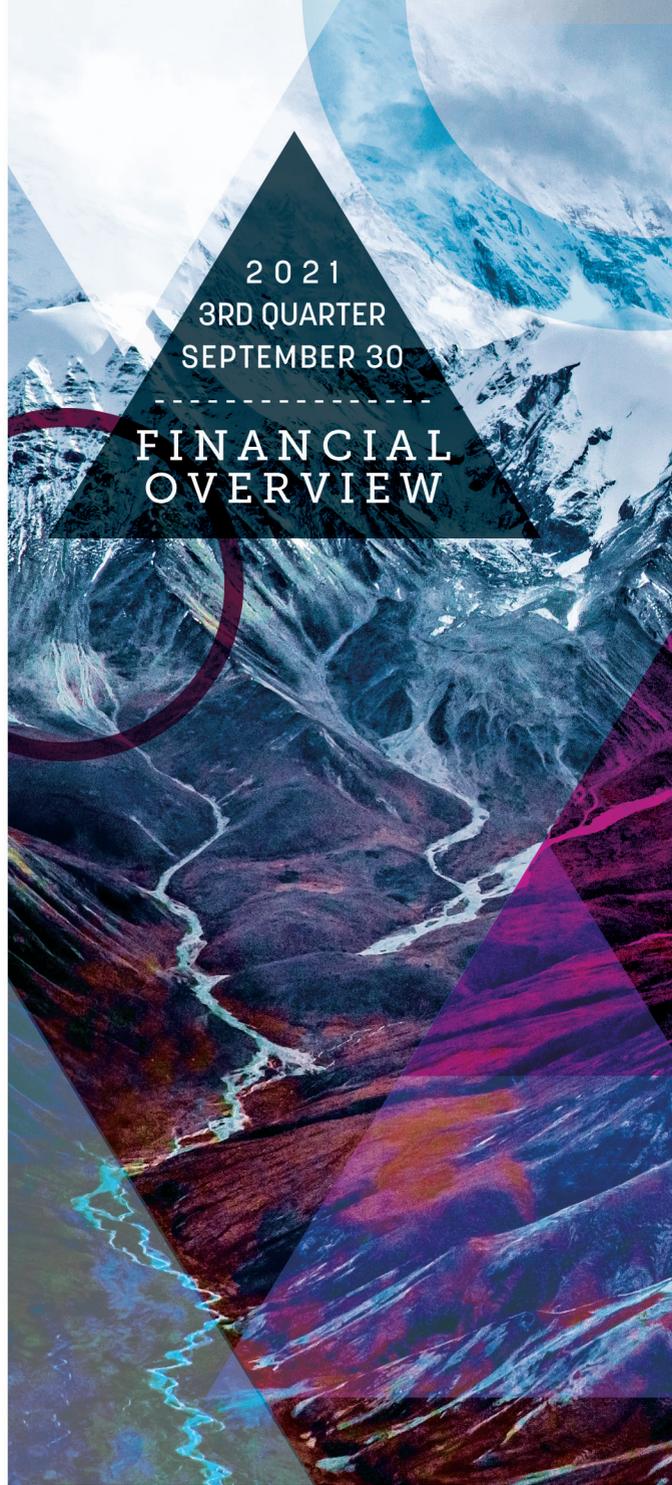


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PERMIT NO. 175

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,

We are now fewer than 80 days away from marking the 100th anniversary of locally owned and operated First National Bank Alaska! This little community bank in the Far North sure has grown over those years, and that growth continued its dynamic trend in the third quarter. During that period First National's customer deposits grew by \$188 million, elevating total assets to \$5.5 billion. This marked the seventh consecutive quarter of asset growth for First National. Total customer deposits stood at \$4.9 billion as of September 30, 2021 on accumulated growth of \$846 million during 2021.

Our team's heroic effort to originate a total of \$588 million in PPP loans during 2020 and 2021 continued to earn rewards, delivering \$2.3 million in interest and loan fee income during the third quarter and \$10.6 million year to date with \$244 million loans still outstanding. Bank-held loans at September 30, 2021 totaled \$2.2 billion, with a low delinquency rate of 0.05%, measured 30-89 days.

Third quarter and year-to-date net income totaled \$14.4 million and \$42.1 million, respectively. The bank net interest margin at 2.89% compares with 3.56%, as of September 30, 2020. This expected compression is offset by higher volumes of earning assets, strong performance in noninterest income, and effective operating expense management.

Few businesses reach the century mark. First National's success comes from staying true to our mission statement - take care of our customers, our employees, our communities and our shareholders. Dan Cuddy, bank president for more than half a century, always said if we accomplish the first three, the last was sure to follow.

The last 100 years have proven him right. From fur pelt storage in our original facility to the modern technological conveniences of today, First National's innovative outlook will serve the bank and Alaskans just as well for the next 100.

