

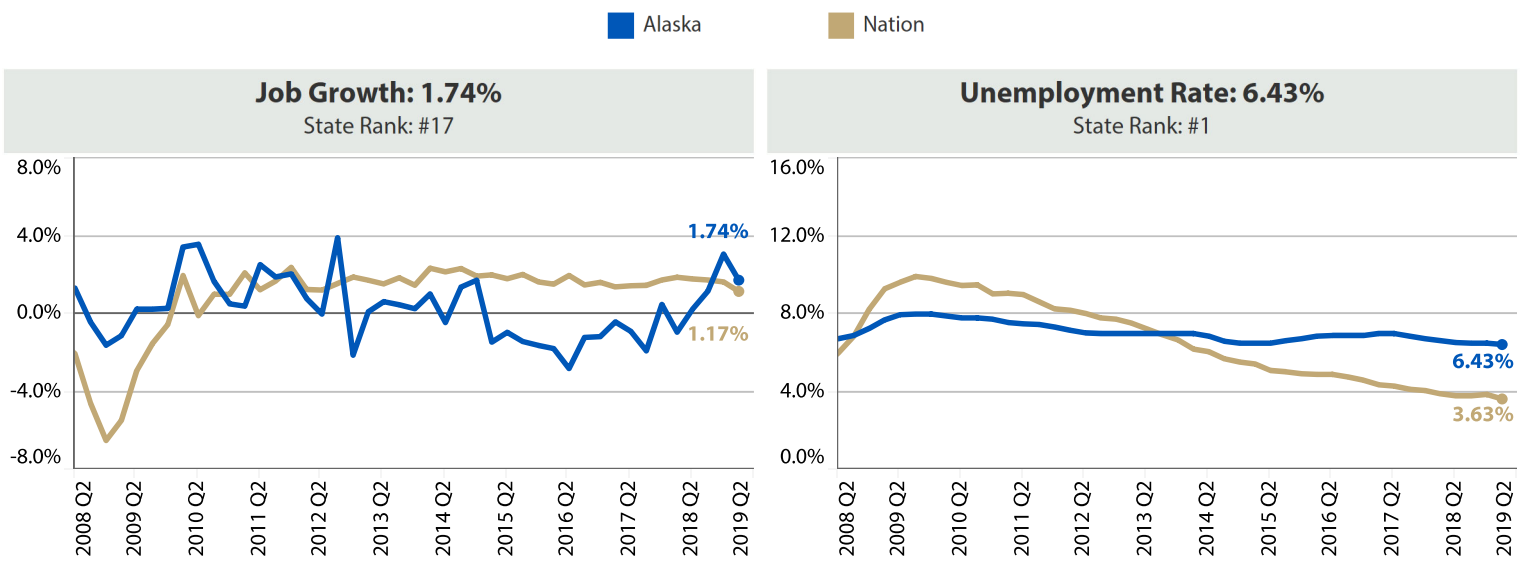
Economy

Alaska's economic conditions improved over the past year, but remained vulnerable to ongoing declines in oil production and trade tensions with China. Job growth has been positive since 3Q18 due to a turnaround in the mining and construction sectors, and in 2019 outpaced the national growth rate for the first time since 2012. That said, oil production remained near multi-decade lows. Additionally, state budget cuts could lead to government job losses, and much of the state's fish production is subject to tariffs. The state's unemployment rate edged downwards due in part to a shrinking labor force. Home-price growth ranked 50th in the nation in 2Q19, and a declining population contributed to low residential permitting.

Banks

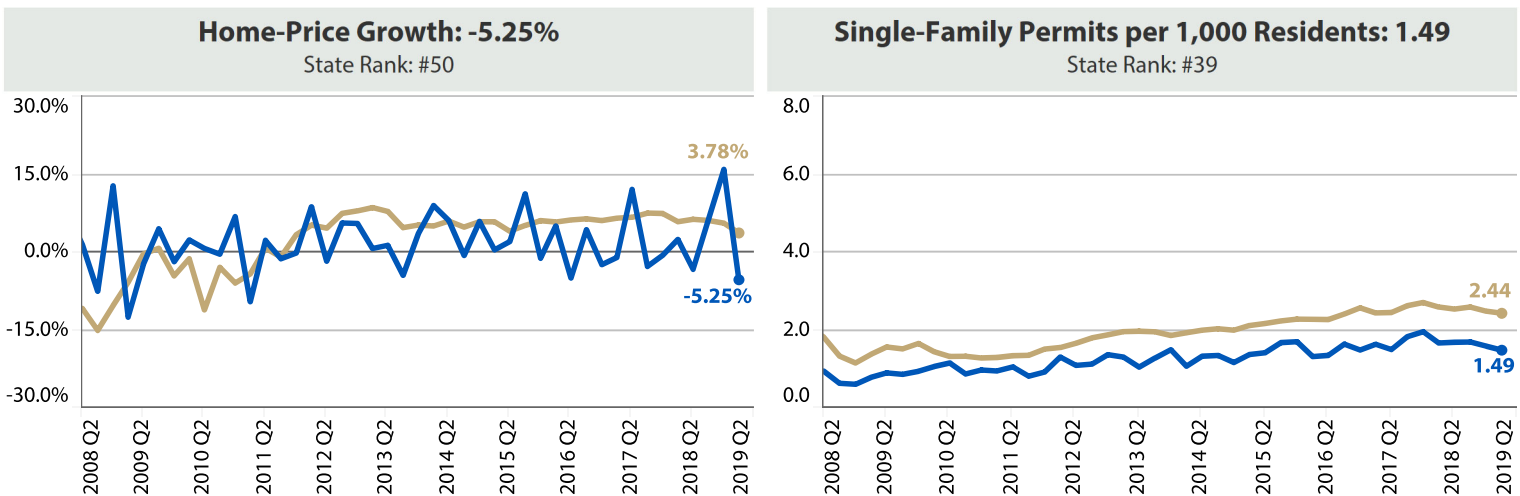
Rising provision expense and lower noninterest income caused average bank profitability in Alaska to fall below the national average in the first half of 2019, despite wider net interest margins. Loan growth has been below the national average since mid-2016 as nonfarm-nonresidential lending contracted year-over-year in 2019, on average. Average asset quality held steady in 2019, following an uptick in the average nonperforming asset ratio in late 2018 amid increases in noncurrent nonfarm-nonresidential and 1-4 family loans. The state's average CRE concentration stabilized in recent quarters. Balance-sheet liquidity continued to edge down but was still among the highest in the nation.

