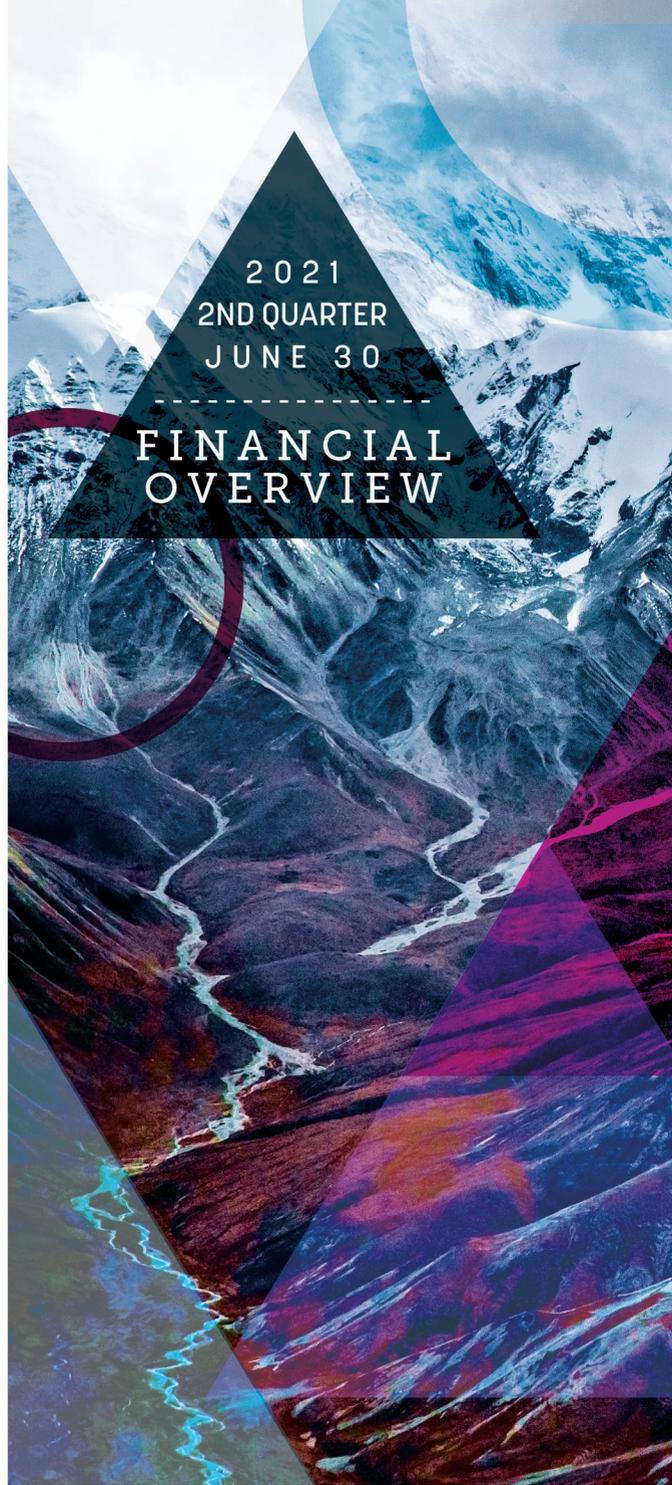


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PERMIT NO. 175

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,

The second quarter of 2021 brought welcome news to First National Bank Alaska and its shareholders. The bank's total assets reached a record level of \$5.33 billion on deposit growth of more than \$400 million, demonstrating Alaskans' continued confidence in our bank.

Year-to-date, First National originated the highest volume of Small Business Administration Paycheck Protection Program loans in Alaska with more than 3,000 loans totaling \$238.0 million, helping businesses and nonprofits as they continue their recovery from the impacts of the COVID-19 pandemic. Your bank's commitment to make every good loan helped reduce the delinquency rate for total loans 30-89 days to 0.10% on June 30, 2021, compared to 0.67% on the same date in 2020.

In the current low interest rate environment, yield on earning assets is declining as assets reprice downward. The net interest margin for June 30, 2021, decreased to 3.03% from 3.72% for the same period in 2020. Despite the low interest situation, your First National team managed expenses tighter than ever and increased noninterest income, delivering a net noninterest improvement of \$305 thousand for the second quarter 2021.

With the economic and social environment remaining uncertain, rest assured your bank is ready to meet challenges that may lie ahead. The ability to adapt to quickly changing conditions has been a hallmark of First National's success over the last 100 years; the previous 18 months have sharpened those skills. The health and safety of our employees and customers remains our top priority.

Our dedication to Alaskans was recognized again in 2021 as *Alaska Business* magazine readers voted First National the **Best Place to Work** for the sixth year in a row. The bank also earned **Best Corporate Citizen** for the third time and was voted **Best Bank/Credit Union** in the state. This recognition is gratifying as we provide Alaskans the financial services they need when they need them most.

