

2022
1ST QUARTER
MARCH 31

FINANCIAL
OVERVIEW



Dear Shareholders,

First National closed the first quarter of its centennial year with total assets at \$5.4 billion and total customer deposits of \$4.9 billion, reflecting exceptional growth through the pandemic of over 40% and 70%, respectively.

First quarter net income of \$13.8 million is a solid result, 1.0% lower than the prior year as Paycheck Protection Program loan origination fee income declines. With asset growth outpacing net income, return on assets decreased this year. Net interest margin at 2.60% continued to compress as the earning asset mix remained tilted toward securities. When coupled with the low, yet improving, interest rate environment, this scenario impacted securities, decreasing shareholder equity with temporary unrealized losses. Investment of excess cash into securities improved investment income.

Noninterest income declined on lower mortgage loan origination activity, offset by improving bankcard revenues. Salary and benefits expenses decreased as the bank faced the challenges of hiring in an intensely competitive labor market. Our management team remains focused on growing the loan portfolio, building noninterest income, managing noninterest expenses, and navigating the 2022 interest rate changes.

D.H. Cuddy led our bank from 1951 to 2015. One of his consistent messages was that the bank will succeed only if the communities we serve prosper as well. That's why, during this our centennial year, we are especially excited by our *Giving Today, Shaping Tomorrow* initiative. During 2022, in addition to the nearly \$1 million in contributions given across the state, all 27 of our branches has an additional \$1,000 for a donation in their local community to a nonprofit that helps those who need it most.

It's an investment we believe pays tangible and intangible dividends to our employees, customers, communities and shareholders. As always, helping Alaskans succeed is at the core of everything we do. It's the bedrock on which we've built our century of success.

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

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	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
Total Assets	\$ 5,393,217	\$ 5,581,340	\$ 5,521,126	\$ 5,338,052	\$ 4,927,784
Total Securities	\$ 2,878,295	\$ 2,842,950	\$ 2,670,064	\$ 2,229,470	\$ 2,089,373
Total Loans	\$ 2,107,885	\$ 2,127,271	\$ 2,245,532	\$ 2,268,263	\$ 2,271,850
Total Deposits	\$ 4,135,870	\$ 4,216,924	\$ 4,102,624	\$ 3,910,717	\$ 3,486,685
Repurchase Agreements	\$ 758,052	\$ 781,700	\$ 826,611	\$ 830,245	\$ 850,409
Total Deposits and Repurchase Agreements	\$ 4,893,922	\$ 4,998,624	\$ 4,929,235	\$ 4,740,962	\$ 4,337,094
Unrealized gain (loss) on marketable securities, net of tax	\$ (75,947)	\$ 8,266	\$ 25,014	\$ 31,338	\$ 28,720
Total Shareholders' Equity	\$ 474,019	\$ 554,530	\$ 565,069	\$ 577,266	\$ 571,083

INCOME STATEMENT

Net Interest and Loan Fee Income	\$ 34,700	\$ 38,758	\$ 34,669	\$ 35,466	\$ 36,708
Provision for Loan losses	\$ (316)	\$ (660)	\$ 357	\$ 1,033	\$ 1,697
Total Noninterest Income	\$ 5,620	\$ 6,183	\$ 6,322	\$ 6,787	\$ 6,198
Total Noninterest Expense	\$ 22,262	\$ 23,811	\$ 21,432	\$ 22,974	\$ 22,569
Provision for Income Taxes	\$ 4,538	\$ 5,447	\$ 4,807	\$ 4,547	\$ 4,663
Net Income	\$ 13,836	\$ 16,343	\$ 14,395	\$ 13,699	\$ 13,977
Earnings per common share	\$ 4.37	\$ 5.16	\$ 4.55	\$ 4.33	\$ 4.41
Dividend per common share	\$ 3.20	\$ 3.20	\$ 6.40	\$ 3.20	\$ 3.20

FINANCIAL MEASURES

Return on Assets	1.01%	1.12%	1.11%	1.13%	1.18%
Return on Equity	10.76%	10.23%	9.76%	9.57%	9.66%
Net Interest Margin	2.60%	2.88%	2.89%	3.03%	3.19%
Yield on Loans	4.91%	5.12%	4.99%	5.10%	5.31%
Yield on Securities	1.27%	1.40%	1.45%	1.51%	1.56%
Cost of Interest Bearing Deposits	0.07%	0.05%	0.05%	0.04%	0.05%
Efficiency Ratio	54.78%	53.06%	53.23%	53.25%	52.18%

