

2016 FINANCIAL OVERVIEW

3rd Quarter SEPTEMBER 30



Dear Shareholder,

Recent national banking news has given us the opportunity to remind Alaskans that all banks are not the same.

First National has served Alaskans for nearly a century, helping them meet the challenges of raising a family, building a business and growing their community. We offer them the banking services they want and need at a fair and competitive price, nothing more and nothing less. Our customers are our neighbors. We expect our employees to serve them honestly and ethically.

Clearly, our values and operating philosophy have had a positive effect on our operating results through the three quarters to date this year. We have already begun to expand and grow our banking relationships with Alaskans seeking a bank they can trust.

Net income for third quarter was \$11.8 million or \$37.25 per share. These results exceed prior year quarterly income of \$9.9 million or \$31.12 per share and \$26.8 million year-to-date.

Loans and investments grew more than \$55 million during the quarter, contributing to a 3.2% increase in net interest and loan fee income after provision for loan losses. Noninterest income increased 10.5% and noninterest expense decreased 5.7% during the quarter.

Going forward, we will continue to demonstrate the First National difference to our customers and all Alaskans. I believe that will help lead our bank's success well into the future.

Thank you for your support,

Betsy Lawer

Betsy Lawer
Chair and President

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

Financial Overview (Unaudited)

Quarter Ended (dollars in thousands)

We Believe in Alaska

BALANCE SHEET

	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Total Assets	\$3,665,760	\$3,609,192	\$3,616,914	\$3,569,426	\$3,637,671
Total Securities	\$1,834,935	\$1,801,672	\$1,802,466	\$1,832,601	\$1,917,982
Total Loans	\$1,616,610	\$1,594,592	\$1,563,069	\$1,551,405	\$1,481,954
Total Deposits	\$2,503,895	\$2,424,638	\$2,429,519	\$2,425,622	\$2,430,651
Repurchase Agreements	\$625,827	\$652,326	\$660,010	\$645,838	\$705,407
Total Deposits and Repurchase Agreements	\$3,129,722	\$3,076,964	\$3,089,529	\$3,071,460	\$3,136,058
Total Shareholders' Equity	\$519,065	\$512,290	\$507,628	\$488,565	\$493,265

INCOME STATEMENT

Net Interest and Loan Fee Income	\$31,115	\$30,752	\$30,026	\$30,729	\$29,618
Provision for Loan losses	\$166	\$745	\$358	\$1,523	\$315
Total Noninterest Income	\$7,584	\$6,861	\$6,182	\$6,409	\$6,694
Total Noninterest Expense	\$20,106	\$21,321	\$20,399	\$21,663	\$20,805
Provision for Income Taxes	\$6,158	\$4,961	\$4,972	\$4,205	\$4,785
Net Income	\$11,820	\$10,142	\$10,035	\$9,292	\$9,947
Earnings per common share	\$37.25	\$31.93	\$31.55	\$29.14	\$31.12
Dividend per common share	\$20.00	\$12.50	\$12.50	\$12.50	\$12.50

FINANCIAL MEASURES

Return on Assets	1.19%	1.13%	1.13%	1.04%	1.06%
Return on Equity	8.42%	8.03%	8.06%	7.47%	7.42%
Net Interest Margin	3.56%	3.57%	3.54%	3.50%	3.51%
Efficiency Ratio	55.04%	56.61%	56.30%	59.28%	59.65%

CAPITAL

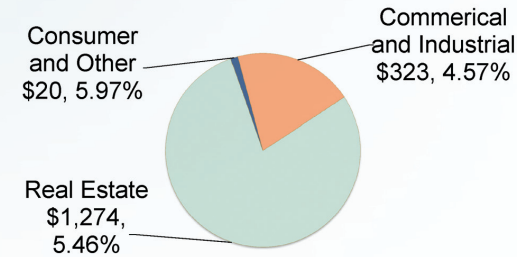
Shareholders' Equity/Total Assets	14.16%	14.19%	14.03%	13.69%	13.56%
Tier 1 Leverage Ratio	13.74%	13.72%	13.89%	13.18%	13.67%
Regulatory Well Capitalized Minimum Ratio-Tier 1					
Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$502,459	\$490,749	\$491,447	\$486,398	\$482,330

CREDIT QUALITY

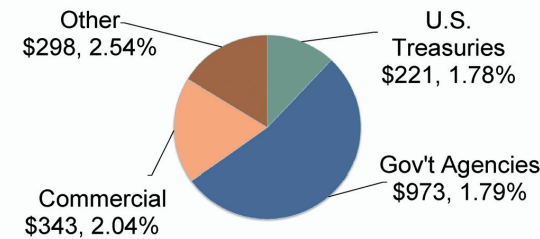
Noncurrent Loans and OREO	\$19,407	\$16,937	\$19,224	\$20,365	\$17,434
Noncurrent Loans and OREO/Total Assets	0.53%	0.47%	0.53%	0.57%	0.48%
Noncurrent Loans and OREO/Tier 1 Capital	3.86%	3.45%	3.91%	4.19%	3.61%
Allowance for Loan Losses	\$16,100	\$15,950	\$15,400	\$15,150	\$14,100
Allowance for Loan Losses/Total Loans	1.00%	1.00%	0.99%	0.98%	0.95%

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

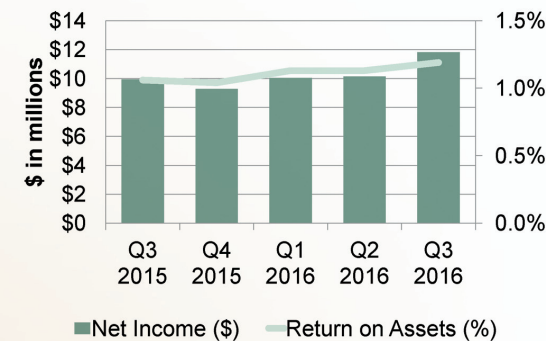
Loan Composition and Average Yields (\$ in millions, average yields %)



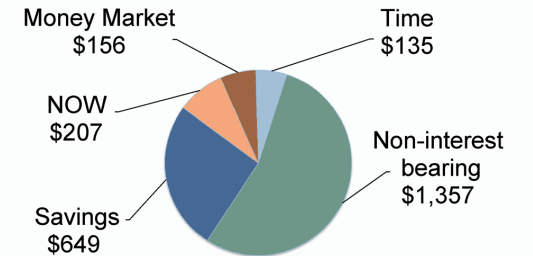
Investment Portfolio and Average Yields (\$ in millions, average yields %)



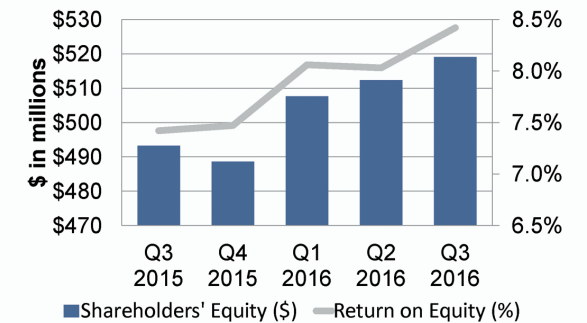
Net Income and Return on Assets



Deposits by Type (\$ in millions)



Shareholders' Equity and Return on Equity



Dividend Payout and Per Share

