

PRSR1 STD
U.S. POSTAGE
PAID
ANCHORAGE, AK
PERMIT NO. 175

2022
2ND QUARTER
JUNE 30

FINANCIAL OVERVIEW



1 First National Bank
ALASKA
MEMBER FDIC

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

Dear Shareholders,

We are pleased to report First National continues its strong performance in its Centennial year. Net income for the second quarter of 2022 grew 5% to \$14.4 million from \$13.7 million during the same period in 2021.

Total interest and loan fee income of \$37.2 million exceeded second quarter 2021 by 3.8% as investment income and interest and fees on loans grew more than enough to offset the loss of PPP fee income in the prior year. As expected, interest rate increases are elevating interest expense over prior year. While 15 to 89 days delinquency ratios are up slightly, nonaccrual loans decreased, resulting in reduced loan loss provisioning this quarter.

Stronger bankcard and other noninterest income is replacing the expected decline in mortgage loan originations. Salaries and benefits are lower with improved management of healthcare costs and fewer employees than 2021.

Total assets reached \$5.4 billion and customer deposits totaled \$4.9 billion. With the 2022 interest rate increases, the bank's existing security portfolio has unrealized losses that will decline as they approach maturity. This temporary decrease in securities market value is elevating return on equity to 11.49%, while decreasing retained earnings and book value per share at June 30 versus prior year.

Alaska Business magazine readers voted First National the Best Place to Work for the seventh year in a row and Best Bank/Credit Union for the second year running. This recognition was only possible because of our amazing team of nearly 600 employees. The First National team's constant search for innovative solutions, and ability to evolve in times of rapid changes, have allowed the bank to successfully meet the extraordinary challenges of the last few years.

Helping Alaskans succeed - our employees, customers and shareholders - is at the heart of everything we do. We look forward to our second century as the Great Land's community bank, helping shape a brighter tomorrow for all Alaskans.

Sincerely,

Betsy Lawer
Betsy Lawer
BOARD CHAIR & CEO/PRESIDENT

Michele Schuh
Michele Schuh
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

DIRECTORS

Betsy Lawer
Chair & CEO/President

Lucy Mahan
Vice Chair

Tom Barrett
Perry Eaton

Margy K. Johnson

Jane Klopfer

Doug Longacre

Tara Sweeney

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	6/30/2022	3/31/2022	12/31/2021	9/30/2021	6/30/2021
Total Assets	\$ 5,373,051	\$ 5,393,217	\$ 5,581,340	\$ 5,521,126	\$ 5,338,052
Total Securities	\$ 2,817,076	\$ 2,878,295	\$ 2,842,950	\$ 2,670,064	\$ 2,229,470
Total Loans	\$ 2,172,230	\$ 2,107,885	\$ 2,127,271	\$ 2,245,532	\$ 2,268,263
Total Deposits	\$ 4,161,642	\$ 4,135,870	\$ 4,216,924	\$ 4,102,624	\$ 3,910,717
Repurchase Agreements	\$ 748,316	\$ 758,052	\$ 781,700	\$ 826,611	\$ 830,245
Total Deposits and Repurchase Agreements	\$ 4,909,958	\$ 4,893,922	\$ 4,998,624	\$ 4,929,235	\$ 4,740,962
Unrealized gain (loss) on marketable securities, net of tax	\$ (109,987)	\$ (75,947)	\$ 8,266	\$ 25,014	\$ 31,338
Total Shareholders' Equity	\$ 444,218	\$ 474,019	\$ 554,530	\$ 565,069	\$ 577,266

INCOME STATEMENT

Net Interest and Loan Fee Income	\$ 35,489	\$ 34,700	\$ 38,758	\$ 34,669	\$ 35,466
Provision for Loan Losses	\$ 472	\$ (316)	\$ (660)	\$ 357	\$ 1,033
Total Noninterest Income	\$ 6,736	\$ 5,620	\$ 6,183	\$ 6,322	\$ 6,787
Total Noninterest Expense	\$ 22,554	\$ 22,262	\$ 23,811	\$ 21,432	\$ 22,974
Provision for Income Taxes	\$ 4,826	\$ 4,538	\$ 5,447	\$ 4,807	\$ 4,547
Net Income	\$ 14,373	\$ 13,836	\$ 16,343	\$ 14,395	\$ 13,699
Earnings per common share	\$ 4.54	\$ 4.37	\$ 5.16	\$ 4.55	\$ 4.33
Dividend per common share	\$ 3.20	\$ 3.20	\$ 3.20	\$ 6.40	\$ 3.20

