

2016 FINANCIAL OVERVIEW

1st Quarter MARCH 31



First quarter 2016 performance was strong with net income of \$10 million, a result exceeding first quarter 2015 income of \$7.8 million. Performance improvements across the income statement highlighted our commitment to navigating through a challenging economic period with focused strategies.

Net interest income grew meaningfully over prior year same period with strong earning asset growth. In the slightly improved interest rate environment, increased loans and investment securities drove improved yield performance. The favorable asset growth was funded by year over year growth in customer deposits across the state, continuing a multi-year trend.

Noninterest income was strong on investment gains from sales of securities, along with improvements in service fees and mortgage loan originations. Noninterest expense was below prior year levels for first quarter.

I am pleased to introduce our new presentation format with this pamphlet. We hope you enjoy the updated contents, designed to provide value-added information and allow enhanced monitoring of bank performance. The Call Report continues to be available online quarterly at **FNBAAlaska.com**.

The bank is off to a solid start in 2016. Alaskans face economic uncertainty with the state's financial deficit and do not yet see a stabilizing vision forward that includes a balanced budget plan. Our senior management team is prepared to adjust our actions according to changing circumstances affecting our state health and our bank performance.

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

	3/31/2016	12/31/2015	9/30/2015	6/30/2015	3/31/2015
Total Assets	\$3,616,914	\$3,569,426	\$3,637,671	\$3,358,226	\$3,381,681
Total Securities	\$1,802,466	\$1,832,601	\$1,917,982	\$1,672,055	\$1,756,405
Total Loans	\$1,563,069	\$1,551,405	\$1,481,954	\$1,482,574	\$1,413,629
Total Deposits	\$2,429,519	\$2,425,622	\$2,430,651	\$2,234,039	\$2,200,619
Repurchase Agreements	\$660,010	\$645,838	\$705,407	\$634,945	\$678,745
Total Deposits and Repurchase Agreements	\$3,089,529	\$3,071,460	\$3,136,058	\$2,868,984	\$2,879,364
Total Shareholders' Equity	\$507,628	\$488,565	\$493,265	\$481,899	\$481,423

INCOME STATEMENT

Net Interest and Loan Fee Income	\$30,026	\$30,729	\$29,618	\$28,803	\$26,878
Provision for Loan Losses	\$358	\$1,523	\$315	\$599	\$273
Total Noninterest Income	\$6,182	\$6,409	\$6,694	\$6,813	\$6,272
Total Noninterest Expense	\$20,399	\$21,663	\$20,805	\$21,165	\$21,206
Provision for Income Taxes	\$4,972	\$4,205	\$4,785	\$4,334	\$3,447
Net Income	\$10,035	\$9,292	\$9,947	\$9,088	\$7,798
Earnings per common share	\$31.55	\$29.14	\$31.12	\$28.41	\$24.35
Dividend per common share	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50

FINANCIAL MEASURES

Return on Assets	1.13%	1.04%	1.06%	1.02%	0.95%
Return on Equity	8.06%	7.47%	7.42%	7.06%	6.54%
Net Interest Margin	3.54%	3.50%	3.51%	3.51%	3.40%
Efficiency Ratio	56.30%	59.28%	59.65%	61.22%	63.43%

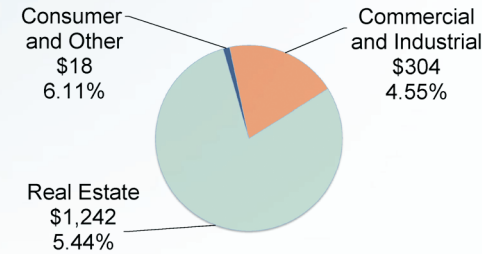
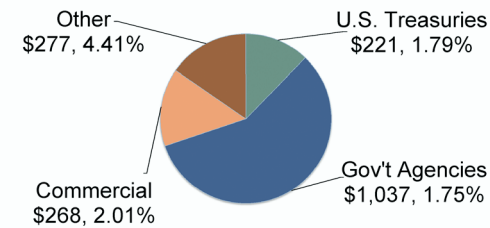
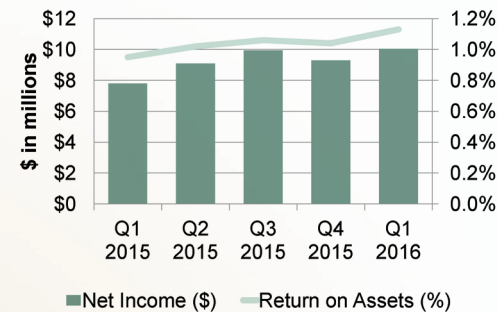
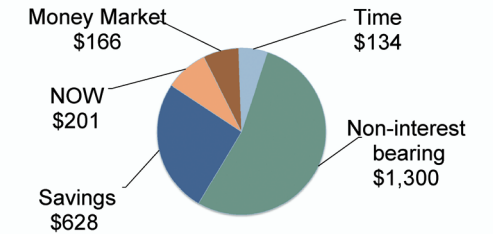
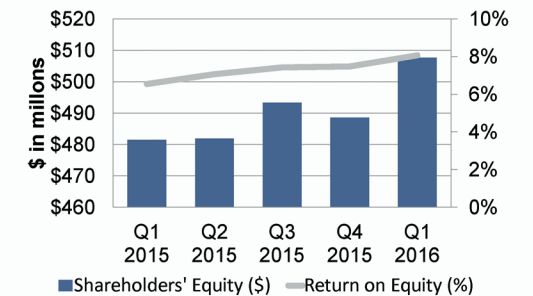
CAPITAL

Shareholders' Equity/Total Assets	14.03%	13.69%	13.56%	14.35%	14.24%
Tier 1 Leverage Ratio	13.89%	13.18%	13.67%	14.30%	14.32%
Regulatory Well Capitalized Minimum Ratio-Tier 1					
Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$491,447	\$486,398	\$482,330	\$477,163	\$472,182

CREDIT QUALITY

Noncurrent Loans and OREO	\$19,032	\$20,365	\$17,434	\$20,405	\$19,833
Noncurrent Loans and OREO/Total Assets	0.53%	0.57%	0.48%	0.61%	0.59%
Noncurrent Loans and OREO/Tier 1 Capital	3.87%	4.19%	3.61%	4.28%	4.20%
Allowance for Loan Losses	\$15,400	\$15,150	\$14,100	\$14,100	\$13,400
Allowance for Loan Losses/Total Loans	0.99%	0.98%	0.95%	0.95%	0.95%

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

Loan Composition and Average Yields
(\$ in millions, average yields %)**Investment Portfolio and Average Yields**
(\$ in millions, average yields %)**Net Income and Return on Assets****Deposits by Type (\$ in millions)****Shareholders' Equity and Return on Equity****Dividend Payout and Per Share**