Sincerely,

Betsy Lawer

Betsy Lawer
Board Chair & CEO

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

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
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	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
Total Assets	\$ 5,521,126	\$ 5,338,052	\$ 4,927,784	\$ 4,695,315	\$ 4,718,640
Total Securities	\$ 2,670,064	\$ 2,229,470	\$ 2,089,373	\$ 1,870,814	\$ 1,735,916
Total Loans	\$ 2,245,532	\$ 2,268,263	\$ 2,271,850	\$ 2,211,288	\$ 2,290,158
Total Deposits	\$ 4,102,624	\$ 3,910,717	\$ 3,486,685	\$ 3,113,169	\$ 3,045,898
Repurchase Agreements	\$ 826,611	\$ 830,245	\$ 850,409	\$ 969,766	\$ 1,022,024
Total Deposits and Repurchase Agreements	\$ 4,929,235	\$ 4,740,962	\$ 4,337,094	\$ 4,082,935	\$ 4,067,922
Total Shareholders' Equity	\$ 565,069	\$ 577,266	\$ 571,083	\$ 586,589	\$ 585,429

INCOME STATEMENT

Net Interest and Loan Fee Income	\$ 34,669	\$ 35,466	\$ 36,708	\$ 35,721	\$ 36,615
Provision for Loan losses	\$ 357	\$ 1,033	\$ 1,697	\$ 32	\$ 250
Total Noninterest Income	\$ 6,322	\$ 6,787	\$ 6,198	\$ 7,102	\$ 6,677
Total Noninterest Expense	\$ 21,432	\$ 22,974	\$ 22,569	\$ 24,823	\$ 22,196
Provision for Income Taxes	\$ 4,807	\$ 4,547	\$ 4,663	\$ 4,704	\$ 5,293
Net Income	\$ 14,395	\$ 13,699	\$ 13,977	\$ 13,264	\$ 15,553
Earnings per common share	\$ 4.55	\$ 4.33	\$ 4.41	\$ 4.19	\$ 4.91
Dividend per common share	\$ 6.40	\$ 3.20	\$ 3.20	\$ 3.20	\$ 6.40

FINANCIAL MEASURES

Return on Assets	1.11%	1.13%	1.18%	1.33%	1.40%
Return on Equity	9.76%	9.57%	9.66%	9.97%	10.27%
Net Interest Margin	2.89%	3.03%	3.19%	3.45%	3.56%
Yield on Loans	4.99%	5.10%	5.31%	5.27%	5.34%
Yield on Securities	1.45%	1.51%	1.56%	1.96%	2.05%
Cost of Interest Bearing Deposits	0.05%	0.04%	0.05%	0.07%	0.08%
Efficiency Ratio	53.23%	53.25%	52.18%	53.28%	51.74%

CAPITAL

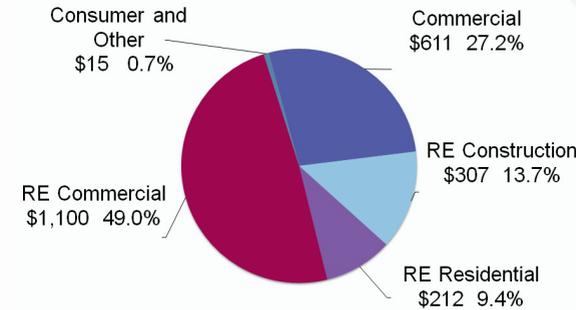
Shareholders' Equity/Total Assets	10.23%	10.81%	11.59%	12.49%	12.41%
Tier 1 Leverage Ratio	9.97%	10.81%	11.45%	11.52%	11.63%
Regulatory Well Capitalized Minimum Ratio					
Tier 1 Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$ 540,055	\$ 545,928	\$ 542,363	\$ 538,520	\$ 535,390

CREDIT QUALITY

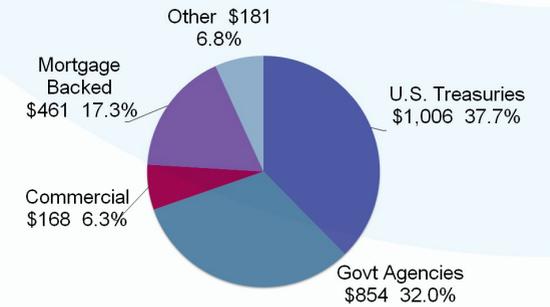
Noncurrent Loans and OREO	\$ 17,611	\$ 11,446	\$ 14,314	\$ 14,094	\$ 13,803
Noncurrent Loans and OREO/Total Assets	0.32%	0.21%	0.29%	0.30%	0.29%
Noncurrent Loans and OREO/Tier 1 Capital	3.26%	2.10%	2.64%	2.62%	2.58%
Allowance for Loan Losses	\$ 23,500	\$ 23,500	\$ 23,550	\$ 21,550	\$ 21,550
Allowance for Loan Losses/Total Loans	1.05%	1.04%	1.04%	0.97%	0.94%

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)



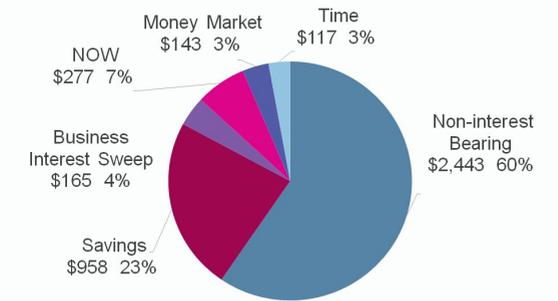
Securities Mix (\$ in millions)



Shareholders' Equity and Return on Equity



Deposit Mix (\$ in millions)



Net Income and Return on Assets



Dividend Per Share and Payout

