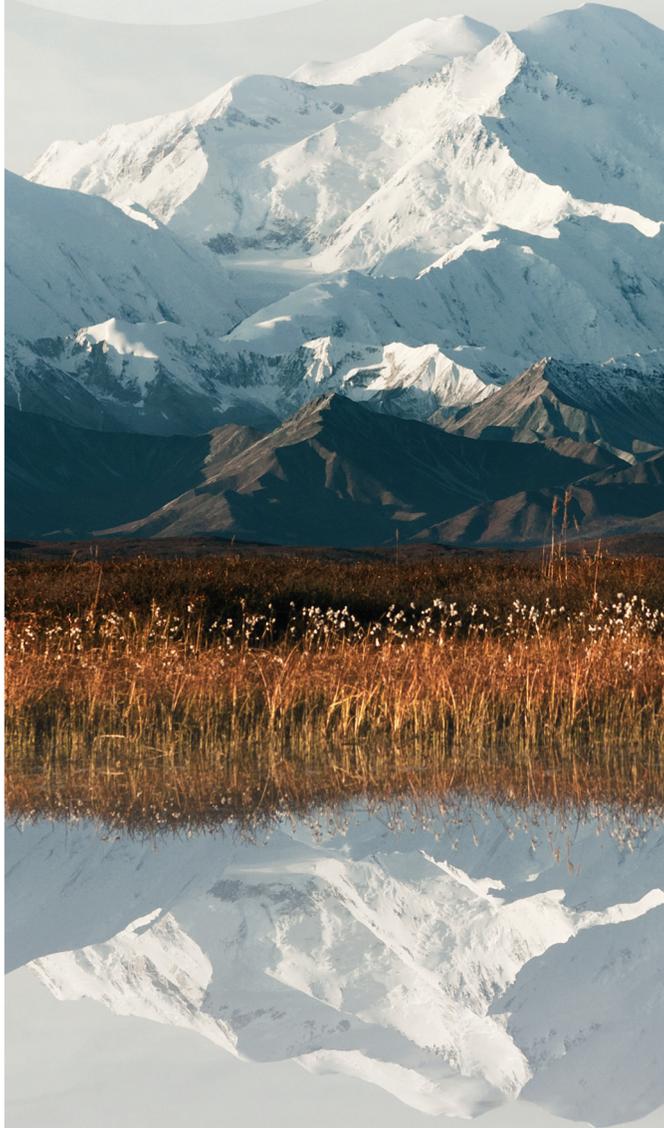


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2019 Financial Overview

1ST QUARTER MARCH 31



1 First National Bank
ALASKA

P. O. Box 100720
Anchorage, AK 99510-0720

Dear Shareholder,

First National first quarter performance is off to a strong start with core financial metrics remaining strong.

Net interest and loan fee income increased 4% over first quarter 2018, positively impacted by rising yields on earning assets and minimal loan loss provisioning. The loan portfolio quality metrics remain outstanding. Operating expenses were well-managed against the decline in noninterest income.

First quarter is typically a contraction quarter as seasonally anticipated deposit outflows are expected and bank assets decrease. Shareholders' equity increased and shareholders received a special dividend of \$1.60 per share in addition to the \$3.20 regular dividend paid in first quarter.

The bank's robust performance, significant resources and local expertise make First National an institution with a much bigger footprint than other community banks in the nation. This can be seen clearly in the bank's *One Solution*, our new initiative to inform corporate Alaska that First National stands ready to provide services to meet their entire range of financial needs.

Integrating funds management, financing, specialized services and business support, the *One Solution* provides Alaska businesses with comprehensive banking services, whether their business takes them around the state, across the country or throughout the world. The increased efficiency, reduced risk and cost savings that the *One Solution* offers are just more value-added ways that First National helps Alaskans succeed.

The *One Solution* is simply another example of the bank's commitment to providing the superior convenience, service and value that have been part of our business culture for nearly a century.

Sincerely,

Michele Schuh

Michele Schuh
Executive Vice President
& Chief Financial Officer

Ryan Strong

Ryan Strong
Executive Vice President
& Chief Banking Officer

DIRECTORS

Betsy Lawer
Chair & CEO

Lucy Mahan
Vice Chair

Doug Longacre
President

Tom Barrett

Perry Eaton

Margy K. Johnson

Jane Klopfer

Julie Taylor

Tom Tougas

Cheri Gillian

Executive Vice President & Board Secretary

BRANCHES

Cordova Branch	Cordova
Dimond Branch	Anchorage
Eagle River Branch	Eagle River
Eastchester Branch	Anchorage
Glennallen Branch	Glennallen
Golden Valley Branch	Fairbanks
Haines Branch	Haines
Healy Branch	Healy
Homer Branch	Homer
Johansen Branch	Fairbanks
Juneau Regional Branch	Juneau
Kenai Branch	Kenai
Kodiak Branch	Kodiak
Kuskokwim Branch	Bethel
Main Branch	Anchorage
Muldoon Branch	Anchorage
North Star Branch	JBER
Northern Lights Branch	Anchorage
Palmer Branch	Palmer
Parkway Branch	Anchorage
Seward Branch	Seward
Sitka Branch	Sitka
Soldotna Branch	Soldotna
South Center Branch	Anchorage
U-Med Branch	Anchorage
Valdez Branch	Valdez
Valley Centre Branch	Juneau
Wasilla Branch	Wasilla



