, the bank had remaining on the books \$2.98 million of Federal Low Income Housing Tax Credits that were purchased prior to the evaluation period. Previously purchased tax credits were for affordable housing development and a shelter for the homeless. Book value of investments purchased prior to the evaluation period and current investments and grants equal slightly more than 9 percent of Tier One Capital.

NBA is very responsive to credit and community economic development needs as evidenced by the following examples of qualified investments broken down by MSA and Non-MSA.

In the Anchorage MSA over the evaluation period, the bank made \$414 thousand in investments which included grants and donations of \$216 thousand. The bank purchased 100% of tax credits available in the Anchorage MSA in 1997. NBA did not invest in Anchorage MSA tax credits projects in 1998. During 1998, however, there was only one tax credit investment available through competitive bidding. In addition, the bank had \$2.98 million remaining in unused Federal Low Income Housing Tax Credits for affordable housing. Investments in the Anchorage MSA included:

- C NBA's purchase of \$198 thousand in Federal Low Income Housing Tax Credits. These tax credits were for construction of low-income senior housing.
- C A \$15 thousand contribution to co-sponsor a center that provides education and counseling for low-and moderate-income first time home buyers. NBA, together with other banks, identified the need for a home ownership counseling center to provide education for individuals and families seeking to purchase a first home.
- C A \$5,000 contribution to fund a program providing education on tax preparation and business counseling that targets the small businesses of the rural Alaska fishermen who have been negatively impacted by the low salmon returns.

In the Alaska Non-Metropolitan Assessment Area, the bank made \$20.35 million in qualified investments which includes \$63 thousand in grants and donations. These investments included:

- C NBA worked with a rural municipality in a complex bond transaction to provide \$18 million in construction financing for two rural health clinics serving low-income populations and an administrative center to serve a network of rural health clinics in a large area of rural low income Alaska. The bank took a leadership role in working with the health clinic and municipality to provide the most cost effective financing for the project. NBA is the only bank participating in this project.
- C Federal Low Income Housing Tax Credits totaling \$2.29 million. These tax credits were for a 16-unit independent living project for low-income seniors, renovation of a 52 unit affordable housing project, and construction of three 8-unit buildings for affordable housing.
- C A \$3,000 contribution to fund costs for small business owners to participate in a entrepreneurial training institute.
- C A \$5,000 contribution to a neighborhood housing organization to fund their program targeting first time home buyers.
- C A \$5,000 contribution to fund educational and economic development programs targeting small business in rural areas.

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 MSA is good and in the Alaska Non-Metropolitan Assessment Area is excellent.

- NBA provides banking services which are readily accessible, given the geographic challenges of the state of Alaska, to all portions of the assessment area, including low- and moderate-income geographies and people.
- Branch openings and consolidations did not adversely impact the accessibility of the bank's delivery systems, particularly to low- and moderate-income individuals.
- Bank services are tailored to the needs of the assessment areas, and do not vary in a way that would inconvenience portions of the assessment area, particularly low- and moderate-income individuals or geographies.
- NBA is a leader in providing community development services.

Retail Banking Services

Refer to Table 13 in Appendix B for the facts and data used to evaluate the distribution of the NBA's branch and ATM delivery system.

The bank's offices are accessible to the population within the assessment area. Of the 53 total branches located in NBA's assessment area, 16 are in the Anchorage MSA and 37 are in the Alaska Non-MSA. Of the 16 branches in the Anchorage MSA, one (6 percent) is located in a low-income geography, six (38 percent) are in moderate-income geographies, eight (50 percent) are in middle-income geographies, and one (6 percent) is located in an upper-income geography. This compares favorably to the demographics of the Anchorage MSA, which is 6 percent low-income, 20 percent moderate-income, 45 percent middle-income, and 29 percent upper-income. In the non-MSA portion of the assessment area, five branches (14 percent) are in moderate-income geographies, 23 (62 percent) are located in middle-income geographies, and nine (24 percent) are in upper-income geographies. This compares reasonably to the demographics of the area, with 5 percent low-income, 20 percent moderate-income, 45 percent middle-income and 29 percent upper-income. In eight of the communities in the Alaska Non-Metropolitan Assessment Area, an NBA bank branch is the only bank available.

