



# First National Bank

*You. First. Always.*

January 2, 2020

Dear Shareholders and Friends:

Pandora Bancshares, Inc. is happy to announce that 2019 has been another profitable year that added value for our shareholders. Our leadership team is pleased with these results. The Federal Reserve lowered interest rates three times in 2019. This had a negative impact on our Net Interest Margin. However, our excellent loan growth in 2019, helped our net interest income increase from \$5.546 million to \$5.981 million year over year through November 30, 2019.

Final figures for 2019 are unavailable for publication, but we are thrilled by the positive trends in 2019. As of 11-30-2019, YTD Net Income is up \$178,000 or 16% from 11-29-2018. First National Bank's excellent performance has resulted in a declaration of \$1.40 per share dividend for all shareholders on the January 2, 2020 date of record, payable January 31, 2020. This is an 12% increase over the previous year's dividend.

2020 promises to be another exciting year and technology is leading the way. The availability of an improved online banking application and our mobile deposit services are among the many highlights. 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. The quality of our staff has had a direct impact on our 2019 YTD Deposit growth rate of 9.21% and the 2019 Pandora Bancshares, Inc. stock value appreciation. Comparing November 30, 2018 to November 29, 2019 the value of your stock increased \$8.05 or 14.50% for 2019. That, along with the \$1.40 cash dividend, earned our shareholders a total return of 17.12% 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 25<sup>th</sup>, 2020, at The Centre, Bluffton, 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@cbibankstocks.com](mailto:Greig@cbibankstocks.com). The current bid price is \$60.55 per share and the current ask price is \$63.55 per share.

Respectfully,

Todd A. Mason  
President & CEO  
The First National Bank

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# Pandora Bancshares, Inc. and Subsidiary

<b>Financial Information</b> (unaudited) (dollars in thousands, except share data)	Eleven Months Ended Nov 30, 2019	Eleven Months Ended Nov 30, 2018
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## CONDENSED STATEMENT OF INCOME

Interest Income	\$7,700	\$6,757
Interest Expense	1,719	1,211
Net Interest Income	5,981	5,546
Provision for loan losses	75	105
Net interest income after provision for loan losses	5,906	5,441
Non-interest income	957	941
Non-interest expenses	5,367	5,028
Income before income taxes	1,496	1,355
Provision for income taxes	190	227
Net income	<u>\$1,306</u>	<u>\$1,128</u>
Average common shares outstanding	252,414	252,466

## PER COMMON SHARE

Net income	\$5.18	\$4.48
Book value	\$65.96	\$57.33
Closing bid price	\$60.55	\$52.90
Closing ask price	\$63.55	\$55.50

## FINANCIAL RATIOS

Return on average assets	0.79%	0.74%
Return on average equity	9.09%	8.67%
Net interest margin	3.91%	3.96%
Efficiency ratio	77.36%	77.50%
Loans to deposits	75.69%	74.70%
Allowance for loan losses to loans	1.21%	1.31%

## PERIOD END BALANCES

	As of <u>Nov 30, 2019</u>	As of <u>Nov 30, 2018</u>
Assets	\$191,492	\$175,799
Loans - net of allowance	\$128,370	\$115,921
Deposits	\$169,600	\$155,293
Shareholders' equity	\$16,637	\$14,423
Common shares outstanding	252,232	251,561