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	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Total Assets	\$ 5,338,052	\$ 4,927,784	\$ 4,695,315	\$ 4,718,640	\$ 4,594,205
Total Securities	\$ 2,229,470	\$ 2,089,373	\$ 1,870,814	\$ 1,735,916	\$ 1,767,024
Total Loans	\$ 2,268,263	\$ 2,271,850	\$ 2,211,288	\$ 2,290,158	\$ 2,309,166
Total Deposits	\$ 3,910,717	\$ 3,486,685	\$ 3,113,169	\$ 3,045,898	\$ 2,912,046
Repurchase Agreements	\$ 830,245	\$ 850,409	\$ 969,766	\$ 1,022,024	\$ 1,024,610
Total Deposits and Repurchase Agreements	\$ 4,740,962	\$ 4,337,094	\$ 4,082,935	\$ 4,067,922	\$ 3,936,656
Total Shareholders' Equity	\$ 577,266	\$ 571,083	\$ 586,589	\$ 585,429	\$ 589,966

INCOME STATEMENT

Net Interest and Loan Fee Income	\$ 35,466	\$ 36,708	\$ 35,721	\$ 36,615	\$ 37,910
Provision for Loan losses	\$ 1,033	\$ 1,697	\$ 32	\$ 250	\$ 1,949
Total Noninterest Income	\$ 6,787	\$ 6,198	\$ 7,102	\$ 6,677	\$ 6,459
Total Noninterest Expense	\$ 22,974	\$ 22,569	\$ 24,823	\$ 22,196	\$ 22,951
Provision for Income Taxes	\$ 4,547	\$ 4,663	\$ 4,704	\$ 5,293	\$ 4,899
Net Income	\$ 13,699	\$ 13,977	\$ 13,264	\$ 15,553	\$ 14,570
Earnings per common share	\$ 4.33	\$ 4.41	\$ 4.19	\$ 4.91	\$ 4.60
Dividend per common share	\$ 3.20	\$ 3.20	\$ 3.20	\$ 6.40	\$ 3.20

FINANCIAL MEASURES

Return on Assets	1.13%	1.18%	1.33%	1.40%	1.43%
Return on Equity	9.57%	9.66%	9.97%	10.27%	10.06%
Net Interest Margin	3.03%	3.19%	3.45%	3.56%	3.72%
Yield on Loans	5.10%	5.31%	5.27%	5.34%	5.46%
Yield on Securities	1.51%	1.56%	1.96%	2.05%	2.19%
Cost of Interest Bearing Deposits	0.04%	0.05%	0.07%	0.08%	0.09%
Efficiency Ratio	53.25%	52.18%	53.28%	51.74%	52.24%

CAPITAL

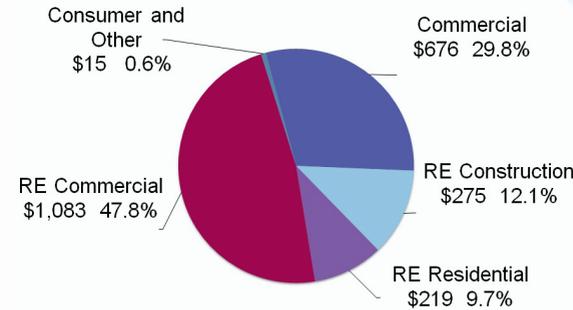
Shareholders' Equity/Total Assets	10.81%	11.59%	12.49%	12.41%	12.84%
Tier 1 Leverage Ratio	10.81%	11.45%	11.52%	11.63%	12.72%
Regulatory Well Capitalized Minimum Ratio					
Tier 1 Leverage Ratio	5.00%	5.00%	5.00%	5.00%	5.00%
Tier 1 (Core) Capital	\$ 545,928	\$ 542,363	\$ 538,520	\$ 535,390	\$ 540,105

CREDIT QUALITY

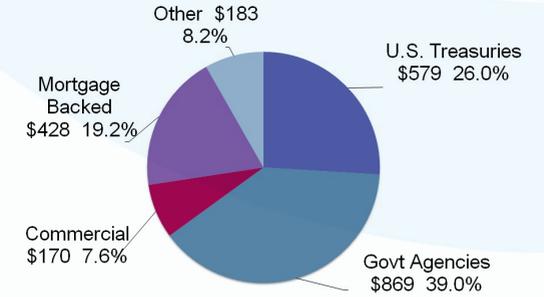
Noncurrent Loans and OREO	\$ 11,446	\$ 14,314	\$ 14,094	\$ 13,803	\$ 13,511
Noncurrent Loans and OREO/Total Assets	0.21%	0.29%	0.30%	0.29%	0.29%
Noncurrent Loans and OREO/Tier 1 Capital	2.10%	2.64%	2.62%	2.58%	2.50%
Allowance for Loan Losses	\$ 23,500	\$ 23,550	\$ 21,550	\$ 21,550	\$ 21,550
Allowance for Loan Losses/Total Loans	1.04%	1.04%	0.97%	0.94%	0.93%

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)



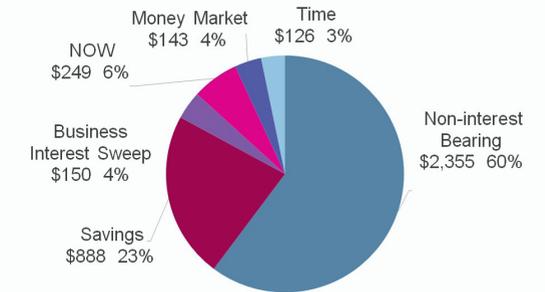
Securities Mix (\$ in millions)



Shareholders' Equity and Return on Equity



Deposit Mix (\$ in millions)



Net Income and Return on Assets



Dividend Per Share and Payout