## Key Economic Metrics (ranking #1 = highest among 50 states)



Quarterly average nonfarm payrolls, seasonally adjusted annual rate. Source: Bureau of Labor Statistics (Establishment Survey) via Haver Analytics.

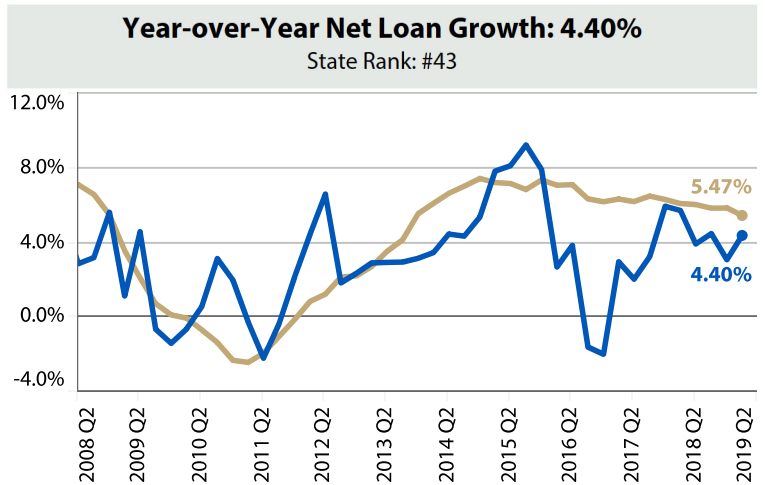
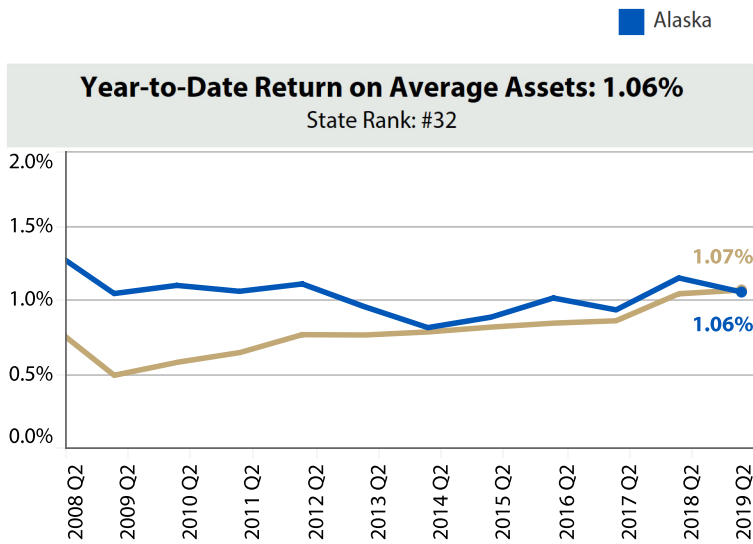
Quarterly average, seasonally adjusted. Source: Bureau of Labor Statistics (Household Employment Survey) via Haver Analytics.



