



First National Bank

You. First. Always.

July 31, 2020

Dear Shareholders and Friends:

I am pleased to report very positive second quarter earnings to you. There have been many uncertainties in 2020 and First National Bank has risen to the occasion for many reasons. While we have all experienced difficulties in dealing with COVID-19, your bank has proven to be a leader in the community by remaining open to serve as a local financial intermediary. We were available for our small businesses as they needed many services throughout the shutdown. Our lending team did an amazing job by providing \$11.3 million in Payment Protection Program loans to 193 clients. Our mortgage department processed an unprecedented number of refinances and home purchases as our local community took advantage of the low interest rates. Fraud has also been on the rise during the Pandemic. Our entire team worked together and stopped countless fraud attempts by criminals attempting to defraud and prey on our clients. I am so proud of our employees.

This excellent performance provided YTD net income of \$1,150,000. This is up 83% from 6/30/2019. Year over year asset growth was up \$24.7 million, or 13.6%. We have also experienced an excellent year over year loan growth of \$15.5 million or 12.6%.

I am humbled to have the opportunity to lead such an excellent team who has risen to the occasion to provide value to our community. We will continue to serve our communities in any manner necessary as we work to get to the "other side" of the Pandemic.

As of 7/31/2020 the closing ask price for our stock is \$68.75, which is up 15.7% from 7/31/2019. 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 2020 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
Jun 30, 2020

Six Months
Ended
June 30, 2019

CONDENSED STATEMENT OF INCOME

Interest Income	\$4,764	\$4,063
Interest Expense	<u>906</u>	<u>918</u>
Net Interest Income	3,858	3,145
Provision for loan losses	<u>175</u>	<u>15</u>
Net interest income after provision for loan losses	3,683	3,130
Non-interest income	966	479
Non-interest expenses	<u>3,265</u>	<u>2,905</u>
Income before income taxes	1,384	704
Provision for income taxes	<u>234</u>	<u>78</u>
Net income	<u>\$1,150</u>	<u>\$626</u>
Average common shares outstanding	252,897	252,482

PER COMMON SHARE

Net income	\$4.56	\$2.48
Book value	\$72.10	\$63.12
Closing bid price	\$61.70	\$53.85
Closing ask price	\$64.75	\$56.50

FINANCIAL RATIOS

Return on average assets	1.18%	0.72%
Return on average equity	13.31%	8.32%
Net interest margin	4.28%	3.90%
Efficiency ratio	67.68%	80.16%
Loans to deposits	75.71%	77.24%
Allowance for loan losses to loans	1.26%	1.23%

PERIOD END BALANCES

	As of <u>Jun 30, 2020</u>	As of <u>June 30, 2019</u>
Assets	\$206,062	\$181,304
Loans - net of allowance	\$138,968	\$123,416
Deposits	\$183,545	\$159,927
Shareholders' equity	\$18,196	\$15,934
Common shares outstanding	252,371	252,441