



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**First National Bank of Anchorage
Charter Number: 12072**

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Anchorage, AK 99501-0720**

Office of the Comptroller of the Currency

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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 the **First National Bank of Anchorage** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **June 30, 1998**. 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.

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 safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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.

Census Tract (CT) - Small, locally defined 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.

Block Numbering Area (BNA)

Block numbering areas (BNAs) are small statistical subdivisions of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical areas committees have not established census tracts. State agencies and the Census Bureau delineated BNAs for the 1990 census, using guidelines similar to those for the delineation of CTs. BNAs do not cross county boundaries.

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 CTs. 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.

Low-Income - Income levels that are less than 50% of the MFI.

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

Low- and Moderate-Income (LMI) - Income levels that are less than 80% of the MFI.

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

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

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in an MSA 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 its disposition (e.g., approved, denied, withdrawn).

Small Business Loans - Loans with an original amount of \$1 million or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

CRA Rating

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

The major factors supporting the institution's rating are:

- ▶ FNBA demonstrates excellent responsiveness in providing small loans to small business.
- ▶ The bank has a good geographic distribution of loans by income level of CTs/BNAs and to borrowers of all income levels.
- ▶ FNBA has an adequate dollar volume of investment and grant activity, with grant activity that is very responsive to the community's needs.
- ▶ FNBA provides banking services which are reasonably accessible to essentially all portions of the bank's assessment area, including LMI geographies and people.
- ▶ FNBA demonstrates good participation in community development services.

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

Table 1

Performance Levels	First National Bank Anchorage Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		X
Low satisfactory		X	
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.

Description of First National Bank of Anchorage

Anchorage-based FNBA is the second largest independently-owned bank in Alaska. It was founded in 1922 and operates 28 branches throughout the state. The bank does not have a holding company or other affiliate organizations.

As of June 30, 1998, FNBA had total assets of \$1.5 billion. As of the same date, total loans were \$661 million while total deposits were \$905 million. The bank has total equity capital of \$382 million. As shown in the following table, the bank's loan portfolio includes significant volumes of commercial lending, reflective of the primary focus of the bank. Lending is directed toward small businesses. Residential real estate and consumer lending represent smaller lines of business. Agricultural lending is only a small portion of FNBA's total lending. From April of 1996 through June of 1998, the domestic loan portfolio showed growth of \$106 million, from \$556 million.

Table 2

DOMESTIC LOAN PORTFOLIO COMPOSITION		
June 30, 1998		
Type	\$ Millions	% of Portfolio
Commercial Real Estate (includes construction)	301,121	44%
Commercial and Industrial	153,256	22%
Secured by 1-4 Family Residential Property	140,391	20%
Secured by Multifamily Residential Property	40,117	6%
Consumer	41,362	6%
Agriculture	8,491	1%
Other	3,454	<1%
TOTAL*	688,192	100%

Source: The bank's June 30, 1998 Report of Condition. *Total is before adjustments for unearned income.

FNBA is a full service commercial bank providing a full array of services within its ten assessment areas. These areas cover most of the State of Alaska and includes the Anchorage MSA and nine full/partial counties.

FNBA offers special loan products that respond to identified credit needs of small business owners and LMI mortgage consumers within its assessment areas. Overall, FNBA continues to enhance its products to help meet the diverse credit needs of its assessment areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

FNBA's overall performance is largely predicated upon its performance in the Anchorage MSA, which accounts for 43% of the bank's lending activity, has 53% of the bank's deposits, and 36% of all branches.

LENDING TEST

This Performance Evaluation presents information on FNBA's small business/farm, residential mortgage, and community development loan originations from April 1, 1996 through June 30, 1998. At the request of the bank we reviewed consumer loans originated during the same time period. Unless otherwise stated, references to loans means exclusively these five types of loans and not any other FNBA loan originations (e.g., large commercial loans). Appendix A contains additional details on the scope of this Performance Evaluation.

- ▶ FNBA's lending activity displays excellent responsiveness to the credit needs of its assessment areas, as evidenced by the extremely high volume of small business/farm loans coupled with its strong level of residential mortgage and consumer loan originations.
- ▶ FNBA's lending demonstrates very good responsiveness to borrowers of all income levels throughout its assessment areas, with more weight given to the responsiveness to small businesses.
- ▶ FNBA has good loan dispersion throughout its assessment area, including LMI geographies, with more weight given to the dispersion of small loans to businesses.
- ▶ FNBA regularly uses flexible lending practices to help meet the credit needs of LMI home buyers and small businesses within its assessment areas.
- ▶ The bank's community development lending volume, at just over \$1 million, is low.

Lending Activity

FNBA's lending, detailed in the accompanying tables, reflects excellent responsiveness to credit needs in its assessment areas. FNBA originated almost 14 thousand loans totaling more than \$782 million within its assessment areas during the evaluation period. The majority of reportable loan originations (47% of the number and 60% of the dollars) were small loans to businesses, reflective of FNBA's historical focus on small business lending. Thus, in determining FNBA's overall performance under the Lending Test, more weight was given to the analysis of small business lending performance. Residential mortgage and consumer lending represent secondary lines of business for FNBA. Due to the limited volume of farm lending throughout the bank's assessment area (419 for all market reporters in 1996 and 1997 or 3% of all small business/farm lending and 173 farm loans or 1% of FNBA's total small business/farm) all farm lending is included within the small business data.

Based on 1996 and 1997 Aggregate Small Business data, FNBA's 41% and 40%, respectively,

market share places the bank as the largest originator of the number and dollar amount of small business loans in Alaska (see comments at bottom of table for further explanation of market). Market data is not available for the bank's specific assessment area. FNBA's two largest commercial bank competitors are National Bank of Alaska and Key Bank, N.A., followed by three credit card banks. These other five banks dominate the rest of the market with a combined market share of small loans to businesses averaging 55% over the two-year reportable period.

Based on 1996 and 1997 Aggregate HMDA Data, FNBA is a major originator of residential mortgage loans in its assessment areas, with a market rank of three and a market share average of 9.5% over the two-year reporting period for both years. Market share data is not available for consumer or community development loans.

Loan originations have increased significantly since the last Performance Evaluation. The number of reportable loan originations increased 78%, while the dollar volume has more than doubled.

Table 3

Lending Activity: ALL LOANS - All Assessment Areas								
Loan Type	Total Originations				Overall Market Rank*		Overall Market Share*	
	#	% of Total	\$ (000s)	% of Total	96	97	96	97
Small Business Total	6,341	46%	\$422,328	59%	1	1	41%	40%
Small Farm Total	173	1%	\$6,950	1%	2	2	25%	31%
Total Small Bus/Farm	6,514	47%	\$429,278	60%	1	1	40%	40%
Home Purchase	929	7%	\$92,194	13%	5	5	7%	7%
Refinance	1,328	10%	\$123,176	17%	2	2	15%	12%
Home Improvement	164	1%	\$4,669	1%	4	5	9%	6%
Multifamily	43	0%	\$8,165	1%	1	2	53%	27%
Residential Mortgage Total	2,464	18%	\$228,204	32%	3	3	9%	9%
Total Consumer	4,822	35%	\$54,069	8%	NA	NA	NA	NA
Total Community Development	9	0%	\$1,023	0%	NA	NA	NA	NA
Total Lending	13,809	100%	\$712,574	100%	NA	NA	NA	NA

(*) Based on 1996 and 1997 Aggregate HMDA, Small Business and Small Farm Data for the number of loans. NA = Not Available
 For HMDA, the market consists of over 100 financial institutions that have made at least one mortgage loan. For small business loans the market consists of just under 40 financial institutions.

Assessment Area Concentration

FNBA has a very high concentration of loan originations within its assessment area. The bank originated 90% of the number and 93% of the dollar amount of reportable loans during the evaluation period in its assessment areas. This includes small business/farm loans at 93% of the number and dollar, residential mortgage loans at 96% of the number and 95% of the dollar, and consumer loans at 85% of the number and 89% of the dollar amount of loans originated.

Lending Gaps

This evaluation included an analysis of lending gaps in FNBA's assessment areas. No lending gaps were noted.

Geographic Distribution of Loans

FNBA's overall geographic distribution of loans reflects adequate dispersion throughout its assessment areas, including LMI census tracts.

Small Business Loans

FNBA's geographic distribution of small business loans, detailed in Table 4, reflects adequate dispersion throughout its assessment areas. The analysis focused on the distribution of small loans (less than or equal to \$1 million) to all businesses, regardless of revenue size. This approach is supported by the fact that the distribution of all small loans to businesses with revenues less than a \$1 million mirrors the performance when including loans to businesses with over \$1 million in revenues. The bank's portion of small loans to businesses made in low-income geographies is slightly less than the portion of businesses located in those tracts, while the portion of loans made in moderate-income geographies is significantly below the portion of businesses located in those tracts. Performance peaked in 1996 and has stayed constant over the last year and one half.

Based on 1996 and 1997 Peer Small Business data, FNBA has generally equaled the aggregate market (all small business reporters) in its assessment areas in low-income geographies while under performing in moderate-income geographies. In addition, FNBA's market share of loans in LMI geographies, has been consistently below its overall (ALL column in the table) market share of 41% for 1996 and 40% for 1997. This concept of market share applies to all tables in which market share is presented.