EQUAL HOUSING
LENDER

Financial Overview *(Unaudited)*
Quarter Ended *(\$ in thousands)*

BALANCE SHEET	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
Total Assets	\$3,706,753	\$3,753,466	\$3,757,406	\$3,647,990	\$3,618,766
Total Securities	\$1,559,797	\$1,597,992	\$1,633,690	\$1,504,841	\$1,538,478
Total Loans	\$1,986,105	\$1,954,873	\$1,908,298	\$1,910,415	\$1,863,238
Total Deposits	\$2,370,843	\$2,420,293	\$2,470,058	\$2,413,401	\$2,407,902
Repurchase Agreements	\$795,280	\$809,020	\$779,305	\$733,142	\$695,456
Total Deposits and Repurchase Agreements	\$3,166,123	\$3,229,313	\$3,249,363	\$3,146,543	\$3,103,358
Total Shareholders' Equity	\$518,721	\$506,851	\$492,979	\$489,697	\$488,746

INCOME STATEMENT

Net Interest and Loan Fee Income	\$32,945	\$34,384	\$33,404	\$32,217	\$31,814
Provision for Loan losses	\$11	\$510	\$1,266	\$181	\$36
Total Noninterest Income	\$5,213	\$5,153	\$4,979	\$5,961	\$5,652
Total Noninterest Expense	\$20,062	\$22,882	\$16,013	\$21,606	\$20,327
Provision for Income Taxes	\$4,553	\$3,710	\$5,189	\$3,806	\$3,936
Net Income	\$13,532	\$12,435	\$15,915	\$12,585	\$13,167
Earnings per common share	\$4.27	\$3.92	\$5.02	\$3.97	\$4.15
Dividend per common share	\$4.80	\$3.20	\$3.20	\$2.50	\$2.50

FINANCIAL MEASURES

Return on Assets	1.45%	1.46%	1.51%	1.42%	1.46%
Return on Equity	10.56%	10.93%	11.29%	10.47%	10.69%
Net Interest Margin	3.65%	3.68%	3.68%	3.68%	3.67%
Efficiency Ratio	52.17%	52.96%	51.63%	54.64%	53.06%

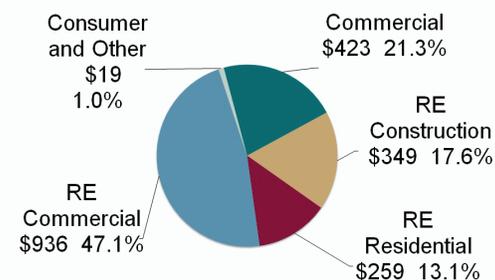
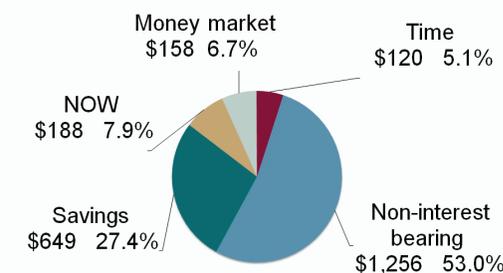
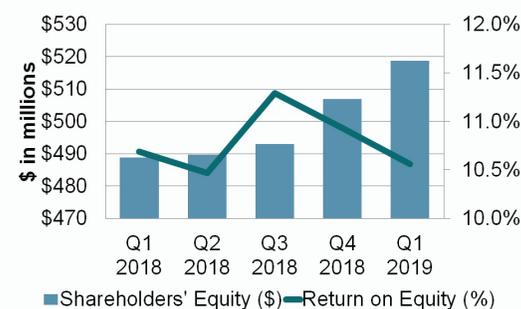
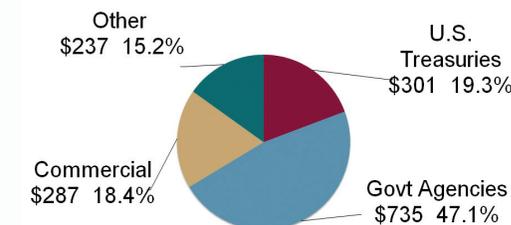
CAPITAL

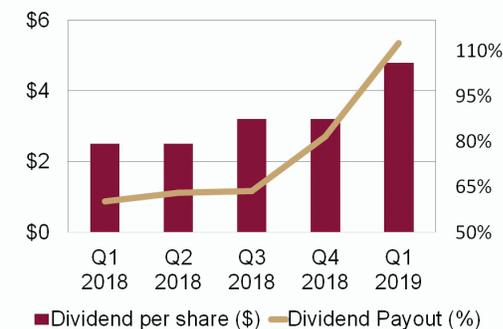
Shareholders' Equity/Total Assets	13.99%	13.50%	13.12%	13.42%	13.51%
Tier 1 Leverage Ratio	13.98%	13.62%	13.83%	14.12%	14.11%
Regulatory Well Capitalized Minimum Ratio - Tier 1 Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$520,382	\$522,534	\$520,238	\$514,463	\$510,282

CREDIT QUALITY

Noncurrent Loans and OREO	\$9,540	\$9,462	\$9,330	\$16,269	\$19,391
Noncurrent Loans and OREO/Total Assets	0.26%	0.25%	0.25%	0.45%	0.54%
Noncurrent Loans and OREO/Tier 1 Capital	1.83%	1.81%	1.79%	3.16%	3.80%
Allowance for Loan Losses	\$19,400	\$19,400	\$19,100	\$17,925	\$17,925
Allowance for Loan Losses/Total Loans	0.98%	0.99%	1.00%	0.94%	0.96%

*Net interest margin and efficiency ratios are tax effected.
Per common share amounts are not in thousands.*

Loan Mix (\$ in millions)

Deposit Mix (\$ in millions)

Shareholders' Equity and Return on Equity

Securities Mix (\$ in millions)

Net Income and Return on Assets

Dividend Per Share and Payout

We Believe in Alaska