



First National Bank

You. First. Always.

January 3, 2017

Dear Shareholders and Friends:

Pandora Bancshares, Inc. is pleased to announce that 2016 has been another profitable year that added value for our shareholders. Our leadership is pleased with these results. Our net interest margin continues to be strong at 3.86% as of November 30, 2016. This, along with the excellent loan growth in 2016, has caused our net interest income to increase from \$4.751 million to \$4.904 million, comparing November 30, 2015 to November 30, 2016. Final figures for 2016 are unavailable for publication; however, we are extremely excited about the continued improvements in 2016. First National Bank's excellent performance has resulted in a declaration of \$2.20 per share dividend for all shareholders on the January 3, 2017 date of record, payable January 31, 2017. This is a 4.8% increase over the previous year's dividend.

2017 promises to be another exciting year. Technology is leading the excitement. The availability of an improved online banking application and our mobile deposit services are among the many services that we highlighting. This technology is allowing First National Bank to deliver products and services you may find at a large bank while providing our continued excellent small town customer service. No matter how impressive our technology is becoming, the bank's best asset is our professional staff. This engaged group makes my leadership role enjoyable and fulfilling. Outstanding performance and commitment by our staff has led to two recent promotions. Jen Vastano has been promoted to Vice President of Retail Administration. Amy Groves has been promoted to Assistant Vice President. The quality of our staff has had a direct impact on our 2016 YTD Deposit growth rate of 5.81% and the 2016 PDRB stock value appreciation. The value of your stock increased \$7.70 or 9.16% for 2016. That, along with the \$2.20 cash dividend gave our shareholders a total return of 11.66% for the year. We believe this positive trend will continue and the improving economy will provide a good base for meeting our five year strategic plan. Our goal is to meet the Bank mission of "Improving lives through Community Banking".

The Bank's directors, management and staff are extremely excited about the continued positive direction of First National Bank and our ongoing efforts to increase shareholder value. We thank you for your investment, your business and your future business. We look forward to seeing you at the Shareholder Meeting on April 29th, 2017, at the Findlay Country Club, Findlay, Ohio. As always, if you are interested in purchasing or selling stock, please feel free to contact Greig McDonald at 1-800-224-1013 or by email at Greig@cbibancstocks.com. The current bid price is \$91.70 per share and the current ask price is \$96.25 per share.

Respectfully,

Todd A. Mason
President & CEO
The First National Bank

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