



# First National Bank

*You. First. Always.*

May 1, 2019

Dear Shareholders and Friends:

It was a pleasure to see so many of you at the Annual Shareholder meeting on April 27th. Our Management team always looks forward to the opportunity to present the "State of the Bank" address to our owners. It was an excellent event and we were able to share the exciting trends we are seeing at First National Bank. I want to thank you for your support in approving the increase of authorized shares. This flexibility allows us the availability of additional stock splits and the opportunity to expand if the right opportunity presents itself to improve shareholder value.

The book value and closing price on our shares have both increased, which is wonderful news. I am extremely excited to report a year over year increase of the market price of our stock of 8.8% as of 3-31-2019. We have seen much success with our stock price since we began working with Greig McDonald and Community Banc Investments as our market maker. If you are interested in purchasing or selling Pandora Bancshares, Inc. stock, please contact Greig McDonald at [Greig@chibankstocks.com](mailto:Greig@chibankstocks.com) or 800-224-1013.

I am proud of our staff and their commitment to our Bank Mission of "Improving Lives Through Community Banking". Their service goes beyond the normal work day. Our staff volunteered over 2,000 hours in our communities in 2018. In the first quarter of 2019, our team has been involved in events including the University of Findlay Chili cook off, Farmers Appreciation Breakfast, and multiple Bowl for Kids events.

We continue to see excellent year over year asset (6.6%), loan (2.8%) and deposit growth (6.9%). Loans and Deposits grew \$3.2 and \$10.2 million respectively as of 3-31-2019. This growth has helped increase 1<sup>st</sup> quarter net income by 10% over the same quarter in 2018. The growth in most financial categories reflects a sustained trend for First National Bank that was illustrated nicely in the Financial Presentation at the shareholder meeting. If you are interested in receiving the financial power point, please feel free to contact me and I will have our CFO, Larry Hoffman, get you a copy of his slides.

On April 19, 2019 we held our 100 year celebration at all of our offices. It was an amazing day. We were excited to see the tremendous turnout. We were also humbled to hear all of the heart-felt stories of how First National Bank has helped our communities. I am proud to be a part of the story of this impressive organization.

We now offer a complimentary service to pay annual dividends via direct deposit. If you are interested, please contact Heather Rakay at 419-384-9104 or [hrakay@e-fnb.com](mailto:hrakay@e-fnb.com). We also send our quarterly newsletters by email. Please contact Heather to sign up.

Bank Directors, Management and Staff are extremely excited about the positive direction of First National Bank and we will continue to work diligently to increase shareholder value. We thank you for your investment and your current business, and we look forward to your future business.

Respectfully,

Todd A. Mason  
President & CEO  
First National Bank

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# Pandora Bancshares, Inc. and Subsidiary

## Financial Information (unaudited)

(dollars in thousands, except share data)

Three Months Ended Mar 31, 2019	Three Months Ended Mar 31, 2018
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### CONDENSED STATEMENT OF INCOME

Interest Income	\$1,959	\$1,708
Interest Expense	440	251
Net Interest Income	1,519	1,457
Provision for loan losses	0	45
Net interest income after provision for loan losses	1,519	1,412
Non-interest income	228	214
Non-interest expenses	1,433	1,318
Income before income taxes	314	308
Provision for income taxes	29	49
Net income	<u>\$285</u>	<u>\$259</u>
Average common shares outstanding	252,578	126,429

### PER COMMON SHARE

(2018 Restated to reflect 2:1 Stock Split)

Net income	\$1.13	\$1.03
Book value	\$59.93	\$54.70
Closing bid price	\$53.85	\$49.50
Closing ask price	\$56.50	\$51.95

### FINANCIAL RATIOS

Return on average assets	0.66%	0.65%
Return on average equity	7.81%	7.39%
Net interest margin	3.84%	3.97%
Efficiency ratio	82.04%	78.85%
Loans to deposits	74.48%	77.44%
Allowance for loan losses to loans	1.31%	1.26%

### PERIOD END BALANCES

	As of <u>Mar 31, 2019</u>	As of <u>Mar 31, 2018</u>
Assets	\$177,588	\$166,501
Loans - net of allowance	\$116,796	\$113,568
Deposits	\$156,812	\$146,660
Shareholders' equity	\$15,131	\$13,838
Common shares outstanding	252,462	126,490