

PRSR STD
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ANCHORAGE, AK
PERMIT NO. 175



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

2023
3RD QUARTER
SEPTEMBER 30
**FINANCIAL
OVERVIEW**



FIRST NATIONAL BANK ALASKA

Dear Shareholders,

The steady, consistent performance of First National in the third quarter highlights the bank's strength and resilience heading toward year-end, ready to answer our customers' call as they continue to meet challenges and opportunities in Alaska – and beyond.

Net income at \$15.5 million was comparable to the third quarter of 2022 at \$15.7 million. Total net interest and loan fee income grew to \$38.7 million, \$1.8 million higher than the same period in 2022, primarily driven by the higher interest rate environment and loan growth year over year.

Bank deposits increased \$20.1 million during the third quarter ending at \$4.5 billion. Total assets are \$5.6 billion, including borrowings from the first half of the year held in cash. Shareholders' equity at September 30 increased to \$423.3 million, greater by \$15.8 million year-to-date mainly due to an increase in the market value of the securities portfolio.

Our employees once again deserve a big high five. For the fifth year in a row, First National was voted a winner in the *Anchorage Daily News* Best of Alaska Awards, this year earning the top spot in the Bank/Financial Institution category.

The bank's top ranking year after year as a *Best Place to Work* underscores the bank's strong culture and how employees who feel valued and respected help shape a better tomorrow for our customers, the bank and its shareholders.

Betsy Lawer
Betsy Lawer
BOARD CHAIR & CEO/PRESIDENT

Michele Schuh
Michele Schuh
CHIEF FINANCIAL OFFICER

DIRECTORS

| | |
|--------------------------------------|------------------|
| Betsy Lawer CHAIR & CEO/PRESIDENT | Margy K. Johnson |
| Lucy Mahan VICE CHAIR | Jane Klopfer |
| Tom Barrett | Doug Longacre |
| John Binkley | Pat Pitney |
| Perry Eaton | Tom Tougas |
| | Janet Weiss |

Cheri Gillian
SENIOR EXECUTIVE OFFICER
CHIEF ADMINISTRATIVE OFFICER
CENTRAL ADMINISTRATION DIVISION
BOARD SECRETARY

LOCATIONS

| | |
|------------------------|-------------|
| 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 |
| Loan Production Office | Ketchikan |
| Kenai Branch | Kenai |
| Kodiak Branch | Kodiak |
| Kuskokwim Branch | Bethel |
| Metro Branch | Anchorage |
| Muldoon Branch | Anchorage |
| North Star Branch | JBER |
| Northern Lights Branch | Anchorage |
| Palmer Branch | Palmer |
| 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 *(\$ in thousands)*

| BALANCE SHEET | 9/30/2023 | 6/30/2023 | 3/31/2023 | 12/31/2022 | 9/30/2022 |
|---|--------------|--------------|--------------|--------------|--------------|
| Total Assets | \$ 5,559,883 | \$ 5,505,931 | \$ 5,473,245 | \$ 5,337,737 | \$ 5,502,968 |
| Total Securities | \$ 2,331,129 | \$ 2,413,791 | \$ 2,606,018 | \$ 2,815,357 | \$ 2,863,905 |
| Total Loans | \$ 2,318,454 | \$ 2,294,558 | \$ 2,283,553 | \$ 2,227,047 | \$ 2,169,670 |
| Total Deposits | \$ 3,911,091 | \$ 3,874,988 | \$ 3,989,843 | \$ 4,224,857 | \$ 4,383,798 |
| Repurchase Agreements | \$ 626,082 | \$ 642,114 | \$ 671,532 | \$ 670,974 | \$ 696,779 |
| Total Deposits and Repurchase Agreements | \$ 4,537,173 | \$ 4,517,102 | \$ 4,661,375 | \$ 4,895,831 | \$ 5,080,577 |
| Total Borrowing | \$ 530,000 | \$ 530,000 | \$ 350,000 | \$ — | \$ — |
| Unrealized gain (loss) on marketable securities, net of tax | \$ (143,514) | \$ (137,198) | \$ (128,594) | \$ (146,279) | \$ (170,608) |
| Total Shareholders' Equity | \$ 423,343 | \$ 424,274 | \$ 428,555 | \$ 407,550 | \$ 389,118 |

INCOME STATEMENT

| | | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|------------|
| Net Interest and Loan Fee Income | \$ 38,739 | \$ 37,011 | \$ 37,771 | \$ 38,194 | \$ 36,987 |
| Provision for Loan Losses | \$ (387) | \$ (574) | \$ 375 | \$ (276) | \$ (1,129) |
| Total Noninterest Income | \$ 6,774 | \$ 6,646 | \$ 5,484 | \$ 5,916 | \$ 6,335 |
| Total Noninterest Expense | \$ 24,465 | \$ 24,435 | \$ 24,617 | \$ 24,952 | \$ 23,306 |
| Provision for Income Taxes | \$ 5,916 | \$ 5,339 | \$ 4,809 | \$ 5,063 | \$ 5,490 |
| Net Income | \$ 15,519 | \$ 14,457 | \$ 13,454 | \$ 14,371 | \$ 15,655 |
| Earnings per common share | \$ 4.90 | \$ 4.57 | \$ 4.25 | \$ 4.54 | \$ 4.94 |
| Dividend per common share | \$ 3.20 | \$ 3.20 | \$ 3.20 | \$ 6.40 | \$ 3.20 |