NBA also provides 122 automated teller machines (ATMs) throughout the assessment area, 55 of which are deposit taking facilities. The remaining ATMs (67), are cash dispensing machines. Twenty of the deposit taking ATMs are in the Anchorage MSA and reflect reasonable geographic distribution. The 35 ATMs in the Alaska non-MSA reflect a higher percentage in the middle-income geographies. This is because some of the ATM's are located in middle-income "hub" communities that are surrounded by villages with small populations.

The bank also has a joint venture with another bank to provide 17 additional ATMs in Anchorage to provide additional service to the community. Of these 17 ATMs, 12 percent are located in low-income geographies, 47 percent are in moderate-income geographies, 29 percent are in middle-income geographies, and 12 percent in upper-income geographies.

Because the assessment area encompasses the entire state of Alaska, the bank has unique challenges for providing banking services over a wide and sparsely populated area that encompasses many towns and villages. During several months of the year these areas can only be reached by airplane. NBA is meeting this challenge through alternative delivery systems such as Loan by Phone, Bank by Mail, and PC Banking (account inquiries, transfers, and bill payment). The Loan by Phone service, which is extensive for a bank of this size, resulted in 3,884 approved loans in 1998. The bank has also extended the services to some of the more remote villages through the use of proprietary Point of Sale (POS) devices so the depositor can access cash and governments deposits through the local merchants.

Bi-lingual services are available through a network of employees throughout that bank that speak Chinese, Tagalog, Korean, Russian, Spanish and Yupik. In addition, a Yupik language consumer loan application is distributed to the branches in rural southwest Alaska. In 1998 the bank piloted a student-run bank at a high school in Anchorage that encompasses 5 low- and moderate-income census tracts. This program provides real life understanding of financial services and exposes students to banking. NBA staff provide guidance, training, and support.

NBA also has a unique Community Agent Program in rural villages to provide a point of contact for basic banking products such as checking and saving accounts and loans. The five community agents also provide education and outreach to the rural villages and advise the bank on community issues and financial needs in the villages.

With the exception of the Community Agent Program, the alternative delivery systems were not given significant weight as these delivery systems were not designed specifically for the low- and moderate-income population and geographies. However, they have allowed the bank to extend services to many of the rural, predominately low- and moderate-income people and geographies in Alaska where traditional banking would not be cost effective.

During the evaluation period, NBA opened two branches, one in the Anchorage MSA and one in the Alaska Non-Metropolitan Assessment Area. The branch in the Anchorage MSA is located in a moderate-income geography and the Alaska Non-Metropolitan Assessment Area branch is in a middle-income geography. The bank did not close any branches. They also consolidated two branches, both located in a middle-income geography, and relocated a branch within a middle-income geography. These branch changes did not adversely impact the accessibility of the bank's delivery systems, particularly to low- and moderate-income individuals.

The bank's business hours are reasonable and structured to accommodate customers' needs. Nineteen of the bank's branches have Saturday hours, with five in low- and moderate-income geographies.

Community Development Services

NBA offers a variety of services that are specific to a majority of people and organizations within the assessment area. They have focused their community development services on providing opportunities to support economic development, affordable housing, and continuing banking education throughout the assessment area. Examples include administering the Home Loan Program for a Native Council in a low-income area of rural Alaska, providing assistance in organization of the Home Ownership Center of Alaska, and administering grant money awarded by the Federal Home Loan Bank through a program designed to help low- and moderate-income first-time home buyers save for down payment and closing costs. *Refer to the Anchorage MSA 380 and Alaska Non-Metropolitan Assessment Area comment for details.*

Anchorage MSA 380

- **Smart Start** - NBA developed and teaches classes to prepare prospective individuals and families for home buying. Classes are taught by the mortgage loan staff. In the past 2 years, over 500 prospective homeowners have attended the programs, of which 50 percent were low- and moderate-income individuals.
- **Home Ownership Center of Alaska** - In 1998, NBA was instrumental in organizing the Center (a division of Consumer Credit Counseling Service of Alaska) and provided personnel to give presentations and financial expertise to those attending the classes. A member of senior management is an active board member and provides guidance to the organization in serving the needs of low- and moderate-income households. The Center offers an array of Home buyer training and counseling services for low- and moderate-income households in Anchorage, Fairbanks, and Juneau.

