

2017
FINANCIAL OVERVIEW
1st Quarter MARCH 31



Each April, our attention turns to the Annual Shareholder Meeting. To those who attend in person, it is a privilege to share bank performance and operational highlights, and to demonstrate our commitment to banking excellence. For those unable to attend, we provide audited financial statements and a pictorial Annual Highlights on FNBAAlaska.com. Please review our strong financial performance and learn what our statewide bankers and Board of Directors accomplished by *Working Together as One* during 2016.

Net income for first quarter 2017 was \$9.6 million, or \$30.32 per share. This compares to \$10.0 million, or \$31.55 per share, for first quarter 2016. Interest income on earnings assets grew 1.5% and noninterest expenses were well-managed and decreased 0.8% over the comparative first quarter 2016. The lower net income resulted from an increase in provision for loan losses to recognize specific anticipated loan charge offs.

In 2017 our strategies focus on improving earning asset performance, enhancing bank services to drive noninterest income, and operating at high efficiency. Strategies to reduce bank premises and occupancy expense include plans to improve building utilization and reduce excess capacity.

We are committed to serve Alaskans throughout the state and have invested in construction of new branches and existing premise upgrades. We remain focused on the opportunities and challenges ahead and will keep shareholders informed of our progress through quarterly reports.

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

	3/31/2017	12/31/2016	9/30/2016	6/30/2016	3/31/2016
Total Assets	\$3,551,884	\$3,609,848	\$3,665,760	\$3,609,192	\$3,616,914
Total Securities	\$1,639,406	\$1,745,429	\$1,834,935	\$1,801,672	\$1,802,466
Total Loans	\$1,703,963	\$1,677,595	\$1,616,610	\$1,594,592	\$1,563,069
Total Deposits	\$2,451,610	\$2,475,675	\$2,503,895	\$2,424,638	\$2,429,519
Repurchase Agreements	\$589,141	\$629,966	\$625,827	\$652,326	\$660,010
Total Deposits and Repurchase Agreements	\$3,040,751	\$3,105,641	\$3,129,722	\$3,076,964	\$3,089,529
Total Shareholders' Equity	\$498,978	\$492,735	\$519,065	\$512,290	\$507,628

INCOME STATEMENT

Net Interest and Loan Fee Income	\$30,487	\$31,158	\$31,115	\$30,752	\$30,026
Provision for Loan losses	\$1,407	\$1,153	\$166	\$745	\$358
Total Noninterest Income	\$5,998	\$6,821	\$7,584	\$6,861	\$6,182
Total Noninterest Expense	\$20,237	\$22,689	\$20,106	\$21,321	\$20,399
Provision for Income Taxes	\$4,740	\$4,271	\$6,158	\$4,961	\$4,972
Net Income	\$9,617	\$9,395	\$11,820	\$10,142	\$10,035
Earnings per common share	\$30.32	\$29.62	\$37.25	\$31.93	\$31.55
Dividend per common share	\$20.00	\$40.00	\$20.00	\$12.50	\$12.50

FINANCIAL MEASURES

Return on Assets	1.08%	1.15%	1.19%	1.13%	1.13%
Return on Equity	7.76%	8.21%	8.42%	8.03%	8.06%
Net Interest Margin	3.57%	3.55%	3.56%	3.57%	3.54%
Efficiency Ratio	54.88%	56.14%	55.04%	56.61%	56.30%

CAPITAL

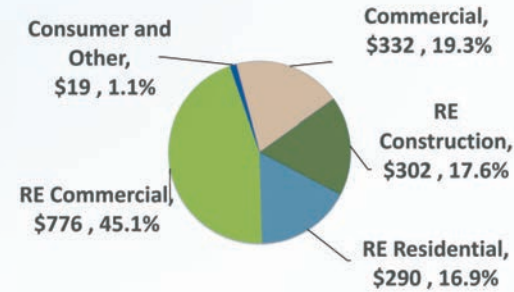
Shareholders' Equity/Total Assets	14.05%	13.65%	14.16%	14.19%	14.03%
Tier 1 Leverage Ratio	14.12%	13.57%	13.74%	13.82%	13.89%
Regulatory Well Capitalized Minimum Ratio-Tier 1					
Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$502,252	\$498,978	\$502,459	\$490,749	\$491,447

CREDIT QUALITY

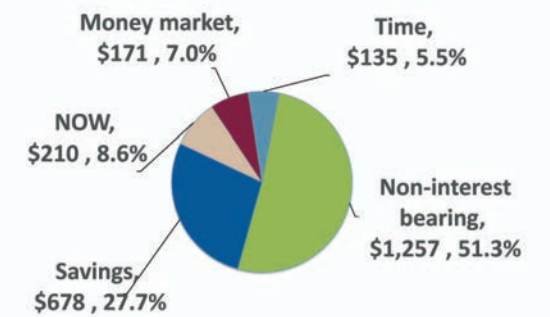
Noncurrent Loans and OREO	\$22,181	\$20,619	\$19,833	\$17,177	\$19,224
Noncurrent Loans and OREO/Total Assets	0.62%	0.57%	0.54%	0.48%	0.53%
Noncurrent Loans and OREO/Tier 1 Capital	4.42%	4.13%	3.95%	3.50%	3.91%
Allowance for Loan Losses	\$18,000	\$16,600	\$16,100	\$15,950	\$15,400
Allowance for Loan Losses/Total Loans	1.06%	0.99%	1.00%	1.00%	0.99%

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

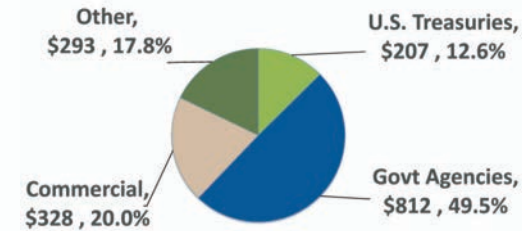
Loan Mix (\$ in millions)



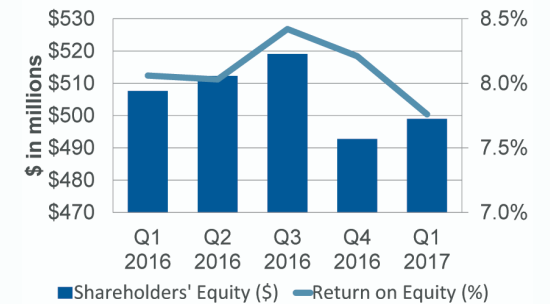
Deposit Mix (\$ in millions)



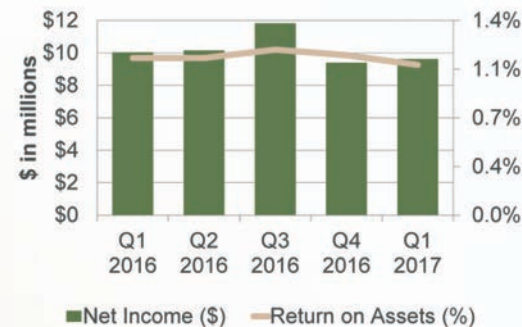
Investment Portfolio Mix (\$ in millions)



Shareholders' Equity and Return on Equity



Net Income and Return on Assets



Dividend Payout and Per Share

