



First National Bank

You. First. Always.

July 31, 2019

Dear Shareholders and Friends:

It is a pleasure to report our second quarter earnings to you. Our positive trend of improving earnings is evidenced by our \$626,000 YTD net income. Net income is up 8.8% from 6/30/2018. Year over year asset growth at First National Bank increased by \$13 million or 7.7%. We have also experienced an excellent year over year loan growth of \$9.7 million or 8.6%.

The excellent improvement in earnings is due to the continued concentration of meeting our strategic vision, "Improving Lives Through Community Banking." For the last 100 years, First National Bank has put our community first in all decisions. We are humbled by opportunities to serve the great people in these communities.

Enclosed please find your most recent statement of stock holdings. If you have any questions on your statement, please contact Heather Taviano at 419-384-9104 or htaviano@e-fnb.com

As of 7/31/2019 our closing ask price for our stock is \$ 59.00. If you are interested in buying or selling Pandora Bancshares, Inc. stock, please contact our market maker Greig McDonald with Community Banc Investments, Inc. at greig@cbibankstocks.com or 800-224-1013. If you would like to get our newsletter electronically or receive direct deposit of dividends, please contact Heather Taviano at htaviano@e-fnb.com or 419-384-9104.

We are very excited about the remainder of 2019 and the current direction of First National Bank. Our Bank Directors, Management and Staff are continuing to work hard to enhance shareholder value. We thank you for your support, your business and your referrals.

Respectfully,

Todd A. Mason
President & CEO
First National Bank

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Member FDIC

www.e-FNB.com

Equal Housing Lender

Pandora Bancshares, Inc. and Subsidiary

Financial Information (unaudited) (dollars in thousands, except share data)

Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
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CONDENSED STATEMENT OF INCOME

Interest Income	\$4,063	\$3,567
Interest Expense	918	586
Net Interest Income	3,145	2,981
Provision for loan losses	15	90
Net interest income after provision for loan losses	3,130	2,891
Non-interest income	479	477
Non-interest expenses	2,905	2,680
Income before income taxes	704	688
Provision for income taxes	78	113
Net income	<u>\$626</u>	<u>\$575</u>
 Average common shares outstanding	 252,482	 126,369

PER COMMON SHARE

(2018 Restated to reflect 2:1 Stock Split)

Net income	\$2.48	\$2.27
Book value	\$63.12	\$55.61
Closing bid price	\$53.85	\$50.03
Closing ask price	\$56.50	\$52.53

FINANCIAL RATIOS

Return on average assets	0.72%	0.70%
Return on average equity	8.32%	8.19%
Net interest margin	3.90%	3.97%
Efficiency ratio	80.16%	77.50%
Loans to deposits	77.24%	76.56%
Allowance for loan losses to loans	1.23%	1.31%

PERIOD END BALANCES

	As of <u>June 30, 2019</u>	As of <u>Jun 30, 2018</u>
Assets	\$181,304	\$168,268
Loans - net of allowance	\$123,416	\$113,629
Deposits	\$159,927	\$148,420
Shareholders' equity	\$15,934	\$14,012
 Common shares outstanding	 252,441	 125,983