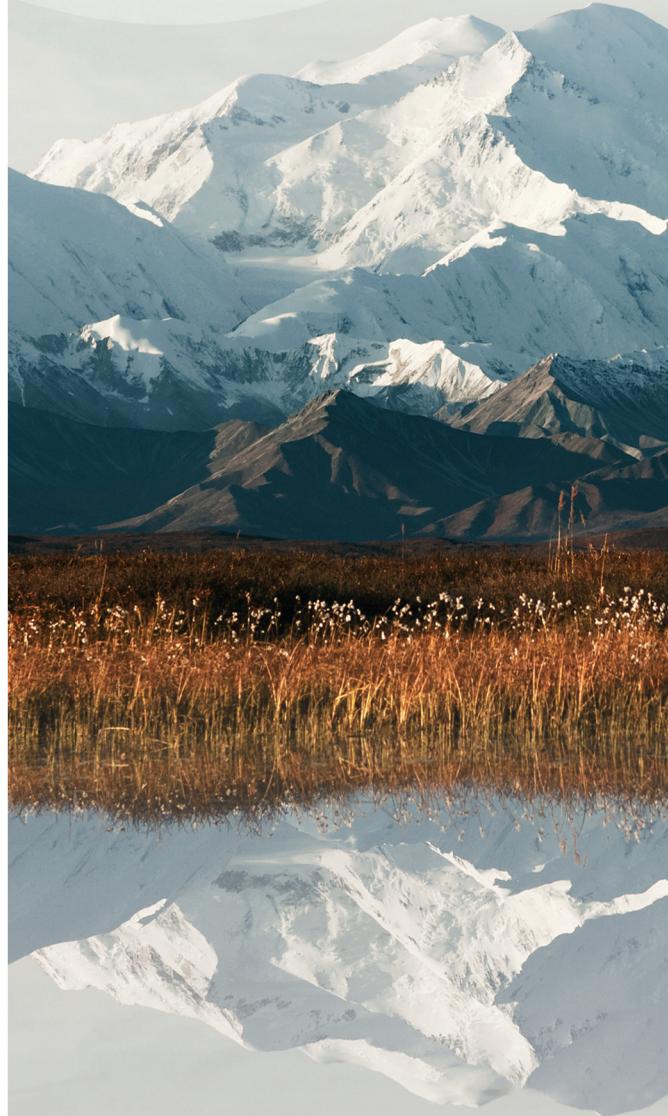


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2019 Financial Overview

2ND QUARTER JUNE 30



1 First National Bank
ALASKA

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

Dear Shareholders,

For the first time in First National's history, total loans exceeded \$2.0 billion - a great achievement for our lenders, managers and support staff. The growing loan portfolio has improved the bank's mix of earning assets leading to higher yields, helped offset increasing deposit costs, and improved the net interest margin.

Net income for second quarter was 3.7% higher than second quarter 2018. Loan growth and improved yields contributed to a 4.1% increase in net interest and loan fee income during second quarter 2019 compared to the same quarter in 2018. Increases in operating expenses remain low and well-managed against a decline in noninterest income year-over-year.

Under a new name, the bank's Wealth Management department continues to deliver the local knowledge and decades of experience Alaskans expect from First National. The department's full spectrum of services helps customers develop investment strategies and protect their legacies.

A new state-of-the-art wealth management system enhances administrative, investment and operational capabilities and adds value for customer relationships. The many benefits to our customers include fresh presentation tools, such as easy-to-read statements and graphic summaries as well as access to real-time, online reporting.

Combining nearly a century of experience with the latest technology brings unmatched convenience and value to our customers, and helps bring success to our fellow Alaskans.

Sincerely,

Betsy Lawer

Betsy Lawer
Board Chair & CEO

Michele Schuh

Michele Schuh
Chief Financial 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	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018
Total Assets	\$3,762,718	\$3,706,753	\$3,753,466	\$3,757,406	\$3,647,990
Total Securities	\$1,526,280	\$1,559,797	\$1,597,992	\$1,633,690	\$1,504,841
Total Loans	\$2,000,235	\$1,986,105	\$1,954,873	\$1,908,298	\$1,910,415
Total Deposits	\$2,362,101	\$2,370,843	\$2,420,293	\$2,470,058	\$2,413,401
Repurchase Agreements	\$850,936	\$795,280	\$809,020	\$779,305	\$733,142
Total Deposits and Repurchase Agreements	\$3,213,037	\$3,166,123	\$3,229,313	\$3,249,363	\$3,146,543
Total Shareholders' Equity	\$534,655	\$518,721	\$506,851	\$492,979	\$489,697

INCOME STATEMENT

Net Interest and Loan Fee Income	\$33,544	\$32,945	\$34,384	\$33,404	\$32,217
Provision for Loan losses	\$111	\$11	\$510	\$1,266	\$181
Total Noninterest Income	\$5,898	\$5,213	\$5,153	\$4,979	\$5,961
Total Noninterest Expense	\$21,897	\$20,062	\$22,882	\$16,013	\$21,606
Provision for Income Taxes	\$4,379	\$4,553	\$3,710	\$5,189	\$3,806
Net Income	\$13,055	\$13,532	\$12,435	\$15,915	\$12,585
Earnings per common share	\$4.12	\$4.27	\$3.92	\$5.02	\$3.97
Dividend per common share	\$3.20	\$4.80	\$3.20	\$3.20	\$2.50