Table 4

Geographic Distribution: SMALL BUSINESSES(Bus.)/FARMS-All Assessment Areas												
Assessment Area/MSA	Low-Income Tracts			Moderate-Income Tracts			Market Share 96**			Market Share 97**		
	% of Bus/Farms	% FNBA Loans	%Market Loans* 96/97	% of Bus/Farms	% FNBA Loans	%Market Loans* 96/97	All	Low	Mod	All	Low	Mod
Anchorage	3%	5%	5/8%	29%	19%	23/21%	38%	32%	31%	38%	31%	36%
BNA's	0%	0%	0/0%	11%	6%	6/7%	42%	11%	27%	42%	34%	21%
Total All	3%	2%	2/3%	21%	11%	14/13%	41%	19%	29%	40%	28%	32%

(*) The market consists of all other CRA reporters in FNBA's assessment area and is based on 1996 and 1997 Aggregate Small Business Data.

(**) For market share data, the only information available for BNAs and for Total All are based on statewide demographics and not just the bank's assessment area. Therefore, Total All represents statewide totals and for BNAs it includes all BNAs throughout the state.

Residential Mortgage Loans

FNBA's geographic distribution of residential mortgage loans, as detailed Table 5, reflects very good dispersion throughout its assessment areas. The portion of residential mortgage loans made in LMI geographies exceeds the portion of owner-occupied housing units that are within those tracts. From 1996 through 1997, FNBA's portion of loans originated in low-income geographies declined slightly, but remained above the portion of owner-occupied housing units that are within those tracts. Based on 1996 Aggregate HMDA data, FNBA generally outperformed the aggregate market in its assessment area in both LMI geographies. In addition, FNBA's market share of loans originated in LMI geographies exceeded its overall market share.

Table 5

Geographic Distribution: RESIDENTIAL MORTGAGE - All Assessment Areas												
Assessment Area/MSA	Low-Income Tracts			Moderate-Income Tracts			Market Share 96			Market Share 97		
	%Owner Occ. Units	% FNBA Loans	% Market Loans 96/97*	%Owner Occ. Units	% FNBA Loans	% Market Loans* 96/97	All	Low	Mod	All	Low	Mod
Anchorage	2%	3%	2/2%	11%	15%	10/11%	6%	11%	9%	5%	11%	6%
BNAs	0%	NA	NA	5%	5%	3/3%	18%	NA	31%	16%	NA	22%
Total All	1%	1%	1/1%	8%	9%	8/9%	9%	11%	12%	10%	9%	9%

Occ. = Occupied

(*) The market consists of all other HMDA reporters in FNBA's assessment area based on 1996-97 Aggregate HMDA Data.

Consumer

FNBA's geographic distribution of consumer loans, as detailed in Table 6, reflects adequate dispersion throughout its assessment areas. The portion of consumer loans made in LMI geographies, is less than the portion of population and/or families that reside within those tracts. FNBA's portion of loans originated in LMI geographies has remained relatively constant throughout the evaluation period.

Table 6

Geographic Distribution: CONSUMER - All Assessment Areas								
Assessment Area/MSA	Low-Income Tracts			Moderate-Income Tracts			Total Loans	
	% Population	% FNBA Loans	% Families	% Population	% FNBA Loans	% Families	#	% of Total
Anchorage	7%	4%	7%	20%	18%	18%	2,497	38%
BNAs	0%	NA	0%	7%	3%	7%	4,017	62%
Total All	4%	2%	4%	14%	9%	13%	6,514	100%

(*) As a percentage of loans with borrower income information available. No information was available for 1% of loans originated by FNBA.

Borrower Distribution

FNBA's overall borrower distribution of loans reflects excellent responsiveness to the credit needs throughout its assessment areas.

Small Business Loans

FNBA's distribution of small loans to businesses, as shown in Table 7, reflects very good responsiveness to the credit needs of small businesses throughout its assessment areas. Approximately 86% of the small loans to businesses which FNBA originated were to businesses with revenues of less than \$1 million. The portion of FNBA's loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in its assessment areas. However, based on 1996 and 1997 Aggregate Small Business data, FNBA's performance was significantly better than the aggregate market. This is also supported by the fact that the bank's market share of all loans as noted in the All column below is less than the bank's market share of loans made with revenues \$1 million or less. Finally, the portion of the bank's loans made in amounts of \$100 thousand or less approximates the portion of loans the aggregate market made in such amounts. The bank's market share performance for these types of loans has improved such that loans made in amounts less than \$100 thousand exceed its market share of all small loans to businesses.

Table 7

Borrower Distribution: SMALL BUSINESSES(Bus)/FARM - All Assessment Areas											
Assessment Area/MSA	Businesses with Revenues of \$1 million or less			Loans w/Original Amount of \$100,000 or less		Market Share 1996			Market Share 1997		
	% of Bus/Farms*	%FNBA Loans**	%*** Market Loans 96/97	% of FNBA Loans	%*** Market Loans 96/97	All	Rev \$1 million or less	Loan Amt \$100,000 or less	All	Rev \$1 million or less	Loan Amt \$100,000 or less
Anchorage	92%	88%	55/60%	82%	84/83%	38%	49%	38%	38%	47%	38%
BNAs	99%	85%	80/77%	85%	84/85%	42%	43%	43%	40%	46%	40%
Total All	93%	86%	69/67%	84%	84/85%	41%	45%	41%	41%	45%	45%

Amt = amount

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

(**) No information was available for 6% of the loans originated by FNBA.

(***) The market consists of all other Small Business reporters in FNBA's assessment area based on 1996/97 Aggregate Small Business Data. Totals exclude FNBA since the bank has such a high percentage of the market.

The 1996 and 1997 Aggregate Small Business data also indicate that FNBA's average loan size is approximately \$63 thousand and \$62 thousand, respectively, versus the market average of \$65 thousand and \$63 thousand respectively. The two largest credit card banks, with average loan sizes under \$11 thousand for the two-year period, tend to distort the average loan size. Most significant is that FNBA's average loan size is less than either of its two largest bank competitors.

Residential Mortgage Loans

FNBA's distribution of residential mortgage loans, as shown in Table 8, reflects excellent dispersion among borrowers of different income levels throughout the bank's assessment areas, particularly to low-income families. FNBA's portion of loans made to low-income families is significantly below the portion of families within FNBA's assessment areas that are defined as low-income. However, this reflects the shortage of affordable housing in the high cost real estate markets in which FNBA operates and the significant number of families (approximately 8%) at or below poverty level. More important, based on 1996 and 1997 Aggregate HMDA data, FNBA significantly outperformed the aggregate market in its assessment areas in lending to low-income families. In addition, FNBA's portion of loans made to moderate-income families approximated the portion of families that are moderate-income. FNBA also approximated the aggregate market in lending to moderate-income families. Overall, FNBA's market share of loans made to LMI families generally exceeded its overall market share.

Table 8

Borrower Distribution: RESIDENTIAL MORTGAGE - All Assessment Areas												
Assessment Area/MSA	Low-Income Families			Moderate-Income Families			Market Share 96			Market Share 97		
	% of Families	% FNBA Loans*	% Market Loans**	% of Families	% FNBA Loans*	% Market Loans**	All	Low	Mod	All	Low	Mod
Anchorage	20%	13%	7/6%	18%	20%	19/20%	6%	7%	5%	6%	11%	6%
BNAs	17%	6%	4/4%	15%	14%	13/14%	18%	28%	20%	16%	27%	19%
Total All	19%	9%	6/6%	17%	17%	17/18%	9%	11%	8%	9%	14%	9%

(*) As a percentage of loans with borrower income information available. No information was available for 8% of loans originated by FNBA.

(**) The market consists of all other HMDA reporters in FNBA's assessment area based on 1996 and 1997 Aggregate HMDA Data.

Consumer

FNBA's distribution of consumer loans, as shown in the following table, reflects very good dispersion among borrowers of different income levels throughout FNBA's assessment areas. FNBA's portion of loans made to low-income families matches the portion of families within FNBA's assessment areas that are defined as low-income. In addition, FNBA's portion of loans made to moderate-income families exceeded the portion of families that are moderate-income.

Table 9

Borrower Distribution: CONSUMER LENDING - All Assessment Areas								
Assessment Area/MSA	Low-Income Families			Moderate-Income Families			Total Loans	
	% of Families	% FNBA Loans*	# of Families	% of Families	% FNBA Loans*	# of Families	#	% of Total
Anchorage	20%	23%	11,509	18%	20%	10,349	2,035	38%
BNAs	17%	17%	8,409	15%	19%	7,530	3,374	62%
Total All	19%	19%	19,918	17%	19%	17,879	5,409	100%

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

Community Development Lending Activity

- ▶ The level of community development lending over the evaluation period is low .

The total dollar volume of community development loans during this period was \$1.02 million. These nine loans represented multi-family housing which primarily benefitted LMI persons in the Municipality of Anchorage's Renaissance Zone. We discussed these community developments loans in greater detail in the Metropolitan Statistical Areas comment.

