

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

**1** First National Bank  
**A L A S K A**  
P. O. Box 100720  
Anchorage, AK 99510-0720



**1** First National Bank  
**A L A S K A** MEMBER FDIC

Dear Shareholders,

Net income of \$14.0 million for first quarter 2021 compares to \$14.1 million during the same period of 2020. Net interest and loan fee income increased 6.3% to \$36.7 million compared to \$34.5 million during the same period last year primarily on lower interest expense. A provision for loan loss of \$2.0 million was recorded in response to low travel and tourism activity affecting certain commercial real estate loan participations. The bank's net interest margin decreased to 3.19% from 3.76% for first quarter 2020.

Noninterest income for the quarter increased 7.7% when compared to the same period 2020 thanks to higher mortgage loan origination income. Noninterest expense for the quarter increased 5.2% when compared to the same period last year due to increases in salaries and employee benefits. The bank's measure of operating efficiency, the efficiency ratio, remains favorably below the same period of 2020 and national peer averages.

Return on assets of 1.18% decreased 31 basis points from first quarter 2020 on growth in total assets. During the first quarter 2021, the bank originated over 1,800 SBA PPP loans, totaling \$182.7 million in the second round of funding. Total SBA PPP loans outstanding as of the end of first quarter was \$342.2 million.

A variety of factors, including the increasing number of COVID-19 vaccinations, has led many Alaska communities to loosen restrictions and protocols put in place over the past year. To ensure the continued health and safety of our customers and employees, the bank is taking a measured pace in relaxing face covering and distancing protocols.

First National continues to monitor economic conditions across Alaska every day as we communicate regularly with customers. Their input reinforces our optimism that Alaska businesses are resilient and preparing for an economic recovery. As always, they can count on First National to be right beside them to help keep their business moving forward and face whatever challenges lie ahead.

*Betsy Lawer*

Betsy Lawer  
Board Chair & Chief Executive Officer

*Michele Schuh*

Michele Schuh  
Chief Financial Officer

## DIRECTORS

**Betsy Lawer**  
*Chair & CEO*

**Lucy Mahan**  
*Vice Chair*

**Doug Longacre**  
*President*

**Tom Barrett**  
**Perry Eaton**

**Margy K. Johnson**

**Jane Klopfer**

**Tom Tougas**

**Janet Weiss**

**Cheri Gillian**

*Executive Vice President & Board Secretary*

## BRANCHES

<b>Cordova Branch</b>	Cordova
<b>Dimond Branch</b>	Anchorage
<b>Eagle River Branch</b>	Eagle River
<b>Eastchester Branch</b>	Anchorage
<b>Glennallen Branch</b>	Glennallen
<b>Golden Valley Branch</b>	Fairbanks
<b>Haines Branch</b>	Haines
<b>Healy Branch</b>	Healy
<b>Homer Branch</b>	Homer
<b>Johansen Branch</b>	Fairbanks
<b>Juneau Regional Branch</b>	Juneau
<b>Kenai Branch</b>	Kenai
<b>Kodiak Branch</b>	Kodiak
<b>Kuskokwim Branch</b>	Bethel
<b>Metro Branch</b>	Anchorage
<b>Muldoon Branch</b>	Anchorage
<b>North Star Branch</b>	JBER
<b>Northern Lights Branch</b>	Anchorage
<b>Palmer Branch</b>	Palmer
<b>Seward Branch</b>	Seward
<b>Sitka Branch</b>	Sitka
<b>Soldotna Branch</b>	Soldotna
<b>South Center Branch</b>	Anchorage
<b>U-Med Branch</b>	Anchorage
<b>Valdez Branch</b>	Valdez
<b>Valley Centre Branch</b>	Juneau
<b>Wasilla Branch</b>	Wasilla



## Financial Overview (Unaudited)

Quarter Ended (\$ in thousands)

BALANCE SHEET	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
Total Assets	\$ 4,927,784	\$ 4,695,315	\$ 4,718,640	\$ 4,594,205	\$ 3,859,319
Total Securities	\$ 2,089,373	\$ 1,870,814	\$ 1,735,916	\$ 1,767,024	\$ 1,501,474
Total Loans	\$ 2,271,850	\$ 2,211,288	\$ 2,290,158	\$ 2,309,166	\$ 2,003,829
Total Deposits	\$ 3,486,685	\$ 3,113,169	\$ 3,045,898	\$ 2,912,046	\$ 2,430,983
Repurchase Agreements	\$ 850,409	\$ 969,766	\$ 1,022,024	\$ 1,024,610	\$ 822,835
Total Deposits and Repurchase Agreements	\$ 4,337,094	\$ 4,082,935	\$ 4,067,922	\$ 3,936,656	\$ 3,253,818
Total Shareholders' Equity	\$ 571,083	\$ 586,589	\$ 585,429	\$ 589,966	\$ 575,774

