Alaska’s economy stabilized in recent months but remained among the weakest in the nation. Payrolls increased for the first time since late 2015 as the mining sector returned to growth. The pace of workers exiting the labor force slowed in the fourth quarter of 2018, stabilizing the unemployment rate following several quarters of declines. Nevertheless, the population continued to decline—by 0.3% year-over-year in the second half of 2018, the third-largest decline in the nation—contributing to lackluster home-price growth and permitting activity. Looking ahead, the sharp decline in oil prices in late 2018, if it persists, may negatively affect the state’s economic recovery.

A decline in average loan growth and risk-weighted asset growth allowed Alaska-based banks’ average capital ratios to edge up and remain above the national average. Wider margins, lower tax expenses, and lower provisions from a year ago also supported the sector’s stability, although a moderate increase in noncurrent loan ratios across most loan categories may lead to higher provision expenses in 2019. The average commercial real estate (CRE) concentration rose further due to continued growth in nonowner-occupied CRE lending, but hovered near the national average. Balance sheet liquidity remained among the highest in the nation due to large average securities holdings.

### Key Economic Metrics (ranking #1 = highest in the nation)

#### Year-over-Year Job Growth: 0.2%
State Rank: #49

- **Alaska**
- **Nation**

#### Unemployment: 6.5%
State Rank: #1

- **Alaska**
- **Nation**

#### Year-over-Year Home Price Growth: 2.2%
State Rank: #49

- **Alaska**
- **Nation**

#### Single Family Permits / 1,000 Residents: 1.7
State Rank: #39

- **Alaska**
- **Nation**

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Key Banking Metrics (averages across banks; ranking #1 = highest in the nation)

**Year to Date Return on Average Assets: 1.16%**
State Rank: #10

**Year-over-Year Net Loan Growth: 4.5%**
State Rank: #43

**Nonperforming Assets / Total Assets: 0.83%**
State Rank: #6

**Total Risk-Based Capital: 17.3%**
State Rank: #13

**CRE Concentration: 160%**
State Rank: #21

**Securities and Liquid Invest. / Total Assets: 39.7%**
State Rank: #2

Source: Call Report data for commercial banks based upon headquarters location. Averages are calculated on a “trimmed” basis by removing the highest 10% and lowest 10% of ratio values prior to averaging to prevent distortion from outliers. All charts display quarterly data, except for return on average assets which displays the same quarter in each year. Growth rates are not adjusted for mergers. Graphics and data exclude “De Novo” banks (banks less than five years old). As of the latest period, the count of banks included in these statistics were 4 for the state and 4,677 for the nation.

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