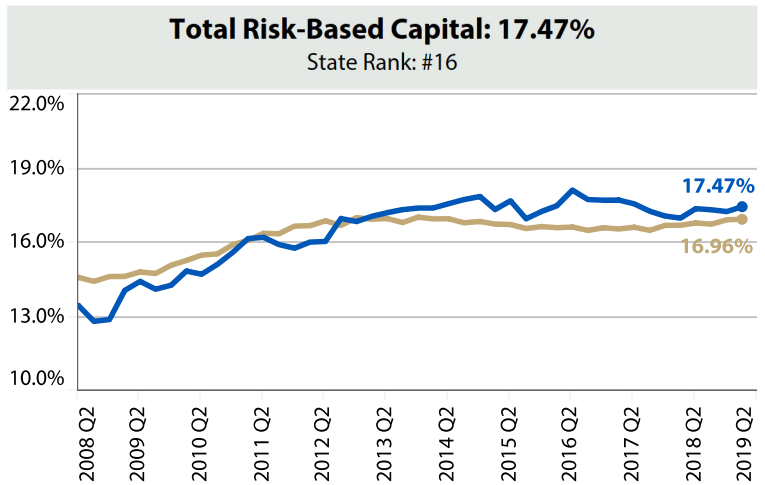
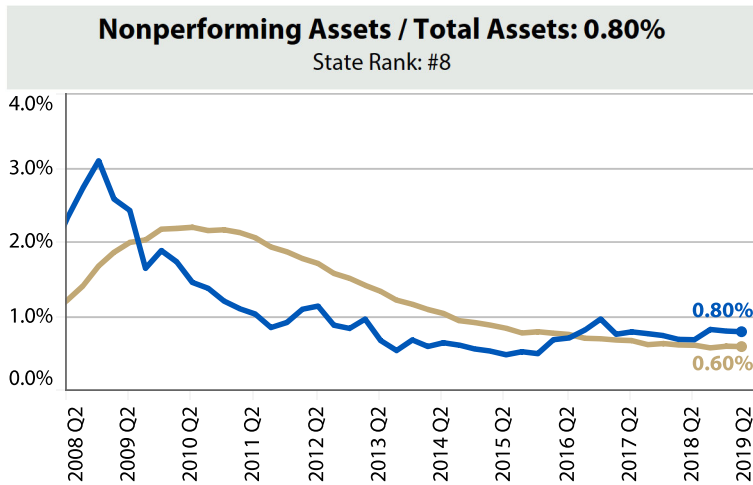
Expanded House Price Index, seasonally adjusted annual rate. Source: Federal Housing Finance Agency via Haver Analytics.

Quarterly average single-family permits (seasonally adjusted annual rate) / quarterly population in thousands. Source: Census Bureau via Haver Analytics.

## Key Banking Metrics (averages across banks; ranking #1 = highest among 50 states)

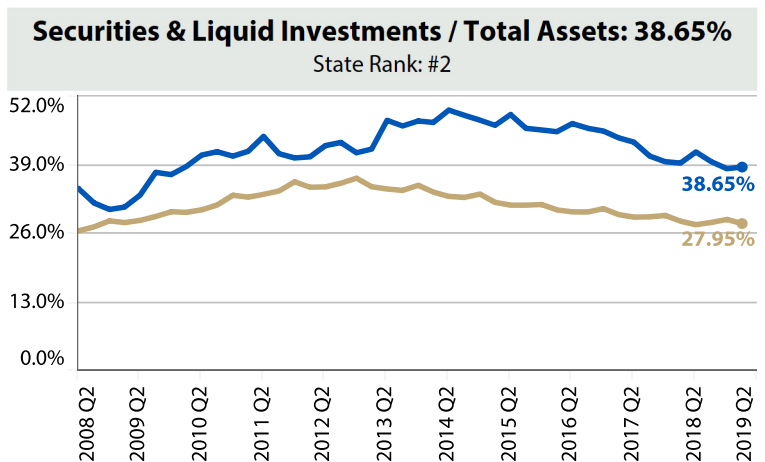
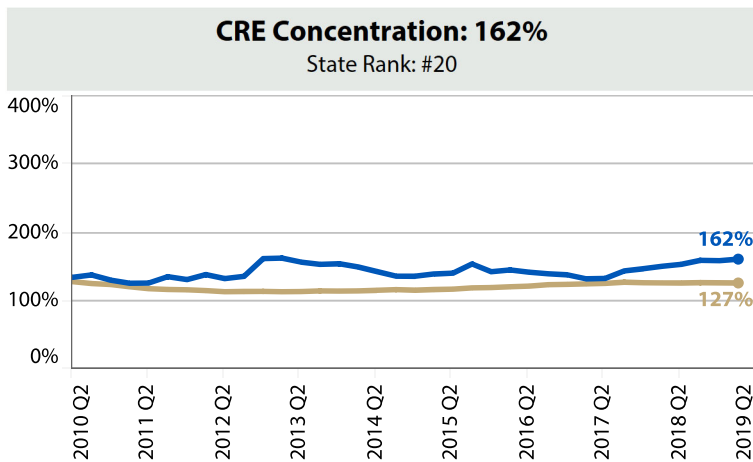


Net income / average assets, adjusted for S-Corps, annualized.



90+ days past due + nonaccruals + other real estate owned / total assets.

Total capital / risk-weighted assets.



Total non-owner-occupied commercial real estate / total capital.

Liquid investments = cash, due-from balances, interest-bearing bank balances, and fed funds sold and securities purchased under agreement to resell.

Source: Call Report data for commercial banks based upon headquarters location. Averages are "trimmed" by removing the highest and lowest 10% of values prior to averaging to prevent distortion by 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 (less than five years old), zero-loan banks, and banks where credit card lending is more than 80% of total lending. As of the latest period, the count of banks included in these statistics were 4 for the state and 4,605 for the nation.