It should be noted that the bank addresses many needs via community development lending through transactions that are officially reported as small business loans. Many of these loans have the same characteristics as the community development transactions which exceed \$1 million. For example, FNBA provided interim financing for Anchorage Housing Initiatives, Inc. to purchase lots to build

nine units for disabled individuals. The bank's standard loan fee was waived and a below market interest rate offered. Another loan to the Anchorage Community YMCA offered a below market interest rate and no loan fee due to the project meeting a critical community need in a low-income geography. As a matter of practice, the bank does not track the total dollar volume of this type of activity since it is already reported within the small business loan category.

Product Innovation/Flexibility:

- ▶ FNBA uses flexible lending practices in a safe and sound manner to address the credit needs of LMI persons and geographies. These practices enhance the bank's lending performance.

Six of the bank's lending programs have flexible and/or innovative characteristics that are designed to address the credit needs of LMI persons or geographies. FNBA originated 319 loans under these programs over the assessment period totaling \$25.5 million. Four of those programs are offered both inside and outside of the Anchorage MSA, and are detailed below. Please refer to the Metropolitan Statistical Area comment for details on the programs offered only in the Anchorage MSA.

- ▶ AHFC First-Time Homebuyer's Program - The bank originated 127 loans for \$10.6 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 LMI. Flexible aspects of this product are the interest rate and required down payment.
- ▶ AHFC Interest Rate Reduction for Low Income Borrowers (IRRLIB) Program - The volume over the assessment period totaled 104 loans for \$8.8 million. This product includes conventional, FHA, VA and Rural Development loan types. Qualifying and income limitations apply, focusing on individuals who are LMI. The flexible aspect of this program is the interest rate, which is reduced based on the borrower's family income.
- ▶ Cook Inlet Housing Authority Home II Program - The volume over the assessment period totaled six loans for \$425 thousand. Under this program, assistance is provided to eligible applicants in the Anchorage area. The program is designed for Alaska Natives and American Indians who are low-income. Flexible aspects include assistance with closing costs and down payment, more flexible qualifying ratios, and homeownership counseling.
- ▶ Rural Initiative Housing Pilot Program - This is a new program (only one loan closed for \$157 thousand) in which FNBA played a significant role in designing. The program will be offered through AHFC and is targeted to LMI borrowers in rural portions of the state. Flexible aspects of the program include less restrictive financing parameters and lower interest rates than traditional financing.

INVESTMENT TEST

- ▶ The bank has made an adequate volume of qualified investments during this evaluation period.
- ▶ FNBA has been a leader in providing support through its grants and contributions to groups providing affordable housing to LMI persons and geographies, and community and economic services to LMI persons and small businesses.
- ▶ FNBA exhibits reasonable responsiveness to credit and community economic development needs.

FNBA originated only \$2.75 million in qualified investments over the evaluation period. In addition, the bank has an outstanding balance of \$1.785 million in Alaska Housing Finance Corporation Housing Bonds purchased in 1993, and \$1.97 million in unused Federal Low Income Housing Tax Credits (FLIHTC) purchased in 1994. We've summarized the categories of qualified investments below. Please refer to the Metropolitan Statistical Area and Non-Metropolitan Statistical Areas comments for detail on these investments, as well as examples of innovative investments.

- ▶ Qualified investments whose primary purpose is affordable housing for LMI persons total \$5.96 million. This includes the Alaska Housing Finance Corporation bonds of \$1.785 million and the \$1.97 million in unused FLIHTC's.
- ▶ Qualified investments focused on providing community services to LMI persons total \$280 thousand.
- ▶ Qualified investments that promote economic development by financing small businesses total \$260 thousand.

SERVICE TEST

FNBA's delivery systems are accessible to essentially all portions of its assessment areas, including LMI geographies. In addition, FNBA provides a relatively high level of community development services that are responsive to the needs of its assessment areas.

- ▶ FNBA provides delivery systems that are accessible to essentially all portions of the bank's assessment areas.
- ▶ The bank has not opened or closed any branches during the evaluation period.
- ▶ Services are generally tailored to the convenience and needs of the assessment areas, and do not vary in a way that inconveniences certain portions of the assessment area, particularly LMI individuals or geographies.
- ▶ FNBA provides a relatively high level of community development services.

Retail Banking Services

The bank's offices are accessible to customers in its assessment area. Six of the bank's 28 branches (21%) are located in moderate income geographies, 18 (64%) are located in middle income geographies, and four (14%) are located in upper income geographies. This compares favorably to the demographics of the bank's assessment area which consists of 3% low income, 14% moderate income, 56% middle income and 27% upper income geographies. The branch distribution also matches the population distribution of individuals in the assessment areas, which totals 4% in low income, 13% in moderate income, 52% in middle income, and 31% in high income geographies.

Alaska presents unique challenges to offering retail banking services given the vast expanse of land, sparsely populated communities, and limited modes of transportation available. FNBA has been successful in offering basic banking services to all geographies in its assessment areas by offering FirstLine (a bank by phone product), and BusinessLink, accessed by computer.

Over the evaluation period, FNBA opened 17 off-site, non-deposit taking ATM's. Four of these were within the bank's assessment areas, including one in a low- income geography. Ability to access cash was an identified need in many of these communities. The remaining ATM's match up with the distribution of the branches.

Since our last examination, FNBA has not opened or closed any branches. The bank offers reasonable business hours which are structured to accommodate customers' needs. Twelve of the bank's branches have Saturday hours, including three in LMI geographies.

FNBA's alternative delivery systems include proprietary and non-proprietary ATM's, FirstLine bank by mail, BusinessLink, and Direct Deposit. Bi-lingual services are available at several offices including Yup'ik in Bethel, Tagalog and Spanish in Kodiak and Spanish at the Eastchester branch in Anchorage.

Table 10

BRANCH DISTRIBUTION											
Assessment Areas	% of Total Dep.	Total dep. \$ mil	Market Share	Branches						% of AA Population	
				#	% of all	Location of Branches by Income of AA Geographies #//%				Low-Inc Geos	Mod-Inc Geos
						Low	Mod	Mid	Up		
Anchorage MSA	57%	\$524	29%	10	36%	0%	5/18%	5/18%	0/0%	7%	20%
Bethel Area	2%	\$16	48%	1	4%	NA	NA	1/4%	NA	NA	NA
Fairbanks Northstar	6%	\$52	10%	2	7%	NA	1/4%	1/4%	0/0%	NA	15%
Haines	2%	\$19	100%	1	4%	NA	NA	1/3%	NA	NA	NA
Juneau	7%	\$67	15%	3	11%	NA	NA	2/7%	1/4%	NA	NA
Kenai Peninsula	11%	\$103	34%	5	18%	NA	0%	4/14%	1/4%	NA	4%
Kodiak Island	3%	\$32	31%	1	4%	NA	NA	1/4%	0/0%	NA	NA
Matanuska-Susitna	6%	\$51	30%	2	7%	NA	0%	1/4%	1/4%	NA	9%
Sitka	3%	\$27	22%	1	4%	NA	NA	1/4%	NA	NA	NA
Valdez-Cordova	3%	\$27	28%	2	7%	NA	NA	NA	2/7%	NA	NA
Sub-BNAs	43%	\$394	NA	18	64%	NA	1/4%	12/43%	5/18%	NA	NA
Total	100%	\$918	NA	28	100%	0/0%	6/22%	17/61%	5/18%	NA	NA

Deposit and market share data is as of June 30, 1997 for all FDIC-Insured Institutions as reported by the FDIC
Geos. = Geographies

Community Development Services

- ▶ FNBA provides a relatively high level of community development services.

FNBA offers a variety of community development services which are focused on a large number of people and organizations within its assessment area. FNBA has focused its community development services on building the capacity and infrastructure necessary to support economic development and affordable housing throughout its assessment areas, primarily in rural areas. Examples include administering grant money awarded by the Federal Home Loan Bank through its Affordable Housing Program, help in designing and funding the Small Business Development Center's Rural Outreach Program, and working with Community Credit Counseling Services (CCCS) to develop the Home Ownership Center of Alaska. Please refer to the Metropolitan Statistical Area and Non-Metropolitan Statistical Areas comment for details.

Compliance with Antidiscrimination Laws and Regulations

In conjunction with this CRA examination, we also performed a fair lending examination of FNBA. We used the OCC's fair lending examination procedures and focused on a sample of American Indians/Alaskan Natives and white applicants for residential home refinances that were processed between June 30, 1997 and June 30, 1998. In total, 118 loan files were reviewed. Our objective was to determine if FNBA provided consistent treatment to these home refinance 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.

- ▶ FNBA 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.
- ▶ FNBA has a satisfactory process in place to help ensure ongoing compliance with fair lending laws.

Description of Assessment Area

Description of Institution's Operations in Alaska

Alaska is the northern, western, and eastern most point in the United States. The state's population is estimated at 621,400 by the Alaska Department of Labor (See Table 11 for additional demographic data). Alaska's economy is diverse. Statewide unemployment figures are the lowest in recent history. By far, Alaska's most important revenue source is the oil and natural gas industry comprising 90% of the state's revenues. The state's largest private industry employers are the seafood processing and fishing industries. The timber industry provides thousands of jobs and millions of dollars in revenue, especially in the southeast region of Alaska. Tourism, which is on the rise, is also very important to the state's economy.

