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1 First National Bank
A L A S K A
P. O. Box 100720
Anchorage, AK 99510-0720

1 First National Bank
ALASKA MEMBER FDIC

2017 FINANCIAL OVERVIEW

2nd Quarter JUNE 30



Dear Shareholder,

For the first half of 2017, First National Bank Alaska's performance exceeds prior year results. Total assets continually increased over three quarters and are 0.40% higher than June 30, 2016. This is a slower growth rate than that of recent years and reflects the continuing pause in Alaska's economy.

Net income for the second quarter 2017 was \$10.9 million, or \$34.46 per share. This compares to \$10.1 million, or \$31.93 per share, for second quarter 2016. Year-to-date net income totals \$20.5 million, or \$64.79 per share, compared to \$20.2 million, or \$63.48 per share through June 30, 2016. Net Interest and Loan Fee Income after Provision for Loan Losses through six months of \$59.5 million compares favorably with \$58.8 million through June 30, 2016, a 1.3% increase in core earnings. Noninterest income grew 6.1% in the second quarter over the first quarter to a total of \$12.4 million through June 30, 2017, decreased from \$13.0 million as of June 30, 2016 on lower net gains from investments.

Lower noninterest expense highlights the continued focus on operations and cost management. Total noninterest expense for second quarter of \$20.8 million is 2.3% lower than the \$21.3 million for second quarter 2016. Year-to-date noninterest expense of \$41.1 million is 1.5% lower than \$41.7 million through second quarter 2016. Salaries and employee benefits remain the largest expense driver and are controllable through effective staffing in conjunction with business process improvements.

Total loans grew to \$1.753 billion as of June 30, 2017, representing 48.4% of total assets, an improvement from 44.2% as of June 30, 2016. This positive change in earning asset mix is driving improvements in return on assets and equity, currently 1.15% and 8.23%, respectively. Coupled with an efficiency ratio at 54.63%, First National continues to demonstrate our intention to be high performing for customers and shareholders alike.

Best regards,

Michele Schuh

Michele Schuh

Senior Vice President and Chief Financial Officer

DIRECTORS

Betsy Lawer
Chair and President

Lucy Mahan
Vice Chair

Tom Barrett
Maurice J. Coyle, M.D.
Perry Eaton
Margy K. Johnson
Jane Klopfer
Loren H. Lounsbury
Tom Tougas
Fran Ulmer

Cheri Gillian

Senior Vice President/ Board Secretary



BRANCHES

Cordova Branch	Cordova
Dimond Branch	Anchorage
Eagle River Branch	Eagle River
Eastchester Branch	Anchorage
Federal Branch	Anchorage
Glennallen Branch	Glennallen
Golden Valley Branch	Fairbanks
Haines Branch	Haines
Healy Branch	Healy
Homer Branch	Homer
Interior City Branch	Fairbanks
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



BALANCE SHEET

	6/30/2017	3/31/2017	12/31/2016	9/30/2016	6/30/2016
Total Assets	\$3,623,517	\$3,551,884	\$3,609,848	\$3,665,760	\$3,609,192
Total Securities	\$1,636,549	\$1,639,406	\$1,745,429	\$1,834,935	\$1,801,672
Total Loans	\$1,753,101	\$1,703,963	\$1,677,595	\$1,616,610	\$1,594,592
Total Deposits	\$2,471,896	\$2,451,610	\$2,475,675	\$2,503,895	\$2,424,638
Repurchase Agreements	\$627,743	\$589,141	\$629,966	\$625,827	\$652,326
Total Deposits and Repurchase Agreements	\$3,099,639	\$3,040,751	\$3,105,641	\$3,129,722	\$3,076,964
Total Shareholders' Equity	\$506,192	\$498,978	\$492,735	\$519,065	\$512,290

INCOME STATEMENT

Net Interest and Loan Fee Income	\$31,964	\$30,487	\$31,158	\$31,115	\$30,752
Provision for Loan Losses	\$291	\$1,407	\$1,153	\$166	\$745
Total Noninterest Income	\$6,363	\$5,998	\$6,821	\$7,584	\$6,861
Total Noninterest Expense	\$20,840	\$20,237	\$22,689	\$20,106	\$21,321
Provision for Income Taxes	\$5,530	\$4,740	\$4,271	\$6,158	\$4,961
Net Income	\$10,929	\$9,617	\$9,395	\$11,820	\$10,142
Earnings per common share	\$34.46	\$30.32	\$29.62	\$37.25	\$31.93
Dividend per common share	\$20.00	\$20.00	\$40.00	\$20.00	\$12.50

FINANCIAL MEASURES

Return on Assets	1.15%	1.08%	1.15%	1.19%	1.13%
Return on Equity	8.23%	7.76%	8.21%	8.42%	8.03%
Net Interest Margin	3.63%	3.57%	3.55%	3.56%	3.57%
Efficiency Ratio	54.63%	54.88%	56.14%	55.04%	56.61%

CAPITAL

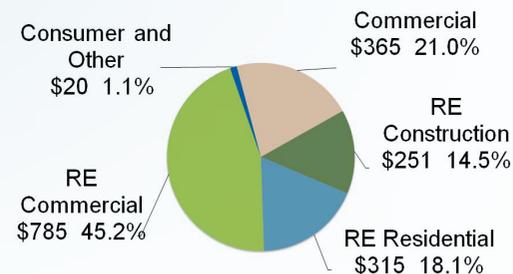
Shareholders' Equity/Total Assets	13.97%	14.05%	13.65%	14.16%	14.19%
Tier 1 Leverage Ratio	14.18%	14.12%	13.57%	13.74%	13.72%
Regulatory Well Capitalized Minimum Ratio-Tier 1					
Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$506,192	\$502,252	\$498,978	\$502,459	\$490,749

CREDIT QUALITY

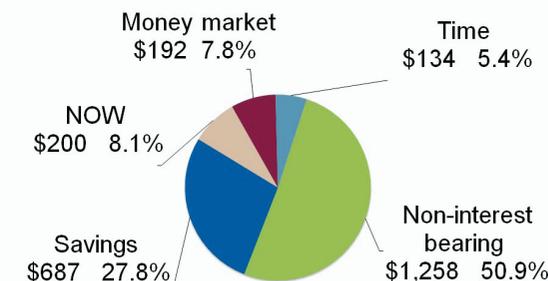
Noncurrent Loans and OREO	\$21,406	\$22,181	\$20,619	\$19,833	\$17,177
Noncurrent Loans and OREO/Total Assets	0.59%	0.62%	0.57%	0.54%	0.48%
Noncurrent Loans and OREO/Tier 1 Capital	4.23%	4.42%	4.13%	3.95%	3.50%
Allowance for Loan Losses	\$18,300	\$18,000	\$16,600	\$16,100	\$15,950
Allowance for Loan Losses/Total Loans	1.04%	1.06%	0.99%	1.00%	1.00%

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

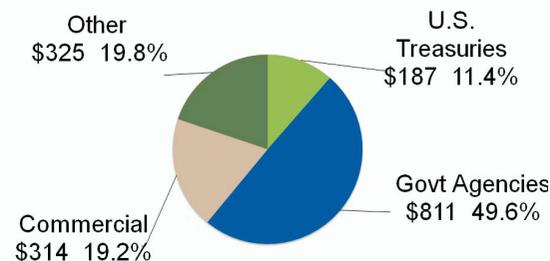
Loan Mix (\$ in millions)



Deposit Mix (\$ in millions)



Investment Portfolio Mix (\$ in millions)



Shareholders' Equity and Return on Equity



Net Income and Return on Assets



Dividend Per Share and Payout