FINANCIAL MEASURES

Return on Assets	1.43%	1.45%	1.46%	1.51%	1.42%
Return on Equity	10.22%	10.56%	10.93%	11.29%	10.47%
Net Interest Margin	3.69%	3.65%	3.68%	3.68%	3.68%
Efficiency Ratio	53.71%	52.17%	52.96%	51.63%	54.64%

CAPITAL

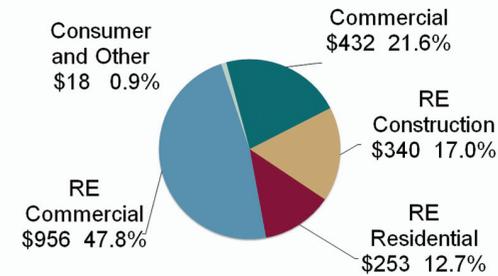
Shareholders' Equity/Total Assets	14.21%	13.99%	13.50%	13.12%	13.42%
Tier 1 Leverage Ratio	14.10%	13.98%	13.62%	13.83%	14.12%
Regulatory Well Capitalized Minimum Ratio - Tier 1 Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$523,297	\$520,382	\$522,534	\$520,238	\$514,463

CREDIT QUALITY

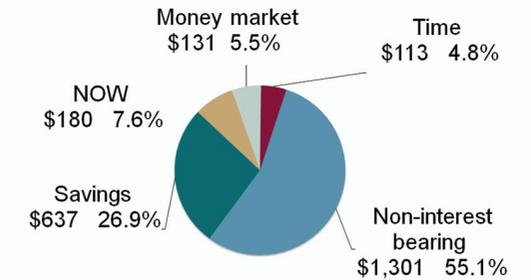
Noncurrent Loans and OREO	\$9,083	\$9,540	\$9,462	\$9,330	\$16,269
Noncurrent Loans and OREO/Total Assets	0.24%	0.26%	0.25%	0.25%	0.45%
Noncurrent Loans and OREO/Tier 1 Capital	1.74%	1.83%	1.81%	1.79%	3.16%
Allowance for Loan Losses	\$19,500	\$19,400	\$19,400	\$19,100	\$17,925
Allowance for Loan Losses/Total Loans	0.97%	0.98%	0.99%	1.00%	0.94%

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

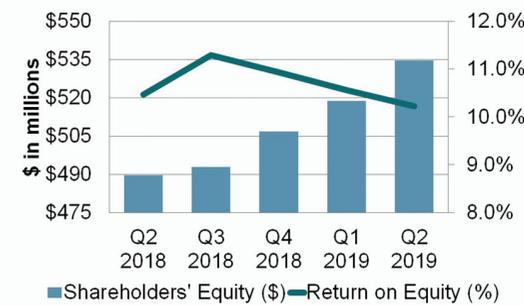
Loan Mix (\$ in millions)



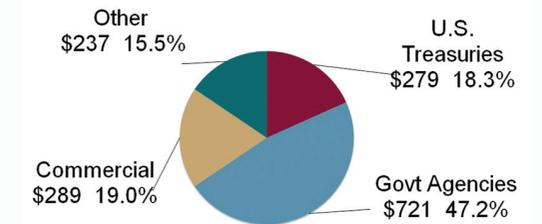
Deposit Mix (\$ in millions)



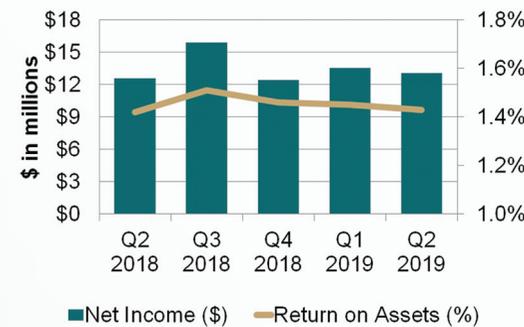
Shareholders' Equity and Return on Equity



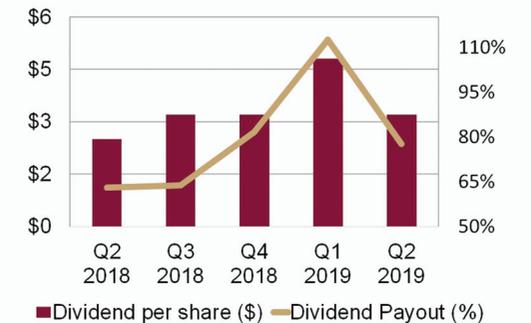
Securities Mix (\$ in millions)



Net Income and Return on Assets



Dividend Per Share and Payout



We Believe in Alaska