Despite positive economic indicators, Alaska still faces challenges unique to its history, culture and geographic makeup. According to the Alaska Department of Community and Regional Affairs (ADCRA), many of Alaska's communities are relatively new and still very much in transition, especially in rural Alaska. Many communities are not connected to the state's road system and some smaller communities have barely established a cash economy. There are still fundamental unmet needs for basic infrastructure development as well as a need for capacity building in local government sectors.

During our examination we met with and/or spoke with various representatives of organizations serving the bank's communities. These groups represented housing, small business, rural and civic type interests. The information obtained during this process supports the bank's view that the two major credit needs in urban and rural communities are affordable housing and loans to small

businesses. In addition, there is the very basic need of providing technical assistance and capacity building for these two types of needs. Technical assistance is needed in the form of credit education, home-ownership counseling and assistance in applying for business credit.

Table 11

Demographic Information Aggregate Assessment Area										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	CTs/BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	3	3%	16,956	4%	616	3%	6,065	1%	3,763	4%
Moderate	16	14%	57,410	14%	3,864	21%	28,657	8%	13,410	13%
Middle	63	56%	220,795	53%	10,028	54%	95,059	55%	55,915	52%
Upper	30	27%	123,942	30%	4,213	22%	47,995	36%	32,998	31%
NA	0	0%	0	0%	0	0%	0	0%	0	0%
Totals	112	100%	419,103	100%	18,721	100%	177,776	100%	106,086	100%
Median Family Income			= \$45,832			Median Housing Value			= \$86,930	
HUD Adjusted MFI for 1997			= \$51,477			Unemployment Rate (September 30, 1998)			= 4.8%*	

Source: 1990 U.S. Census and 1998 HUD updated MFI. Lower table values for median family and adjusted median family incomes and median housing value are based on State of Alaska total and not assessment area totals. Such numbers are not available for the bank's specific assessment area.

(*) Unemployment rate is for the entire State of Alaska from the Alaska Department of Labor.

Metropolitan Areas-Full Scope Review

ANCHORAGE MSA #0380

Description of Institution's Operations in the Anchorage MSA

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 ADCRA. That is up some 10% since the 1990 census reporting of 226,338. Anchorage's population represents 54% 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. Many residents participate in nearby recreational and subsistence activities.

Table 12

Demographic Information Anchorage MSA #0380										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	3	5%	16,956	7%	616	6%	6,065	6%	11,509	20%
Moderate	11	20%	44,158	20%	2,903	29%	21,273	23%	10,349	18%
Middle	25	45%	95,985	42%	4,138	42%	41,343	44%	12,850	22%
Upper	16	29%	69,239	31%	2,236	23%	25,472	27%	22,811	40%
NA	1	2%	0	0%	0	0%	0	0%	0	0%
Totals	56	100%	226,338	100%	9,893	100%	94,153	100%	57,519	100%
Median Family Income = \$50,108				Median Housing Value = \$98,375						
HUD Adjusted MFI 1998 = \$59,200				Unemployment Rate (September 30, 1998) = 3.8%						

Source: 1990 U.S. Census and 1998 HUD updated MFI. Unemployment rate is from the Alaska Department of Labor.

Conclusions with respect to Performance Tests in the Anchorage MSA

As FNBA has a material portion of its deposits (57%), branches (36%), and reportable loan originations (39%) in this assessment area, the bank's performance in this assessment area significantly influenced the bank's overall rating.

LENDING TEST

Lending Activity

FNBA's lending, see Tables 4-9, reflects strong responsiveness to credit needs in the Anchorage MSA assessment area, commensurate with its scope of operations in the area. During the evaluation period, FNBA originated 5,436 loans totaling approximately \$305 million. The majority of reportable loan originations (47% of the number and 59% of the dollars) were small loans to businesses/farms, reflective of FNBA's historical focus on business lending. Thus, small business lending performance carries more weight in this assessment area in determining FNBA's overall lending performance. Residential mortgage and consumer lending represent secondary lines of business for FNBA.

Based on 1996 and 1997 Aggregate Small Business data and the number of loans originated, FNBA's 38% market share ranks it the largest originator of small loans to businesses within the Anchorage MSA. National Bank of Alaska and Key Bank Alaska and two credit card banks dominate the rest of the assessment area with a combined market share of small loans to businesses averaging 53% over the two-year reportable period. Based on 1996 and 1997 Aggregate HMDA data, FNBA is a major originator of residential mortgage loans in this assessment area with a market rank of 6 and an average market share of 5.5% over both years.

Geographic Distribution of Loans

- ▶ FNBA's overall geographic distribution of loans reflects adequate dispersion throughout the Anchorage MSA, including LMI census tracts.

Small Business Loans

FNBA's geographic distribution of small business loans, detailed in Table 4, reflects adequate dispersion throughout its assessment areas. The bank's portion of small loans to businesses made in low-income census tracts is slightly greater than the portion of businesses located in those tracts, while the portion of loans made in moderate-income census tracts is significantly below the portion of businesses located in those tracts. Performance peaked in 1996 and has stayed constant over the last year and one half. Based on 1996 and 1997 Peer Small Business data, FNBA has generally equaled the aggregate market in low-income census tracts while under performing in moderate-income census tracts. In addition, FNBA's market share of loans in LMI census tracts, has been consistently below its overall (ALL column in the table) market share of 38% for 1996 and 1997.

Residential Mortgage Loans

FNBA's geographic distribution of residential mortgage loans, detailed in Table 5, reflects very good dispersion throughout its assessment areas. The portion of residential mortgage loans made in LMI census tracts approximates or exceeds the portion of owner-occupied housing units that are within those tracts. In addition, based on 1996 and 1997 Aggregate HMDA data, FNBA exceeded the aggregate market both LMI census tracts. Finally, FNBA's market share of loans originated in LMI census tracts exceeds its overall market (ALL column in the table) share.

Consumer

FNBA's geographic distribution of consumer loans, detailed in Table 6, reflects adequate dispersion in the Anchorage MSA. The portion of consumer loans made in LMI census tracts, is less than the portion of population and/or families that reside within those tracts. FNBA's portion of loans originated in LMI census tracts has remained relatively constant throughout the evaluation period.

Borrower Distribution

- ▶ FNBA's overall borrower distribution of loans reflects excellent responsiveness to the credit needs of borrowers throughout its assessment areas.

Small Business Loans

FNBA's distribution of small loans to businesses, detailed in Table 7, reflects very good responsiveness to the credit needs of small businesses throughout the Anchorage MSA. Approximately 88% of the small loans to businesses which FNBA originated were to businesses with revenues of less than \$1 million. The portion of FNBA's loans originated to such businesses is slightly lower than the portion of businesses with revenues of less than \$1 million in its assessment areas. However, based on 1996 and 1997 Aggregate Small Business data, FNBA's performance was significantly better than the aggregate market (88% versus 55% and 60% for the market in 1996 and 1997 respectively). This is also supported by the fact that the bank's market share of all loans at 48% is significantly less than the bank's market share of 47% for loans made with revenues \$1 million or less. Finally, the portion of the bank's loans made in amounts of \$100 thousand approximates the market.

The 1996 and 1997 Aggregate Small Business data also indicate that FNBA's average loan size is approximately \$63 thousand and \$62 thousand, respectively, versus the market average of \$65 thousand and 63 thousand respectively. The two largest credit card banks, with average loan sizes under \$11 thousand for the two-year period, tend to distort the average loan size. Most significant is that FNBA's average loan size is less than either of its two largest bank competitors.

Residential Mortgage Loans

FNBA's distribution of residential mortgage loans, detailed above in Table 8, reflects excellent dispersion among borrowers of different income levels throughout the Anchorage MSA, particularly to low-income families. FNBA's portion of loans made to low-income families is significantly below the portion of families within FNBA's assessment areas that are defined as low-income. However, this also reflects the shortage of affordable housing in this high cost real estate market. More important, based on 1996 and 1997 Aggregate HMDA data, FNBA significantly outperformed the aggregate market in its assessment areas in lending to low-income families. Over the evaluation period, 13% of the bank's loans went to low-income borrowers versus the market average of 7% and 6% for 1996 and 1997 respectively. In addition, FNBA's portion of loans made to moderate-income families approximated the portion of families that are moderate-income. FNBA also approximated the aggregate market in lending to moderate-income families. Overall, FNBA's market share of loans made to LMI families generally exceeded its overall market share.

Consumer

FNBA's distribution of consumer loans, detailed in Table 9, reflects very good dispersion among borrowers of different income levels in the Anchorage MSA. FNBA's portion of loans made to LMI families generally exceeds the portion of families within FNBA's assessment areas that are defined as LMI.

Community Development Lending

- ▶ FNBA has made a low level of community development loans over the evaluation period. These loans specifically addressed credit needs identified in LMI geographies, serving LMI persons, or providing activities which revitalize and/or stabilize distressed geographies. We've summarized the characteristics of these loans below.

