

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



MEMBER FDIC

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

2023
2ND QUARTER
JUNE 30

FINANCIAL OVERVIEW



FIRST NATIONAL BANK ALASKA

Dear Shareholders,

Your bank's steady second quarter performance amid a challenging financial landscape is a clear reflection of its leadership, experience and resources acquired over more than a century.

Net income at \$14.5 million was comparable to the second quarter of 2022 at \$14.4 million. Total net interest and loan fee income grew to \$37.0 million, \$1.5 million higher than the same period in 2022, primarily driven by the higher interest rate environment and larger earning assets.

Bank deposits decreased \$144.3 million during the second quarter to \$4.5 billion. Total assets are \$5.5 billion, supported by tactical borrowings of \$530 million in 2023 which remain held in cash. Shareholders' equity at June 30 increased to \$424.3 million, greater by \$16.7 million year-to-date mainly due to a decrease in the unrealized loss position in the securities portfolio.

The First National team, of course, is the foundation of our success, and we are committed to each of our more than 600 employees. So it's especially satisfying that, for the eighth year in a row, *Alaska Business* magazine readers voted First National the **Best Place to Work**. The bank also earned **Best Corporate Citizen** for the third time and was voted **Best Bank/Credit Union** in the state.

These accolades are gratifying, but they represent much more. When people work in an environment in which they feel recognized and respected, their performance is enhanced. Our positive culture is a vital part of the success of our customers and employees, our bank, and our 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	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Total Assets	\$ 5,505,931	\$ 5,473,245	\$ 5,337,737	\$ 5,502,968	\$ 5,373,051
Total Securities	\$ 2,413,791	\$ 2,606,018	\$ 2,815,357	\$ 2,863,905	\$ 2,817,076
Total Loans	\$ 2,294,558	\$ 2,283,553	\$ 2,227,047	\$ 2,169,670	\$ 2,172,230
Total Deposits	\$ 3,874,988	\$ 3,989,843	\$ 4,224,857	\$ 4,383,798	\$ 4,161,642
Repurchase Agreements	\$ 642,114	\$ 671,532	\$ 670,974	\$ 696,779	\$ 748,316
Total Deposits and Repurchase Agreements	\$ 4,517,102	\$ 4,661,375	\$ 4,895,831	\$ 5,080,577	\$ 4,909,958
Total Borrowing	\$ 530,000	\$ 350,000	\$ -	\$ -	\$ -
Unrealized gain (loss) on marketable securities, net of tax	\$ (137,198)	\$ (128,594)	\$ (146,279)	\$ (170,608)	\$ (109,987)
Total Shareholders' Equity	\$ 424,274	\$ 428,555	\$ 407,550	\$ 389,118	\$ 444,218

INCOME STATEMENT

Net Interest and Loan Fee Income	\$ 37,011	\$ 37,771	\$ 38,194	\$ 36,987	\$ 35,489
Provision for Loan losses	\$ (349)	\$ 600	\$ (276)	\$ (1,129)	\$ 472
Total Noninterest Income	\$ 6,646	\$ 5,484	\$ 5,916	\$ 6,335	\$ 6,736
Total Noninterest Expense	\$ 24,210	\$ 24,392	\$ 24,952	\$ 23,306	\$ 22,554
Provision for Income Taxes	\$ 5,339	\$ 4,809	\$ 5,063	\$ 5,490	\$ 4,826
Net Income	\$ 14,457	\$ 13,454	\$ 14,371	\$ 15,655	\$ 14,373
Earnings per common share	\$ 4.57	\$ 4.25	\$ 4.54	\$ 4.94	\$ 4.54
Dividend per common share	\$ 3.20	\$ 3.20	\$ 6.40	\$ 3.20	\$ 3.20

FINANCIAL MEASURES

Return on Assets	1.01%	0.98%	1.04%	1.05%	1.03%
Return on Equity	13.29%	12.87%	12.83%	12.56%	11.49%
Net Interest Margin	2.77%	2.84%	2.66%	2.63%	2.62%
Yield on Loans	5.95%	5.81%	5.22%	5.09%	4.97%
Yield on Securities	1.67%	1.72%	1.40%	1.33%	1.29%
Cost of Interest Bearing Deposits	0.79%	0.65%	0.21%	0.13%	0.09%
Efficiency Ratio	55.45%	55.66%	54.34%	53.76%	53.91%