- ⌚ **Homestart Savings Program** - This program is a collaborative effort between NBA and the Federal Home Loan Bank to support home ownership programs to serve first-time home buyers that are low- and moderate-income. NBA establishes a savings account for the qualified applicant, who, over a 2 year period, can save for a down payment on a house. The borrower's savings, up to \$5,000 will be matched by funds from the Federal Home Loan Bank for the purchase of a home.
- ⌚ **Home buyer Affordability Program** - The bank administers the grant program and provides financial expertise to non-profit organizations who are seeking to provide affordable housing by creating a loan loss reserve, paying state housing fees, and providing PMI coverage. This is a collaborative effort with the Federal Home Loan Bank.
- ⌚ **Rural Small Business Conference** - NBA co-sponsors the conference with Alaska Village Initiatives. Rural business owners attend the three day conference in Anchorage, receiving information on rural opportunities and business counseling. The most recent conference targeted small business financing, economic development, management issues and electronic banking.
- ⌚ **Habitat for Humanity** - NBA provides free loan servicing for loan originated by Habitat for Humanity, which helps low- and moderate-income people build their own homes.
- ⌚ **Women\$fund** - A bank loan officer participates on the funds' loan committee. This program seeks to secure financial independence for women through provision of capital and technical assistance. NBA also contributed \$5,000 to this micro-loan program.

Outside the MSA

- ⌚ **Juneau Affordability Housing Partnership** - A group of non-profit housing experts, lenders, builders and volunteers whose purpose is to provide home ownership education opportunities for the Juneau community. An Affordable Housing Home Ownership Fair was held in September 1998 for potential homeowners.
- ⌚ **Alaska Affordable Housing Partnership** - A consortium of bankers, government housing representatives, and non-profit housing developers who meet regularly to discuss opportunities and barriers to providing affordable housing in urban and rural Alaska. An officer from NBA is on this panel.
- ⌚ **ONC Partnership** - A partnership between the Orutsararmuit Native Council and NBA where the bank administers ONC's Home Loan Program. The program's purpose is to expand home ownership opportunities for Alaska Natives and American Indian families in a low-income rural area of Alaska.

- c **ADC Revolving Loan Program** - The bank entered into a partnership with the Arctic Development Council to plan and promote economic development at a regional level. The purpose of the program is to assist private businesses to enable the long-term goal of stabilizing or diversifying the North Slope Borough's economy and employment growth. This program is targeted at the many economically disadvantaged small villages that have not benefited from the North Slope oil economy. NBA helped design this program, with a bank loan officer sitting on the partnership's loan committee.
- c **Community Agent Program** - This program provides agents trained in basic banking products to work in rural communities and help meet the unique banking and credit needs of these areas. The agents provide a bridge between the bank and those communities not having direct access to a bank. They also provide financial education. Three of the five communities that have a community agent are low- and moderate-income, however, all the agents serve villages outside their base communities that are predominately low- and moderate-income.
- c **Small Business Training Program** - NBA sponsors a workshop on a quarterly basis for small business owners. The bank reviews business plans designed and submitted by participants of the workshop.

In addition to these community development services, bank employees representing the bank provide credit counseling, credit education and home buyer counseling through seminars at community centers throughout the state. Employees also serve as board members and financial advisors on non-profit, tribal, and government organizations that serve low- and moderate-income geographies and people, promote economic revitalization, provide affordable housing, and provide business education.

Appendix A: Market Profiles for Full-Scope Areas

Anchorage MSA 380

Demographic Information for Full-Scope Area: Anchorage MSA 380						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	56	5.36	19.64	44.64	28.57	1.79
Population by Geography	226,338	7.49	19.51	42.41	30.59	0.00
Owner-Occupied Housing by Geography	43,664	2.04	11.22	45.83	40.91	0.00
Businesses by Geography	7971	5.72	29.36	42.28	22.63	0.00
Farms by Geography	97	2.00	21.65	40.21	36.08	0.00
Family Distribution by Income Level	57519	20.00	17.99	22.34	39.65	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	21,858	13.42	29.87	41.34	15.36	0.00
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$50,108 = \$59,200 = 6.33%	Median Housing Value Unemployment Rate February, 1999				= \$98,375 = 5.3%

Anchorage MSA 380 encompasses the City of Anchorage which extends to the boundaries of the County of Anchorage. Anchorage is the largest city in Alaska, located along the coast of the Cook Inlet. Its population is estimated at 258,782, as of December 1997, by the Alaska Department of Community Reinvestment. That is up some 10 percent since the 1990 census reporting of 226,338. Anchorage's population represents 54 percent of the bank's total assessment area population. It is the center of commerce for the state. Major industries include oil and gas, finance, real estate, communications, transportation and government agencies. The fishing industry is not serviced from Anchorage. Tourism and other seasonal factors contribute to a fluctuating, though low, unemployment rate. Although the median income in Anchorage and many other areas of Alaska is considered one of the highest in the United States, housing affordability has been decreasing. In the 1990s, the average single family home price has risen by almost 35 percent while the average monthly wage has risen by only 7 percent.