The bank funded nine loans totaling \$1.02 million. These multi-family housing loans qualify as community development loans even though we also considered them in our HMDA analysis. These properties are all located in LMI geographies in the Renaissance Zone. The Municipality of Anchorage designated a portion of the city as the Renaissance Zone in order to encourage economic development in the neighborhoods with the greatest need. Within the Zone, at least 51% of the households have incomes at or below 80% of the area median.

Product Innovation and Flexibility - Anchorage MSA

- ▶ FNBA uses flexible lending practices to serve its assessment areas, both inside and outside the Anchorage MSA. These practices enhance the bank's lending performance as they focus on meeting the credit needs of LMI individuals and geographies.

The following examples demonstrate these products.

- ▶ Anchorage Communities Homeownership Resource (AnCHOR) program sponsored by the Municipality of Anchorage. This innovative program was initiated by the Municipality of Anchorage in July 1997 to serve primarily LMI individuals purchasing homes in the Municipality's targeted Renaissance Zone. The program offers downpayment assistance to borrowers in the form of a second mortgage which requires no monthly payments and no interest charges. Ten percent of the AnCHOR loan amount is forgiven each year the residence is occupied by the borrower. The volume since inception totaled \$4.5 million (68 loans) under this program.
- ▶ FNBA also showed leadership in providing affordable housing in the Anchorage area by processing the paperwork and coordinating the closing for twenty loans totaling \$716 thousand which used AnCHOR funds combined with Anchorage Neighborhood Housing Services funds for the first mortgage. FNBA did not book these loans, and did not charge a fee for the service.
- ▶ Anchorage Neighborhood Housing Services' Homebuyer Assistance Program. The volume over the evaluation period totaled 13 loans for \$948 thousand. This program targets LMI neighborhoods in the Anchorage area by providing a second mortgage loan to assist with the down payment and closing costs.

INVESTMENT TEST

- ▶ FNBA has an adequate level of qualified community development related investments, given the opportunities available in the assessment area.
- ▶ FNBA exhibits reasonable responsiveness to credit and community economic development needs.
- ▶ The bank occasionally uses innovative and/or complex investments to support community development initiatives.

During the CRA evaluation period, the bank made a total of \$2.38 million of qualified investments in the Anchorage MSA. This is in addition to the \$1.785 million in existing AHFC housing bonds purchased in 1993 and the remaining unused Federal Low Income Housing Tax Credits of \$1.97 million. The qualified investments include the following:

- ▶ Federal Low Income Housing Tax Credits totaling \$2.13 million. These tax credits were for an apartment complex that houses low-and moderate-income individuals.
- ▶ A \$10 thousand contribution to help fund initial start-up expenses of the Home Ownership Center of Alaska, a program to be operated by Consumer Credit Counseling Services. The Center is a homebuyer education, pre-qualifying and counseling program targeted to LMI first time homebuyers. FNBA staff was instrumental in identifying a need for a homeownership counseling center that focused on individuals and families that were in a position to purchase a home but needed education or counseling assistance.

SERVICE TEST

- ▶ FNBA provides delivery systems that are accessible to essentially all portions of the bank's assessment areas.
- ▶ The bank has not opened or closed any branches during the evaluation period.
- ▶ Services are generally tailored to the convenience and needs of the assessment areas, and do not vary in a way that inconveniences certain portions of the assessment area, particularly LMI individuals or geographies.
- ▶ FNBA provides a relatively high level of community development services.

Ten of the bank's 28 offices are located in the Anchorage MSA. Five of the offices are located in moderate-income geographies (census tracts) and five are located in middle-income geographies. Of the total Anchorage geographies, 5% are low-income, 20% are moderate-income, 45% are middle-income and 29% are upper-income. The branch distribution is generally in line with the population distribution of individuals in the assessment areas, which totals 5% in low income, 20% in moderate income, 45% in middle income, and 29% in high income geographies.

In addition to its offices, the bank has ATMs at nine of its branches, Firstline bank-by-phone, and telephone access for the hearing impaired. Bank management monitors lobby traffic and tailors banking hours to accommodate the needs of its customers. FNBA offers a full range of loan and

deposit products at all of its branches, including loan programs for low-and moderate-income individuals.

Community Development Services - Anchorage MSA

- ▶ FNBA provides a relatively high level of community development services.

FNBA offers a wide variety of community development services which are focused on a large number of people and organizations within the Anchorage MSA. Some of these services are collaborative with community and government organizations and reflect a willingness to take innovative steps to reach LMI people within the assessment area. The bank focuses its efforts on building the infrastructure and capacity needed to help a broad range of people. Several of the more innovative programs are described below.

Home Ownership Center of Alaska - FNBA personnel took a leadership role in developing the curriculum for this new program which will be offered by the Consumer Credit Counseling Service. FNBA personnel, through their experience in administering the Municipality of Anchorage's AnCHOR low income home loan program, identified the need for technical assistance for applicants. This program will educate and assist low-and moderate-income home buyers with assistance in preparing mortgage applications, working with credit reports, etc. The bank also pledged \$10 thousand toward startup expenses.

Family Self Sufficiency Program/Gateway Center - FNBA's CRA Officer chairs the Committee on Families for Financial Independence (COFFI), which is an advisory committee for the Alaska Work Program - Anchorage Jobs, Opportunities, and Basic Skills (JOBS) and the Alaska Housing Finance Corporation Anchorage Family Self-Sufficiency (FSS) program. The goal for both the JOBS and FSS programs is to assist families in seeking and maintaining employment. The Gateway Center is a job training facility that was developed through COFFI, and provides computer, child-care, business and other types of training to people in the welfare-to-work program.

Financial Education - FNBA has provided an ongoing series of first-time homebuyers workshops (Good Cents for Homebuyers, Seven Steps to Homeownership), and has co-sponsored a series of small business workshops with the University of Anchorage Small business Development Center. Homebuyer classes have been presented in both English and Spanish. Over the evaluation period, the bank held 34 sessions which have reached more than 340 individuals.

Habitat for Humanity & Womensfund - FNBA provides free loan servicing for loans originated by the YWCA Womensfund micro-loan program and Habitat for Humanity, which helps LMI people build their own homes.

Mother Alice Lawrence Home - FNBA personnel were members of the core organizing committee that marshaled community resources to build a new house for "Mother" Alice Lawrence, who has been serving the needs of low-income people out of her house for more than 20 years. Her old house had become dilapidated and dangerous as a result of removing load bearing walls to house additional food and clothing for the poor. In addition, FNBA contributed \$15 thousand to the project.

Staff Resources - FNBA donated the services of a mortgage lender for a period of two weeks to Anchorage Neighborhood Housing Services to improve the workflow through ANHS's Homebuyer Assistance Program which is targeted to LMI borrowers.

Alaska Nonmetropolitan Statewide Area

Description of Institution's Operations in the Nonmetropolitan Statewide Area

As previously mentioned, the nonmetropolitan statewide area comprises nine boroughs or partial boroughs and which are individually detailed in the section Assessment Areas. This includes demographic information about each area as well as branch and deposit information. Conclusions with respect to each performance test follow the descriptions of all the counties. The nine assessment areas located within the nonmetropolitan statewide area include the geographies known as the Bethel Census Area, Fairbanks Northstar, Haines, Juneau, Kenai Peninsula, Kodiak Island, Matanuska-Susitna, Sitka, and Valdez-Cordova.

Table 13

Demographic Information Nonmetropolitan Statewide Area										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	CTs/BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	8,406	17%
Moderate	5	9%	13,252	7%	961	11%	7,384	9%	7,530	15%
Middle	38	67%	124,810	65%	5,890	67%	53,716	64%	10,927	23%
Upper	14	25%	54,703	28%	1,977	22%	22,523	27%	21,704	45%
Totals	57	100%	192,765	100%	8828	100%	83,623	100%	48,567	100%
Median Family Income			= \$44,045			Median Housing Value			= \$89,539	
HUD Adjusted MFI for 1998			= \$50,100			Unemployment Rate			= 4.8%*	

Source: 1990 U.S. Census and 1998 HUD updated MFI. Based on statewide nonmetropolitan statistics.

(*) Unemployment rate is for the entire State of Alaska from the Alaska Department of Labor.

Conclusions with respect to Performance Tests in the Nonmetropolitan Statewide Area

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of Alaska section of this Performance Evaluation and from the above demographic tables. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

FNBA has a material portion of its deposits (43%), branches (64%), and reportable loan originations (61%) in the nonmetropolitan statewide area, the bank's performance in this assessment area influences the bank's overall rating.

LENDING TEST

Lending Activity

FNBA's lending, see Tables 4-9 and 25, reflects strong responsiveness to credit needs in the nonmetropolitan statewide assessment area, commensurate with its scope of operations in the area. During the evaluation period, FNBA originated 8,364 loans totaling approximately \$407 million. The majority of reportable loan originations (48% of the number and 62% of the dollars) were small loans to businesses/farms, reflective of FNBA's historical focus on business lending. Thus, small business lending performance carries more weight in this assessment area in determining FNBA's overall lending performance. Residential mortgage and consumer lending represent secondary lines of business for FNBA.