CAPITAL

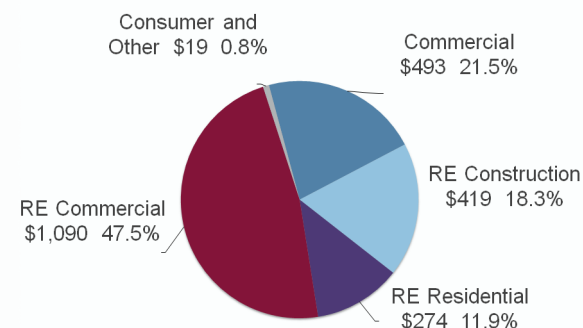
Shareholders' Equity/Total Assets	7.71%	7.83%	7.64%	7.07%	8.27%
Tier 1 Leverage Ratio	10.01%	10.20%	9.64%	9.83%	10.03%
Regulatory Well Capitalized Minimum Ratio – Tier 1 Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$ 561,472	\$ 557,149	\$ 553,829	\$ 559,726	\$ 554,205

CREDIT QUALITY

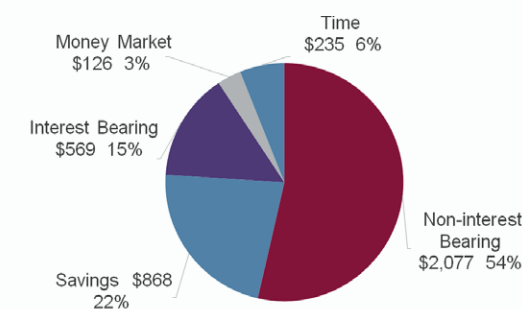
Noncurrent Loans and OREO	\$ 4,843	\$ 4,984	\$ 5,899	\$ 5,864	\$ 6,454
Noncurrent Loan and OREO/Total Assets	0.09%	0.09%	0.11%	0.11%	0.12%
Noncurrent Loans and OREO/Tier 1 Capital	0.86%	0.89%	1.07%	1.05%	1.16%
Allowance for Loan Losses	\$ 18,850	\$ 19,050	\$ 18,800	\$ 19,000	\$ 19,500
Allowance for Loan Losses/Total Loans	0.82%	0.83%	0.84%	0.88%	0.90%

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

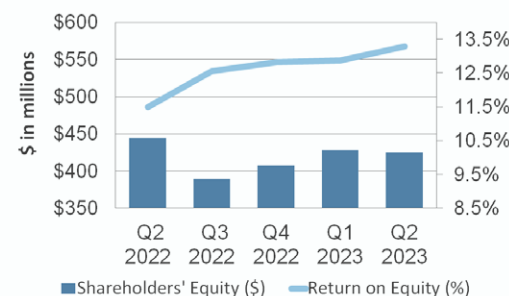
Loan Mix (\$ in millions)



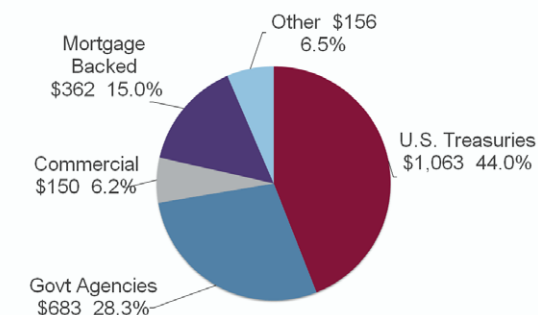
Deposit Mix (\$ in millions)



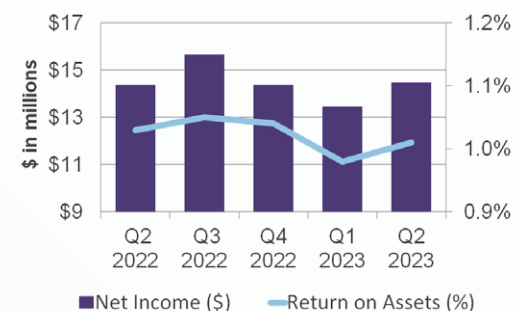
Shareholders' Equity and Return on Equity



Securities Mix (\$ in millions)



Net Income and Return on Assets



Dividend Per Share and Payout