## INCOME STATEMENT

Net Interest and Loan Fee Income	\$ 36,708	\$ 35,721	\$ 36,615	\$ 37,910	\$ 34,520
Provision for Loan losses	\$ 1,697	\$ 32	\$ 250	\$ 1,949	\$ (36)
Total Noninterest Income	\$ 6,198	\$ 7,102	\$ 6,677	\$ 6,459	\$ 5,757
Total Noninterest Expense	\$ 22,569	\$ 24,823	\$ 22,196	\$ 22,951	\$ 21,454
Provision for Income Taxes	\$ 4,663	\$ 4,704	\$ 5,293	\$ 4,899	\$ 4,711
Net Income	\$ 13,977	\$ 13,264	\$ 15,553	\$ 14,570	\$ 14,148
Earnings per common share	\$ 4.41	\$ 4.19	\$ 4.91	\$ 4.60	\$ 4.47
Dividend per common share	\$ 3.20	\$ 3.20	\$ 6.40	\$ 3.20	\$ 3.20

## FINANCIAL MEASURES

Return on Assets	1.18%	1.33%	1.40%	1.43%	1.49%
Return on Equity	9.66%	9.97%	10.27%	10.06%	10.07%
Net Interest Margin	3.19%	3.45%	3.56%	3.72%	3.76%
Efficiency Ratio	52.18%	53.28%	51.74%	52.24%	52.98%

## CAPITAL

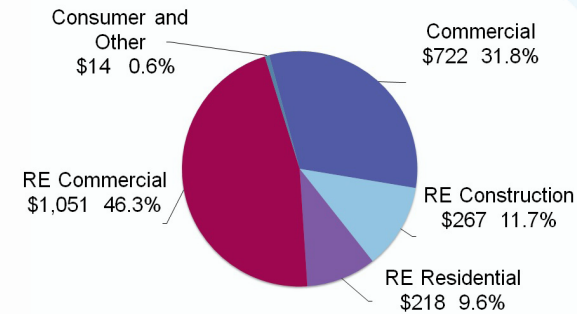
Shareholders' Equity/Total Assets	11.59%	12.49%	12.41%	12.84%	14.92%
Tier 1 Leverage Ratio	11.45%	11.52%	11.63%	12.72%	14.14%
Regulatory Well Capitalized Minimum Ratio					
Tier 1 Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$ 542,363	\$ 538,520	\$ 535,390	\$ 540,105	\$ 535,669

## CREDIT QUALITY

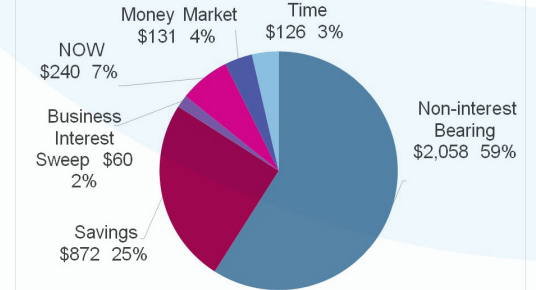
Noncurrent Loans and OREO	\$ 14,314	\$ 14,094	\$ 13,803	\$ 13,511	\$ 11,653
Noncurrent Loans and OREO/Total Assets	0.29%	0.30%	0.29%	0.29%	0.30%
Noncurrent Loans and OREO/Tier 1 Capital	2.64%	2.62%	2.58%	2.50%	2.18%
Allowance for Loan Losses	\$ 23,550	\$ 21,550	\$ 21,550	\$ 21,550	\$ 19,500
Allowance for Loan Losses/Total Loans	1.04%	0.97%	0.94%	0.93%	0.97%

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

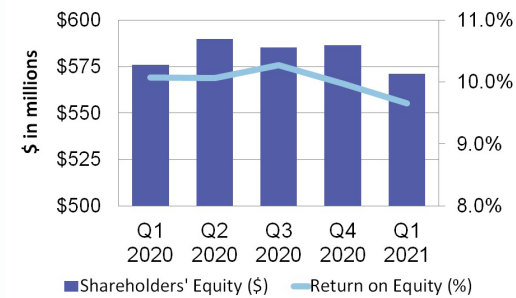
## Loan Mix (\$ in millions)



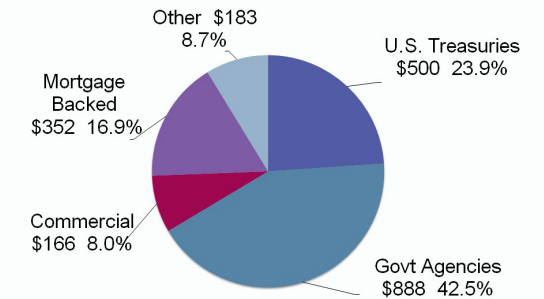
## Deposit Mix (\$ in millions)



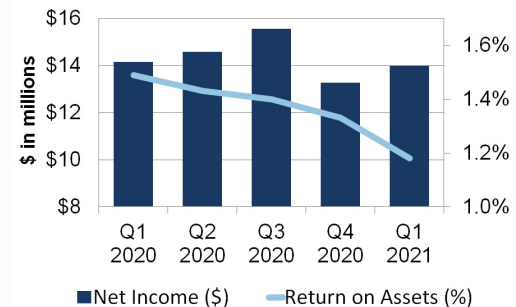
## Shareholders' Equity and Return on Equity



## Securities Mix (\$ in millions)



## Net Income and Return on Assets



## Dividend Per Share and Payout