Based on 1996 and 1997 Aggregate Small Business data and the number of loans originated, FNBA's 42% market share ranks it the largest originator of small loans to businesses within the entire statewide nonmetropolitan area. Information about the bank's more limited assessment area is not available. Thus, all market analyses for small business lending includes this larger area. Since the bank is being assessed against a larger geographical area, its actual performance within its defined assessment would look even more impressive. National Bank of Alaska and Key Bank Alaska and three credit card banks dominate the rest of this assessment area with a combined market share of small loans to businesses averaging 54% over the two-year reportable period. Based on 1996 and 1997 Aggregate HMDA data, FNBA is a major originator of residential mortgage loans in this assessment area with a market rank of 3 and an average market share of 9.5% over the two-year period.

Geographic Distribution of Loans

- ▶ FNBA's overall geographic distribution of loans reflects adequate dispersion throughout the bank's statewide nonmetropolitan assessment area, including LMI geographies/Burroughs.

Since there are no low-income geographies within the bank's assessment that aspect of performance is not applicable in the following analyses.

Small Business Loans

FNBA's geographic distribution of small business loans, detailed in Table 4, reflects adequate dispersion throughout this assessment area. The bank's portion of small loans to businesses made in moderate-income geographies. Based on 1996 and 1997 Peer Small Business data, FNBA has generally equaled the aggregate market in moderate-income geographies. However, FNBA's market share of loans in moderate-income geographies, has been consistently below its overall (ALL column in the table) market share of 41% for 1996 and 40% for 1997. Moderate-income performance is showing improvement going from 19% in 1996 to 28% in 1997.

Residential Mortgage Loans

FNBA's geographic distribution of residential mortgage loans, detailed in Table 5, reflects very good dispersion throughout its assessment areas. The portion of residential mortgage loans made in moderate income geographies exceeds the portion of owner-occupied housing units that are within

those tracts. In addition, based on 1996 and 1997 Aggregate HMDA data, FNBA approximates the aggregate market in moderate-income geographies. Market share performance in moderate-income geographies has fallen from 31% in 1996 to 22% in 1997 as the bank's overall market share for 1997 at 18%, now exceeds its LMI market share of 9%. Overall though, FNBA's market share of loans originated in moderate-income geographies exceeds its overall (ALL column in the table) market share.

Consumer

FNBA's geographic distribution of consumer loans, detailed in Table 6, reflects weak dispersion throughout the statewide nonmetropolitan assessment area. The portion of consumer loans made in moderate-income geographies, is less than the portion of population and/or families that reside within those tracts. FNBA's portion of loans originated in moderate-income geographies has remained relatively constant throughout the evaluation period.

Borrower Distribution

- ▶ FNBA's overall borrower distribution of loans reflects excellent responsiveness to the credit needs of borrowers throughout its assessment areas.

Small Business Loans

FNBA's distribution of small loans to businesses, detailed in Table 7, reflects very good responsiveness to the credit needs of small businesses throughout the statewide nonmetropolitan assessment area. Approximately 85% of the small loans to businesses which FNBA originated were to businesses with revenues of less than \$1 million. The portion of FNBA's loans originated to such businesses is lower than the portion of businesses with revenues of less than \$1 million in its assessment areas. However, based on 1996 and 1997 Aggregate Small Business data, FNBA's performance was significantly better than the aggregate market (85% versus 80% and 77% for market in 1996 and 1997 respectively). This is also supported by the fact that the bank's market share of all (All column in table) loans is less than the bank's market share of loans made with revenues \$1 million or less. Finally, the portion of the bank's loans made in amounts of \$100 thousand approximates the market.

The 1996 and 1997 Aggregate Small Business data also indicate that FNBA's average loan size is approximately \$60 thousand and \$65 thousand, respectively, versus the market average of \$65 thousand and 67 thousand respectively. The two largest credit card banks, with average loan sizes under \$11 thousand for the two-year period, tend to distort the average loan size. Most significant is that FNBA's average loan size is less than either of its two largest bank competitors.

Residential Mortgage Loans

FNBA's distribution of residential mortgage loans, detailed in Table 8, reflects very good dispersion among borrowers of different income levels throughout the statewide nonmetropolitan assessment area, particularly to low-income families. FNBA's portion of loans made to low-income families is significantly below the portion of families within FNBA's assessment areas that are defined as low-income. However, this also reflects the shortage of affordable housing in this high cost real estate market. More important, based on 1996 and 1997 Aggregate HMDA data, FNBA significantly

outperformed the aggregate market in its assessment areas in lending to low-income families. Over the evaluation period 6% of the bank's loans went to low income borrowers versus the market average of 4% for both 1996 and 1997. In addition, FNBA's portion of loans made to moderate-income families approximated the portion of families that are moderate-income. FNBA also approximated the aggregate market in lending to moderate-income families. Overall, FNBA's market share of loans made to low-income families exceeded its overall market share.

Consumer

FNBA's distribution of consumer loans, detailed in Table 9, reflects very good dispersion among borrowers of different income levels in the statewide nonmetropolitan assessment area. FNBA's portion of loans made to LMI families either approximates or exceeds the portion of families within FNBA's assessment areas that are defined as LMI.

Community Development Lending

The bank did not make any loans in the nonmetropolitan statewide area. The bank has pointed out that community development opportunities in this area are limited.

Product Innovation and Flexibility

See above comments in Conclusions with Respect to Performance Tests section.

INVESTMENT TEST

- ▶ FNBA has a reasonable volume of qualified investments in its assessment area outside of the Anchorage MSA, given the limited opportunities available.
- ▶ FNBA exhibits good responsiveness to credit and community economic development needs.
- ▶ The bank occasionally uses innovative and/or complex investments to support community development initiatives.

The bank's qualified investments are responsive to community credit and economic development needs outside of the Anchorage MSA. The bank occasionally uses innovative investments to support community development initiatives. Over the evaluation period, the bank made \$365 thousand of investments outside the Anchorage MSA. These investments included:

- ▶ FNBA committed \$500 thousand to the University of Anchorage Small Business Development Center Rural Outreach Program over a five year period. To date, \$101 thousand has been disbursed to this program. FNBA was instrumental in establishing this program by soliciting funding partners, developing goals and objectives, etc. The program provides business counseling such as development of business plans, loan packaging, refinancing, etc. to rural areas traditionally under served by other programs.
- ▶ FNBA contributed \$98.5 thousand to the Kenai Peninsula Small Business Development Center (Center). This was the final contribution of a three year, \$300 thousand grant. The Center

opened in 1995 and is designed to aid small business owners by providing access to capital and technical assistance.

- ▶ The bank contributed \$9 thousand to the Rural Community Assistance Corporation to fund costs of writing and producing a workbook and video for nonprofit housing developers in Alaska.
- ▶ The bank contributed \$5 thousand to the Mat-Su Small Business Development Center to provide business counseling services to current and future small business owners.

SERVICE TEST

- ▶ FNBA provides delivery systems that are accessible to essentially all portions of the bank's assessment areas.
- ▶ The bank has not opened or closed any branches during the evaluation period.
- ▶ Services are generally tailored to the convenience and needs of the assessment areas, and do not vary in a way that inconveniences certain portions of the assessment area, particularly LMI individuals or geographies.
- ▶ FNBA provides a relatively high level of community development services.

FNBA's delivery systems are accessible to its assessment areas. The bank has not opened or closed any branches during the evaluation period. All offices provide the same products and services and business hours are tailored to accommodate customer needs. FNBA provides community development services that are responsive to community needs.

The bank has branches in each of its assessment areas outside the Anchorage MSA. Eighteen branches are located in the non-MSA areas. One office (6% of total) is located in a moderate-income geography, 13 offices (72%) are located in middle-income geographies, and four offices (22%) are in upper-income geographies. Of the 57 non-MSA geographies, 9% are moderate-income, 66% are middle-income, and 25% are upper-income. There are no low income geographies in these assessment areas. The branch distribution also matches the population distribution of individuals in the assessment areas, which totals 7% in moderate income, 65% in middle income, and 28% in high income geographies.

FNBA provided the following community development services that are responsive to community needs. Several of these services are complex and/or innovative and are structured to reach smaller communities in new ways. A few of these are listed below.

Small Business Development Center's Rural Outreach Program - FNBA personnel took a leadership role in helping to design this program, recruit other funding partners, and contributed \$100 thousand of a five year, \$500 thousand total commitment. This program provides business counseling services to rural Alaskans.

Affordable Housing Grant Program - Through its membership with the Federal Home Loan Bank (FHLB) of Seattle, FNBA was recently awarded a grant of \$1.03 million to help 22 rural Alaska Native villages provide homeownership opportunities for up to 87 low-income residents through a program called Housing for Self-Determination. FNBA will use the grant funds to provide downpayment and closing cost assistance to homebuyers and to reduce the principal and/or interest on the mortgages and/or construction loans it will provide for the project.

Financial Education - FNBA staff have helped to develop and present affordable housing conferences and workshops with nonprofit and community organizations in Fairbanks and Juneau. Branch managers have participated in a variety of small business workshops in Fairbanks, Juneau and the Matanuska-Susitna Valley.