Alaska Non-Metropolitan Assessment Area

Demographic Information for Full-Scope Area: Alaska Non-Metropolitan Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	134	5.97	14.93	46.27	15.67	17.16
Population by Geography	323,705	5.96	18.06	51.77	23.66	.55
Owner-Occupied Housing by Geography	62,336	5.96	10.63	56.04	27.37	0.00
Businesses by Geography	9,740	1.50	13.06	61.59	23.85	0.00
Farms by Geography	225	1.33	6.67	60.44	31.56	0.00
Family Distribution by Income Level	77,287	21.72	17.19	21.94	39.16	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	30,068	10.18	27.07	47.42	15.32	0.00
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$44,045 = \$50,100 = 9.27%	Median Housing Value Unemployment Rate February, 1999				= \$79,147 = 8.1%

The Non-Metropolitan Areas of Alaska that the bank has chosen as their assessment area covers over 586,400 square miles and is larger than the states of Texas, California and Montana combined but only contains a population estimated in 1998 to be 308,000. This results in only .5 persons per square mile. The challenges and difficulties associated with serving a community as large as this are immense. Many of the communities are served by roads only in the summer months and rely on air transportation for all their needs. The main industries are petroleum, fishing, forest products, mining and tourism. The largest employer at 32 percent is the local, state or federal government. The public sector represents over half of the employment in some of the communities in the assessment area. Another important component of rural Alaska's economy and a part of the economic "portfolio" of more than a third of the state's population is subsistence hunting and fishing. Many rural Alaskans rely on subsistence hunting and fishing to meet the basic needs of their families. Subsistence does not bring in cash to the rural economy. The benefits come from the food it puts on the table and any goods that the individual may receive through barter.

In addition to the declining affordability of homes in Alaska discussed under the Anchorage MSA, affordable housing presents other unique challenges in the Non-MSA areas due to the environmental and socioeconomic conditions of the smaller Alaskan communities. Roads, water, sewer and other community facilities must often be developed from scratch to support rural housing and very little infrastructure exists to support the multifamily housing traditionally used to provide low- and moderate-

income affordable housing. High transportation and labor costs coupled with the limited seasonal window for construction all increase the cost of housing in rural Alaska.

The Non-Metropolitan Alaska consolidated plan submitted to the U.S. Department of Housing and Urban Development indicated that a continuing, serious deficit exists in access to decent housing for low-income, rural, and Native Alaskans.

The need is greatest in rural areas, where approximately 8,000 new housing units are needed. An additional 5,200 units are needed to meet needs in the state's more urban areas, exclusive of Anchorage. A latent demand for rental housing appears to be surfacing in rural communities, where the predominant types of assistance have historically been home ownership programs. During the evaluation period, only 2,784 new housing units including condominiums, mobile home and multifamily structures were provided for all income categories compared to projected need of 5,280 units exclusively for low- and moderate-income persons. Much of the recent housing stock was hastily built during the oil boom of the 1970's and is characterized by poor construction and materials.

The statewide unemployment rate of 8.1 percent includes the municipality of Anchorage which accounts for over half of the states population. Actual unemployment rates in Non-Metropolitan Alaska range from as high as 12.8 percent in the Gulf Coast region to 7.9 percent in the Southwest region. These rates may be deceiving as they do not count anyone who has made no attempt to find work in the previous four-week period. In the rural villages where no jobs are available, many unemployed adults are no longer included in the unemployment statistics.

Appendix B: Standard Tables

Content of Standard Tables

The following is a listing and brief description of each table included in the set of standard tables. Market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area 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 MSA/assessment area. High market rank is not an automatic indicator of strong (“outstanding”) performance. Market rank is evaluated in the contextual sense.

Table 1. - Lending Volume - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.