FINANCIAL MEASURES

| | | | | | |
|-----------------------------------|--------|--------|--------|--------|--------|
| Return on Assets | 1.04% | 1.01% | 0.98% | 1.04% | 1.05% |
| Return on Equity | 13.76% | 13.29% | 12.87% | 12.83% | 12.56% |
| Net Interest Margin | 2.78% | 2.77% | 2.84% | 2.66% | 2.63% |
| Yield on Loans | 6.08% | 5.95% | 5.81% | 5.22% | 5.09% |
| Yield on Securities | 1.65% | 1.67% | 1.72% | 1.40% | 1.33% |
| Cost of Interest Bearing Deposits | 0.92% | 0.79% | 0.65% | 0.21% | 0.13% |
| Efficiency Ratio | 55.16% | 55.45% | 55.66% | 54.34% | 53.76% |

CAPITAL

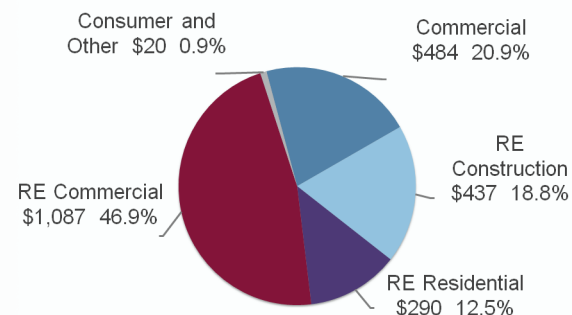
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|---|------------|------------|------------|------------|------------|
| Shareholders' Equity/Total Assets | 7.61% | 7.71% | 7.83% | 7.64% | 7.07% |
| Tier 1 Leverage Ratio | 9.98% | 10.01% | 10.20% | 9.64% | 9.83% |
| Regulatory Well Capitalized Minimum Ratio - Tier 1 Leverage Ratio | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Tier 1 (Core) Capital | \$ 566,857 | \$ 561,472 | \$ 557,149 | \$ 553,829 | \$ 559,726 |

CREDIT QUALITY

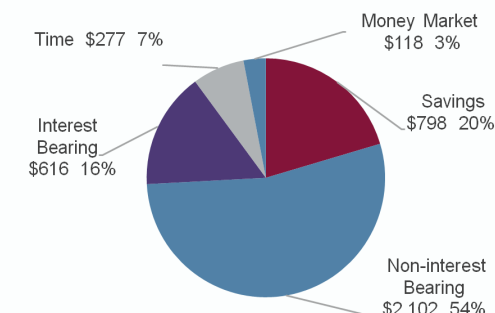
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|--|-----------|-----------|-----------|-----------|-----------|
| Noncurrent Loans and OREO | \$ 5,227 | \$ 4,843 | \$ 4,984 | \$ 5,899 | \$ 5,864 |
| Noncurrent Loans and OREO/Total Assets | 0.09% | 0.09% | 0.09% | 0.11% | 0.11% |
| Noncurrent Loans and OREO/Tier 1 Capital | 0.92% | 0.86% | 0.89% | 1.07% | 1.05% |
| Allowance for Loan Losses | \$ 18,475 | \$ 18,850 | \$ 19,050 | \$ 18,800 | \$ 19,000 |
| Allowance for Loan Losses/Total Loans | 0.80% | 0.82% | 0.83% | 0.84% | 0.88% |

Net interest margin, yields, and efficiency ratios are tax effected.
Financial measures are year-to-date.
Per common share amounts are not in thousands.

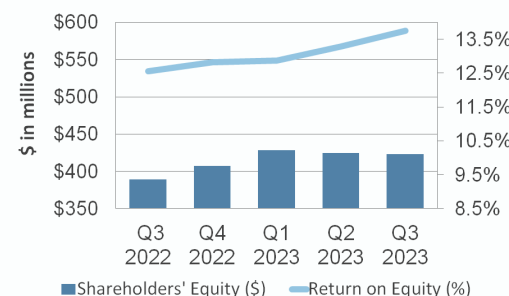
Loan Mix (\$ in millions)



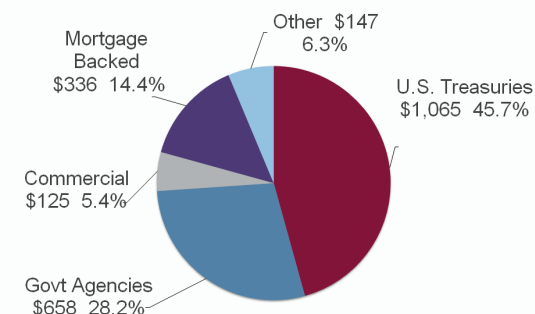
Deposit Mix (\$ in millions)



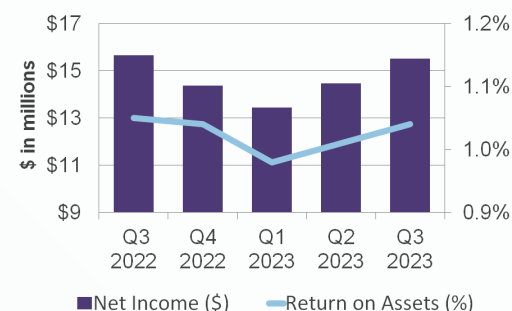
Shareholders' Equity and Return on Equity



Securities Mix (\$ in millions)



Net Income and Return on Assets



Dividend Per Share and Payout