ASSESSMENT AREAS

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of Alaska section of this Performance Evaluation and from the following demographic tables. In addition, summary lending table is found in Appendix B. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

FNBA's lending, investment, and service performance in the individual nonmetropolitan assessment areas are consistent with its overall performance for the statewide nonmetropolitan assessment area.

Bethel Census Area - Partial Assessment Area

Description of Institution's Operations in the Bethel Census Area

Bethel is located 400 air miles west of Anchorage. Its population is estimated at 5,463 as of December 1997 by the ADCRA. Bethel is a regional center for more than 50 villages in the Yukon-Kuskokwim Delta. Food, transportation, and medical care are provided in Bethel. The government is a major employer, providing at least half of the jobs in the area. The traditional Yup'ik Eskimo practices and language remain predominant in the area, as approximately 63% of the population are Alaskan Natives. Subsistence activities and commercial fishing are major contributors to residents' livelihoods. The airport serves as the transportation center for the area, as Bethel is not connected to the rest of the state by road. Approximately 25% of residents do not have complete plumbing in their homes.

The bank has a major presence in this area even with only one freestanding branch. As of June 30, 1997, it had some \$16 million in deposits. This represents 2% of all FNBA's deposits but a deposit market share of 48%. Over the evaluation period 2% of the number and 1% of the dollar volume of the bank's loans were made here.

Table 14

Demographic Information Bethel Census Area										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	240	24%
Moderate	0	0%	0	0%	0	0%	0	0%	134	13%
Middle	1	100%	4,736	100%	130	100%	1,652	100%	219	21%
Upper	0	0%	0	0%	0	0%	0	0%	423	42%
Totals		100%	4,736	100%	130	100%	1,652	100%	1,016	100%
Median Family Income = \$44,045				Median Housing Value = \$86,496						
HUD Adjusted MFI for 1998 = \$50,100				Unemployment Rate (September 30, 1998) = 8.2%						

Source: 1990 U.S. Census and 1998 HUD updated MFI. Based on statewide nonmetropolitan statistics. Unemployment information obtained from Alaska Department of Labor.

Fairbanks North Star Partial Assessment Area

Description of Institution's Operations in the Fairbanks North Star Borough

Fairbanks is located in the heart of Interior Alaska and is the second largest population center in the state. Its population is estimated at 83,928 as of December 1997 by the ADCRA. As the regional service and supply center for Interior Alaska, government, transportation, communication, financial, and regional medical services contribute to the local economy. Tourism and mining are also significant industries. Local, state, and Federal government agencies, including the military, provide nearly half of the employment in the Borough. The Borough is primarily non-native, although recreational and subsistence hunting and fishing activities are prevalent. The lack of affordable housing, both for renters and homeowners, is an ongoing problem in the area.

The bank has a strong presence in this area even with only two freestanding branches. As of June 30, 1997, it had some \$52 million in deposits. This represents 6% of all FNBA's deposits but a deposit market share of 10%. Over the evaluation period 15% of the number and 19% of the dollar volume of all loans were made here.

Table 15

Demographic Information Fairbanks North Star Partial Borough										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	3,088	19%
Moderate	3	19%	9,423	15%	891	32%	4,860	7%	2,736	17%
Middle	8	50%	31,764	50%	1,378	50%	12,851	48%	3,457	22%
Upper	5	31%	22,554	35%	500	18%	9,898	45%	6,786	42%
Totals	16	100%	63,741	100%	2,769	100%	27,609	100%	16,067	100%
Median Family Income				= \$44,045	Median Housing Value				= \$86,496	
HUD Adjusted MFI for 1998				= \$50,100	Unemployment Rate (September 30, 1998)				= 4.6 %	

Source: 1990 U.S. Census, 1998 HUD updated MFI and Alaska Department of Labor. Unemployment information obtained from Alaska Department of Labor.

Haines Borough Assessment Area

Description of Institution's Operations in Haines Borough

Haines is located on a narrow peninsula 80 air miles northwest of Juneau. Its population is estimated at 1,463 as of December 1997 by the ADCRA. Haines is a major transshipment point due to its deep water port and year round road access to Canada and Interior Alaska. Private sector employment is more than 50%, including retail, transportation, fishing and forestry. Tourism is now an important source of income in the community. More than 150,000 cruise ship passengers are expected to visit Haines in 1998, a 50% increase more than 1997. More than 95% of homes in the area are fully plumbed.

The bank has a major presence in this area even with only one freestanding branch. As of June 30, 1997, it had some \$19 million in deposits. This represents 2% of all FNBA's deposits but a deposit market share of 100%. Over the evaluation period 4% of the number and 2% of the dollar volume of all loans were made here.

Table 16

Demographic Information Haines Borough Assessment Area										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0	0	0%	0	0%	113	21%
Moderate	0	0%	0	0%	0	0%	0	0%	99	18%
Middle	1	100%	2,117	100%	165	100%	1,112	100%	120	22%
Upper	0	0%	0	0%	0	0%	0	0%	209	39%
Totals	1	100%	2,117	100%	165	100%	1,112	100%	541	100%
Median Family Income = \$44,045				Median Housing Value = \$84,700						
HUD Adjusted MFI for 1998 = \$50,100				Unemployment Rate (September 30, 1998) = 5.6 %						

Source: 1990 U.S. Census, 1998 HUD updated MFI, and Alaska Department of Labor. Unemployment information obtained from Alaska Department of Labor.

Juneau Borough Partial Assessment Area

Description of Institution's Operations in the Juneau Borough

Juneau is located on the mainland of Southeast Alaska and is the state's third largest city. It lies 600 air miles southeast of Anchorage, and is accessible only by air and sea. Its population is estimated at 30,236 as of December 1997 by the ADCRA. As the state capital, government jobs employ nearly 45% of Juneau's residents. Tourism is a significant contributor to the private sector economy during the summer months. More than 560,000 visitors are expected in 1998 from 550 cruise ship dockings. Service, logging, mining, and fishing industries are other major employers. Affordable housing is a need in the community.

The bank has a reasonable presence here with three freestanding branches. As of June 30, 1997, it had some \$67 million in deposits. This represents 15% of all FNBA's deposits and a deposit market share of 15%. Over the evaluation period 3% of the number and 2% of the dollar volume of all loans were made here.

Table 17

Demographic Information Juneau Borough Partial Assessment Area										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	614	11%
Moderate	0	0%	0	0%	0	0%	0	0%	731	13%
Middle	3	60%	12,109	54%	1,287	79%	4,942	48%	1,360	24%
Upper	2	40%	10,235	46%	335	21%	3,782	52%	2,934	52%
Totals	5	100%	22,344	100%	1,622	100%	8,724	100%	5,639	100%
Median Family Income = \$44,045				Median Housing Value = \$112,989						
HUD Adjusted MFI for 1998 = \$50,100				Unemployment Rate (September 30, 1998) = 4.5%						

Source: 1990 U.S. Census, 1998 HUD updated MFI, and Alaska Department of Labor. Unemployment information obtained from Alaska Department of Labor.

Kenai Peninsula Borough Partial Assessment Area

Description of Institution's Operations in Kenai Peninsula Borough

The Kenai Peninsula Borough is located 65 miles south of the city of Anchorage. Its population is estimated at 48,815 as of December 1997 by the ADCRA. The area is primarily non-native. The local economy is diverse. Many residents are employed in oil industry services for Cook Inlet drilling and exploration activities. Tourism is active. Other important economic sectors include sport, subsistence and commercial fishing, fish processing, government, timber and lumber, agriculture, construction and retail trade.

The bank has a significant presence in this area with five freestanding branches. As of June 30, 1997, it had some \$103 million in deposits. This represents 11% of all FNBA's deposits but a deposit market share of 34%. Over the evaluation period 2% of the number and 1% of the dollar volume of all loans were made here.

Table 18

Demographic Information Kenai Peninsula Borough										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	1,861	18%
Moderate	1	6%	1,686	4%	62	3%	1,227	6%	1,545	15%
Middle	12	75%	31,278	79%	1,396	78%	14,736	77%	2,174	22%
Upper	3	19%	6,615	17%	347	19%	2,711	17%	4,545	45%
Totals	15	100%	39,579	100%	1,805	100%	18,674	100%	10,125	100%
Median Family Income = \$44,045					Median Housing Value = \$84,079					
HUD Adjusted MFI for 1998 = \$50,100					Unemployment Rate (September 30, 1998) = 7.8 %					

Source: 1990 U.S. Census, 1998 HUD updated MFI, and Alaska Department of Labor. Unemployment information obtained from Alaska Department of Labor.

Kodiak Island Borough - Partial Assessment Area

Description of Institution's Operations in the Kodiak Island Borough

Kodiak Island is the largest Island in Alaska, located approximately 252 air miles south of Anchorage. Its population is estimated at 13,848 as of December 1997 by the ADCRA. The Kodiak economy is based on fishing, seafood processing, and government. The local culture is centered around commercial and subsistence fishing activities. It is the nation's second largest port in seafood volume. The Coast Guard comprises a significant portion of the community and there is a large seasonal population. The Kodiak National Wildlife Refuge encompasses 1.9 million acres on Kodiak and Afognak Islands.