Table 2. - Geographic Distribution of Home Purchase Loan Originations - 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 rank and market share information based on the most recent aggregate market data available.

Table 3. - Geographic Distribution of Home Improvement Loan Originations - See Table 2.

Table 4. - Geographic Distribution of Home Mortgage Refinance Loan Originations - See Table 2.

Table 5. - Geographic Distribution of Small Business Loan Originations - The percentage distribution of the number of small loans (<\$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 rank and market share information based on the most recent aggregate market data available.

Table 6. - Geographic Distribution of Small Farm Loan Originations - The percentage distribution of the number of small loans (<\$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 rank and market share information based on the most recent aggregate market data available.

Table 7. - Borrower Distribution of Home Purchase Loan Originations - 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 MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.

Table 8. - Borrower Distribution of Home Improvement Loan Originations - See Table 7.

Table 9. - Borrower Distribution of Home Mortgage Refinance Loan Originations - See Table 7.

Table 10. - Borrower Distribution of Small Business Loan Originations - Compares the percentage distribution of the number of small loans (<\$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. The table also 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 11. - Borrower Distribution of Small Farm Loan Originations - Compares the percentage distribution of the number of small loans (<\$500 thousand) 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. The table also 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 12. - Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area. The table presents aggregate investment data, regardless as to if the investment was made during prior evaluation periods (and is still outstanding) or made during the current evaluation period. If the timing of the investments impacts the examiner's evaluation of the bank's performance under the test, such an issue should be addressed in the narrative.

Table 13. - Distribution of Branch and ATM Delivery System - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 14. - Geographic and Borrower Distribution of Consumer Loan Originations

- 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 the population 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 MSA/assessment area.

Table 1. Lending Volume

LENDING VOLUME			State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998							
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development*		Total Reported Loans		% of Total Reported Bank Loans in Rated Area
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Scope:												
Anchorage MSA 380	58%	3906	403,639	1149	98,272	23	1,946	7	18,233	5085	522,090	40%
Alaska Non - MSA	42%	7033	613,055	2265	156,329	329	16,936	10	15,750	9536	794,422	60%

(*) Based on information from January 1, 1997 through March 8, 1999.

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE				State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998										
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*				Total Home Purchase Loans		
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Anchorage MSA 380	2.0%	1.8%	11.2%	12.6%	45.8%	51.1%	40.9%	34.5%	2	14%	13%	15%	14%	12%	1377	35%
Alaska Non - MSA	6.0%	2.3%	10.6%	5.9%	56.0%	61.4%	27.4%	30.3%	1	59%	85%	69%	60%	52%	2599	65%

(*) Based on 1997 Aggregate HMDA Data only.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT				State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998								Market Share by Geography*				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans			
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total		
Full-Scope:																		
Anchorage MSA 380	2.0%	1.3%	11.2%	8.2%	45.8%	47.3%	40.9%	43.1%	1	33%	33%	28%	36%	32%	596	25%		
Alaska Non - MSA	6.0%	3.1%	10.6%	12.8%	56.0%	56.1%	27.4%	27.9%	1	82%	84%	88%	80%	82%	1790	75%		

(*) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE				State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998								Market Share by Geography*				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans			
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total		
Full-Scope:																		
Anchorage MSA 380	2.0%	1.3%	11.2%	5.5%	45.8%	39.7%	40.9%	42.8%	1	17%	16%	21%	18%	15%	1905	42%		
Alaska Non - MSA	6.0%	0.5%	10.6%	4.9%	56.0%	62.1%	27.4%	32.5%	1	44%	33%	30%	45%	43%	2604	58%		

(*) Based on 1997 Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS				State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998										
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Anchorage MSA 380	5.7%	6.0%	29.4%	18.8%	42.3%	49.3%	22.6%	25.8%	2	20%	23%	17%	24%	17%	1149	35%
Alaska Non MSA	1.5%	5.8%	13.6%	8.9%	61.6%	58.4%	23.9%	26.9%	2	26%	48%	25%	24%	28%	2169	65%

(*) Based on 1997 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM				State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998										
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Anchorage MSA 380	2.8%	4.3%	23.1%	0.0%	39.8%	52.2%	34.3%	43.5%	1	61%	67%	100%	73%	63%	23	7%
Alaska Non - MSA	1.6%	4.6%	6.7%	2.8%	60.8%	67.9%	31.0%	24.7%	1	64%	79%	64%	64%	59%	324	93%

(*) Based on 1997 Aggregate Small Farm Data only.

