



First National Bank

You. First. Always.

October 31, 2019

Dear Shareholders and Friends:

We are extremely excited to report the 3rd Quarter results of our 100th year in banking. This is a record year due to the fact this is the 1st time in our history that we have earned over \$1 million in the first 3 quarters of a year. The \$1 million of net income year to date is a 6.9% increase over the same period in 2018. This income equates to a return on average assets of 0.75% and a return on average equity of 8.65%. This income has been made possible by our growth in assets year over year of 10.2%, loans by 13.4% and deposits by 12.6%.

Additional exciting news for our community pertains to the current Agricultural harvest. This Spring's historic rainfall appeared to create a potential disaster for our farmers. Our current base of farmers only achieved a 74% completion rate of planted acres. Crop insurance had a significant positive impact on those acres that did not get planted. Mother Nature was very kind to the planted acres and a beautiful Fall season has allowed the crops to mature naturally. We will not know for sure until the end of the year, but it appears our Agricultural segment will be significantly better than the expectations we had just five months ago.

At First National Bank we are continuing to train our staff on maximizing our customer experience. We continue to live our mission of Improving Lives Through Community Banking. As we enter our Strategic Planning process for our 101st year of banking, we understand it is our responsibility to make appropriate decisions to take care of our communities.

Our market maker, Greig McDonald, is doing a fantastic job assisting individuals with our Pandora Bancshares stock. The current bid price is \$60.55 and the ask price is \$63.55. This is an increase of 12.44% since 12-31-2018. If you are interested in buying or selling our PDRB stock, please contact Greig McDonald at 800-224-1013 or Greig@cbibankstocks.com. If you have any questions, feel free to contact me at 419-384-9103 or tmason@e-fnb.com. If you would like to receive our newsletter electronically or receive direct deposit of dividends, please contact Heather Taviano at 419-384-9104 or htaviano@e-fnb.com.

We are looking forward to the remainder of 2019. 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)	Nine Months Ended Sept 30, 2019	Nine Months Ended Sept 30, 2018
CONDENSED STATEMENT OF INCOME		
Interest Income	\$6,242	\$5,475
Interest Expense	<u>1,408</u>	<u>948</u>
Net Interest Income	4,834	4,528
Provision for loan losses	<u>45</u>	<u>90</u>
Net interest income after provision for loan losses	4,789	4,438
Non-interest income	731	756
Non-interest expenses	<u>4,381</u>	<u>4,067</u>
Income before income taxes	1,138	1,126
Provision for income taxes	<u>137</u>	<u>190</u>
Net income	<u>\$1,001</u>	<u>\$936</u>
 Average common shares outstanding	 252,455	 252,665
PER COMMON SHARE		
Net income	\$3.97	\$3.70
Book value	\$64.93	\$56.31
Closing bid price	\$56.20	\$51.50
Closing ask price	\$59.00	\$54.00
FINANCIAL RATIOS		
Return on average assets	0.75%	0.75%
Return on average equity	8.65%	8.81%
Net interest margin	3.91%	3.98%
Efficiency ratio	78.73%	77.05%
Loans to deposits	78.89%	78.60%
Allowance for loan losses to loans	1.15%	1.31%
PERIOD END BALANCES		
	As of	As of
	<u>Sept 30, 2019</u>	<u>Sept 30, 2018</u>
Assets	\$186,512	\$169,274
Loans - net of allowance	\$130,109	\$114,775
Deposits	\$164,934	\$146,460
Shareholders' equity	\$16,376	\$14,224
 Common shares outstanding	 252,232	 252,593