The bank has a major presence in this area even with only one freestanding branch. As of June 30, 1997, it had some \$32 million in deposits. This represents 3% of all FNBA's deposits but a deposit market share of 31%. Over the evaluation period 3% of the number and dollar volume of all loans were made here.

Table 19

Demographic Information										
Kodiak Island Borough - Partial Assessment Area										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	266	12%
Moderate	0	0%	0	0%	0	0%	0	0%	273	13%
Middle	2	67%	3,614	40%	245	55%	1,249	35%	543	26%
Upper	1	33%	5,506	60%	204	45%	1,937	65%	1,039	49%
Totals	3	100%	9,120	100%	449	10%	3,186	100%	2,121	100%
Median Family Income = \$44,045				Median Housing Value = \$127,809						
HUD Adjusted MFI for 1998 = \$50,100				Unemployment Rate (September 30, 1998) = 4.0 %						

Source: 1990 U.S. Census, 1998 HUD updated MFI, and Alaska Department of Labor. Unemployment information obtained from Alaska Department of Labor.

Matanuska-Susitna Borough Partial Assessment Area

Description of Institution's Operations in Matanuska-Susitna Borough

The Matanuska-Susitna Borough consists mainly of farmlands approximately 42 miles northeast of Anchorage. Its population is estimated at 54, 520 as of December 1997 by the ADCRA and is primarily non-native. The economy is diverse with many residents commuting to positions in nearby Anchorage. Several recreational-use homes are owned by Anchorage residents.

The bank has a major presence in this area even with only two freestanding branches. As of June 30, 1997, it had some \$51 million in deposits. This represents 6 of all FNBA's deposits but a deposit market share of 30. Over the evaluation period 10% of the number and 9% of the dollar volume of all loans were made here.

Table 20

Demographic Information Matanuska-Susitna Borough Partial Assessment Area										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	1,722	18%
Moderate	1	9%	2,143	9%	8	1%	1,297	7%	1,493	16%
Middle	9	82%	30,604	82%	820	88%	13,952	85%	2,255	24%
Upper	1	9%	2,910	9%	105	11%	1,116	8%	3,872	42%
Totals	11	100%	35,657	100%	933	100%	16,365	100%	9,342	100%
Median Family Income = \$44,045				Median Housing Value = \$72,169						
HUD Adjusted MFI for 1998 = \$50,100				Unemployment Rate (September 30, 1998) = 5.6%						

Source: 1990 U.S. Census, 1998 HUD updated MFI, and Alaska Department of Labor. Unemployment information obtained from Alaska Department of Labor.

Sitka Borough Assessment Area

Description of Institution's Operations in the Sitka Borough

Sitka is located 95 air miles southwest of Juneau on the Sitka Sound. Its population is estimated at 8,779 as of December 1997 by the ADCRA and is primarily non-native. The economy is diversified through fishing, fish processing, tourism, government, transportation, retail, and health care services. Sitka is a port of call for many cruise ships each summer, with approximately 176,000 visitors expected in 1998. Ninety-five percent of homes in the area are fully plumbed.

The bank has a reasonable presence in this area with only one freestanding branch. As of June 30, 1997, it had some \$27 million in deposits. This represents 3% of all FNBA's deposits and a deposit market share of 22%. Over the evaluation period 4% of the number and dollar volume of all loans were made here.

Table 21

Demographic Information Sitka Borough										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	288	14%
Moderate	0	0%	0	0%	0	0%	0	0%	378	18%
Middle	2	100%	8,588	100%	469	100%	3,222	100%	489	23%
Upper	0	0%	0	0%	0	0%	0	0%	937	45%
Totals	2	100%	8,588	100%	469	100%	3,222	100%	2,092	100%
Median Family Income = \$44,045					Median Housing Value = \$120,750					
HUD Adjusted MFI for 1998 = \$50,100					Unemployment Rate (September 30, 1998) = 4.1%					

Source: 1990 U.S. Census, 1998 HUD updated MFI, and Alaska Department of Labor. Unemployment information obtained from Alaska Department of Labor.

Valdez-Cordova Census Area - Partial Assessment Area

Description of Institution's Operations in the Valdez-Cordova Census Area

Valdez is located 305 road miles south of Anchorage, near Prince William Sound. It is the southern terminus of the Trans-Alaska Oil Pipeline. Its population is estimated at 4,155 as of December 1997 by the DCRA and is primarily non-native. Government jobs provide significant employment. Due to oil taxation revenues, the city offers a variety of public services. The major private employers in Valdez are oil companies and oil support/transport services. More than 95% of homes in the area are fully plumbed.

The bank has a significant presence in this area with two freestanding branches. As of June 30, 1997, it had some \$27 million in deposits. This represents 3% of all FNBA's deposits but a deposit market share of 28%. Over the evaluation period 4% of the number and 2% of the dollar volume of all loans were made here.

Table 22

Demographic Information										
Valdez-Cordova Census Area - Partial Assessment Area										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	BNAs		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	214	13%
Moderate	0	0%	0	0%	0	0%	0	0%	141	9%
Middle	0	0%	0	0%	0	0%	0	0%	310	19%
Upper	2	100%	6,883	100%	486	100%	3,079	100%	959	59%
Totals	2	100%	6,883	100%	486	100%	3,079	100%	1,624	100%
Median Family Income = \$44,045					Median Housing Value = \$120,750					
HUD Adjusted MFI for 1998 = \$50,100					Unemployment Rate (September 30, 1998) = 5.4%					

Source: 1990 U.S. Census, 1998 HUD updated MFI, and Alaska Department of Labor. Unemployment information obtained from Alaska Department of Labor.

Appendix A: SCOPE OF EXAMINATION

This examination followed the Interagency CRA Examination Procedures for Large Retail Institutions. These procedures evaluated the performance tests prescribed under CRA's implementing regulations. Our analysis of FNBA's performance included the evaluation of the distribution of credit at four income levels. In addition, our analysis looked at total residential, small business/farm and consumer lending and their individual components. For consumer loans we evaluated the loan products of: motor vehicle, equity lines, secured loans, and unsecured loans.

For insight into the context of FNBA's performance, we reviewed its previous CRA Public Disclosures as well as those of similarly situated institutions within the bank's assessment areas. We used information derived from the 1996 and 1997 Aggregate HMDA and Small Business data to determine performance of the bank's competitors within its assessment areas. We also considered demographic data from the 1990 Census for the state, MSA, and other assessment areas. The table that follows identifies the time period covered in this evaluation and the bank's loan products considered. The table also reflects the assessment areas that received comprehensive examination analysis (designated by the term Full-Scope) and those that received a less comprehensive review (designated by the term Limited-Scope.)

Table 24

Time Period Reviewed	April 1, 1996 through June 30, 1998	
Financial institution	Products reviewed	
First National Bank of Anchorage	Residential, Small Business, Small Farm, and Consumer	
Affiliates	Affiliate relationship	Products reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Anchorage MSA	Full-scope	
Statewide Nonmetropolitan Area	Full-Scope	
Bethel Census Area	Limited-scope	
Fairbanks Northstar	Limited-Scope	
Haines	Limited-Scope	
Juneau	Limited-Scope	
Kenai Peninsula	Limited-Scope	
Kodiak Island	Limited-Scope	
Matanuska-Susitna	Limited-Scope	
Sitka	Limited-Scope	
Valdez-Cordova	Limited-Scope	

Appendix B: SUPPLEMENTAL LENDING TABLES

Table 25

Volume of Lending State: ALL										
Assessment Area/MSA	Small business/farm		Mortgage		Consumer		Total Loans			
	#	\$	#	\$	#	\$	#	% of Total	\$	% of Total
Anchorage	2,497	178,381	1,084	103,812	1,855	22,665	5,436	39.4%	304,858	42.8%
Bethel Census Area	24	1,418	42	4,972	184	1,072	250	1.8%	7,462	1.0%
Fairbanks Northstar	1,391	112,897	257	20,851	436	3,781	2,084	15.1%	137,529	19.3%
Haines	184	6,684	53	3,630	326	2,582	563	4.1%	12,896	1.8%
Juneau	98	8,158	71	5,687	172	1,663	341	2.5%	15,508	2.2%
Kenai Peninsula	1,124	62,697	350	27,893	743	8,520	2,217	16.1%	99,110	13.9%
Kodiak Island	174	13,449	73	7,794	129	1,874	376	2.7%	23,117	3.2%
Matanuska-Susitna	560	28,173	335	30,830	507	7,478	1,402	10.2%	66,481	9.3%
Sitka	266	11,651	114	15,611	196	1,675	576	4.2%	28,937	4.1%
Valdez-Cordova	196	5,770	85	7,124	274	2,759	555	4.0%	15,653	2.2%
All BNAs	4,017	250,897	1,380	124,392	2,967	31,404	8,364	60.6%	406,693	57.2%
Total All	6,514	429,278	2,464	228,204	4,822	54,069	13,800	100%	711,551	100%