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE				State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998										
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank* *	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Anchorage MSA 380	20.0%	8.8%	18.0%	24.7%	22.3%	32.1%	39.7%	34.3%	2	14%	17%	15%	12%	14%	1377	35%
Alaska Non - MSA	21.7%	3.8%	17.2%	16.4%	21.9%	30.7%	39.2%	49.1%	1	59%	62%	59%	62%	58%	2599	65%

(*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated by BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT				State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998										
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank* *	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Anchorage MSA 380	20.0%	7.5%	18.0%	16.2%	22.3%	26.5%	39.7%	49.8%	1	33%	51%	41%	29%	33%	596	25%
Alaska Non - MSA	21.7%	7.6%	17.2%	16.5%	21.9%	29.2%	39.2%	46.7%	1	82%	82%	79%	82%	83%	1790	75%

(*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated by BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE				State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998										
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank* *	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Anchorage MSA 380	20.0%	6.4%	18.0%	16.6%	22.3%	29.8%	39.7%	47.2%	1	17%	22%	18%	19%	19%	1905	42%
Alaska Non - MSA	21.7%	4.5%	17.2%	12.8%	21.9%	27.9%	39.2%	54.9%	1	44%	47%	49%	46%	46%	2604	58%

(*) As a percentage of loans with borrower income information available. No information was available for .02% of loans originated by BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS				State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998						
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans			
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size	
Full-Scope:												
Anchorage MSA 380	87%	72%	69%	83%	9%	9%	20%	21%	1,149	35%	86	
Alaska Non - MSA	92%	81%	75%	83%	12%	5%	27%	29%	2,169	65%	69	

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for .4% of loans originated by BANK.

(***) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1997 Aggregate Small Business Data only.

(****) Based on 1997 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM			State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998						
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Anchorage MSA 380	96%	87%	96%	65.22%	30.44%	4.35%	60.87%	59.00%	23	6.63%	85
Alaska Non - MSA	92%	97%	96%	89.51%	7.41%	3.09%	64.71%	65.48%	324	93.37%	52

(*) As a percentage of farms with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for .5% of loans originated by BANK.

(***) The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1997 Aggregate Small Farm Data only.

(****) Based on 1997 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS			State: Alaska		Evaluation Period: January 1, 1997 TO December 31, 1998						
MSA/Assessment Areas:	Affordable Housing	Community Service	Economic Development/ Small Business		Revitalize or Stabilize		Total Investments			% of Total '\$s	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#		
Full-Scope:											
Anchorage MSA	7	231	26	145	1	6	4	33	38	415	2
Alaska Non-MSA	10	2,294	31	18,044	3	6	5	10	49	20,354	98

Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				State: Alaska				Evaluation Period: January 1, 1997 TO December 31, 1998									
MSA/Assessment Area:	Deposits		Branches				ATMs				Population						
	% of Total BANK Deposits*	# of BANK Branches	% of Total BANK Branches	% of Branches within each Geography				# of BANK ATMs	% of Total BANK ATMs	% of ATMs within each Geography				% of the Population within Each Geography			
	Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full-Scope:																	
Anchorage MSA 380	42	16	30	6	38	50	6	51	42	4	27	51	18	7	20	42	31
Alaska Non-MSA	58	37	70	0	14	62	24	71	58	0	10	75	15	6	16	52	24

(*) June 30, 1998 Deposit figures from FDIC records.

Table 14. Geographic and Borrower Distribution of Consumer Loan Originations

Geographic and Borrower Distribution: CONSUMER LOANS								State: Alaska				Evaluation Period: January 1, 1997 TO December 31, 1998					
MSA/Assessment Area:	Geographic Distribution								Borrower Distribution								
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Total Consumer Loans
	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	# % of Total
Full-Scope:																	
Anchorage MSA 380	7%	5%	20%	19%	42%	46%	31%	29%	21%	24%	18%	22%	21%	19%	40%	20%	14,948 33%
Alaska Non - MSA	6%	6%	18%	15%	52%	52%	24%	26%	23%	21%	17%	20%	20%	22%	40%	24%	30,889 67%

(*) The percentage of the population in the MSA/assessment area that resides in these geographies.