FINANCIAL MEASURES

Return on Assets	1.03%	1.01%	1.12%	1.11%	1.13%
Return on Equity	11.49%	10.76%	10.23%	9.76%	9.57%
Net Interest Margin	2.62%	2.60%	2.88%	2.89%	3.03%
Yield on Loans	4.97%	4.91%	5.12%	4.99%	5.10%
Yield on Securities	1.29%	1.27%	1.40%	1.45%	1.51%
Cost of Interest Bearing Deposits	0.09%	0.07%	0.05%	0.05%	0.04%
Efficiency Ratio	53.91%	54.78%	53.06%	53.23%	53.25%

CAPITAL

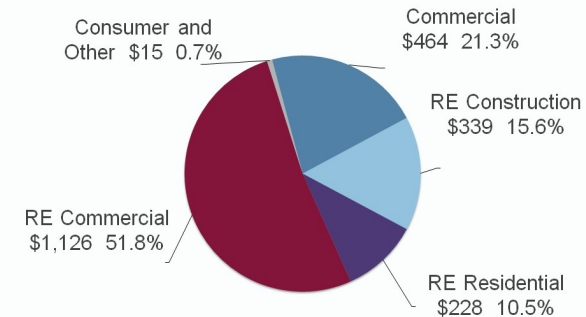
Shareholders' Equity/Total Assets	8.27%	8.79%	9.94%	10.23%	10.81%
Tier 1 Leverage Ratio	10.03%	10.05%	9.81%	9.97%	10.81%
Regulatory Well Capitalized Minimum Ratio - Tier 1 Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$ 554,205	\$ 549,966	\$ 546,264	\$ 540,055	\$ 545,928

CREDIT QUALITY

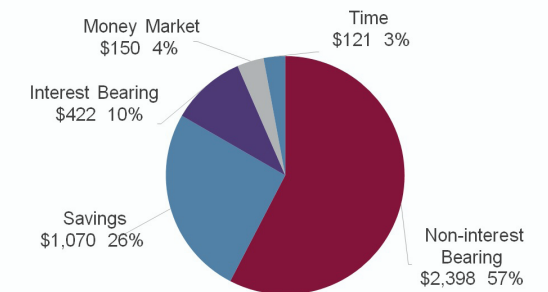
Noncurrent Loans and OREO	\$ 6,454	\$ 16,585	\$ 18,217	\$ 17,611	\$ 11,446
Noncurrent Loans and OREO/Total Assets	0.12%	0.31%	0.33%	0.32%	0.21%
Noncurrent Loans and OREO/Tier 1 Capital	1.16%	3.02%	3.33%	3.26%	2.10%
Allowance for Loan Losses	\$ 19,500	\$ 22,600	\$ 22,900	\$ 23,500	\$ 23,500
Allowance for Loan Losses/Total Loans	0.90%	1.07%	1.08%	1.05%	1.04%

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

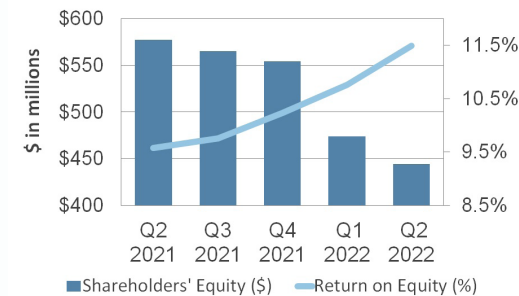
Loan Mix (\$ in millions)



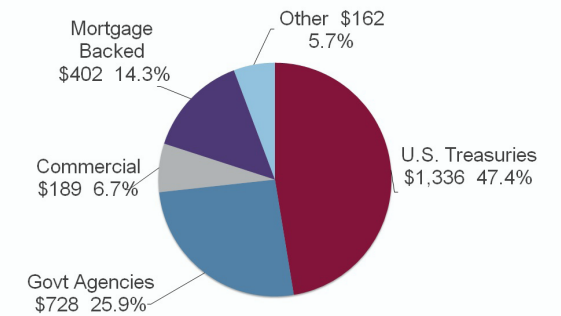
Deposit Mix (\$ in millions)



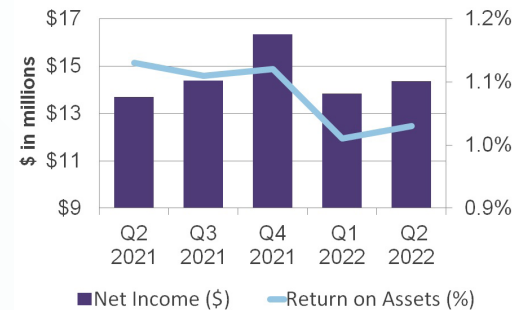
Shareholders' Equity and Return on Equity



Securities Mix (\$ in millions)



Net Income and Return on Assets



Dividend Per Share and Payout