CAPITAL

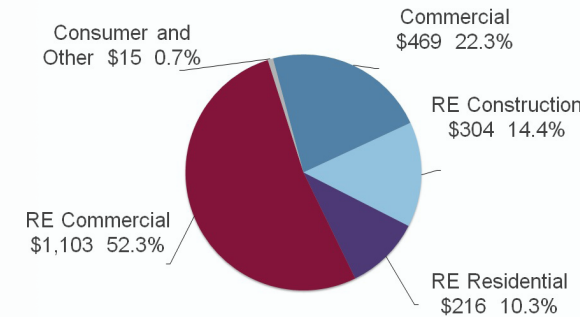
Shareholders' Equity/Total Assets	8.79%	9.94%	10.23%	10.81%	11.59%
Tier 1 Leverage Ratio	10.05%	9.81%	9.97%	10.81%	11.45%
Regulatory Well Capitalized Minimum Ratio – Tier 1 Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$ 549,966	\$ 546,264	\$ 540,055	\$ 545,928	\$ 542,363

CREDIT QUALITY

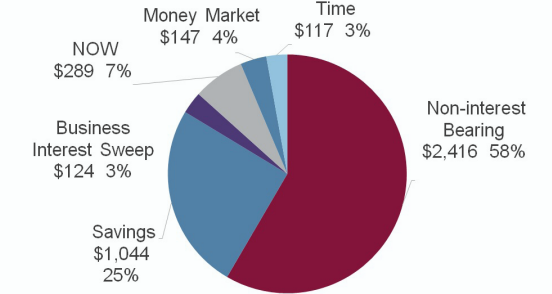
Noncurrent Loans and OREO	\$ 16,585	\$ 18,217	\$ 17,611	\$ 11,446	\$ 14,314
Noncurrent Loans and OREO/Total Assets	0.31%	0.33%	0.32%	0.21%	0.29%
Noncurrent Loans and OREO/Tier 1 Capital	3.02%	3.33%	3.26%	2.10%	2.64%
Allowance for Loan Losses	\$ 22,600	\$ 22,900	\$ 23,500	\$ 23,500	\$ 23,550
Allowance for Loan Losses/Total Loans	1.07%	1.08%	1.05%	1.04%	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.

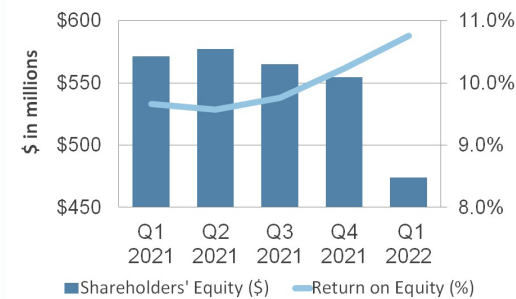
Loan Mix (\$ in millions)



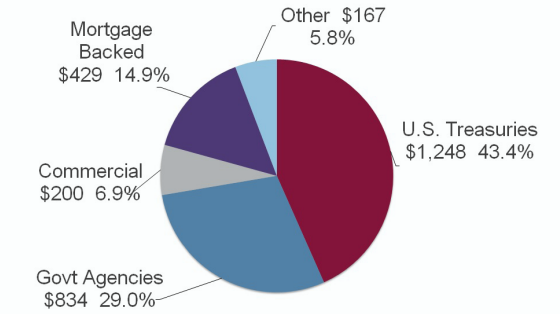
Deposit Mix (\$ in millions)



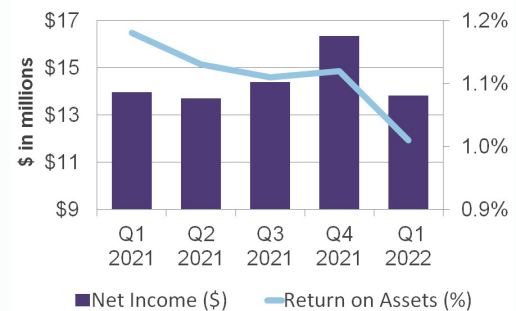
Shareholders' Equity and Return on Equity



Securities Mix (\$ in millions)



Net Income and Return on Assets



Dividend Per Share and Payout

