



First National Bank

You. First. Always.

October 31, 2020

Dear Shareholders and Friends:

I am extremely pleased to report our 2020 3rd Quarter earnings to you. Year to date earnings have increased 54.7% from the previous year. 2020 Year to date Assets, Loans Deposits & Capital have increased 12.6%, 7%, 13.1% and 14.1% respectively over 2019.

2020 has been a year where we began with a great strategic plan, only to have those plans put on hold as we went into COVID-19 survival mode in March. I am very proud of our team as they held together in a tough time to continue to meet our mission of Improving Lives Through Community Banking. Our team has been diligent through the administering of stimulus packages, Paycheck Protection plan (PPP) loans and the large volume of home mortgage refinancing. We need to be clear that some of the significant gains in YTD income can be attributed to one-time earnings from the PPP loan program and a higher than normal refinance volume.

We are beginning our 2021 budgeting process and strategic planning. Our hope is to put all COVID related stress behind us and pray for a normal 2021 banking year. We know we will be in for a stressful flu season and ask everyone to do their part to get to the other side of this pandemic. We must learn to live with COVID-19, and we must live smart!! Please be safe and make wise choices.

Our market maker, Greig McDonald, is doing a fantastic job assisting individuals with our Pandora Bancshares stock. As of 9-30-2020 the closing ask price of our stock was \$68.75 which is up 9.7 % from 9-30-2019. Our current ask price is \$70.20. 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 2020. 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, 2020 | Nine Months Ended Sept 30, 2019 |
|---|---------------------------------------|---------------------------------------|
| CONDENSED STATEMENT OF INCOME | | |
| Interest Income | \$6,605 | \$6,242 |
| Interest Expense | <u>1,189</u> | <u>1,408</u> |
| Net Interest Income | 5,417 | 4,834 |
| Provision for loan losses | <u>280</u> | <u>45</u> |
| Net interest income after provision for loan losses | 5,137 | 4,789 |
| Non-interest income | 1,640 | 731 |
| Non-interest expenses | <u>4,926</u> | <u>4,381</u> |
| Income before income taxes | 1,850 | 1,138 |
| Provision for income taxes | <u>301</u> | <u>137</u> |
| Net income | <u>\$1,549</u> | <u>\$1,001</u> |
| Average common shares outstanding | 252,980 | 252,455 |

PER COMMON SHARE

| | | |
|-------------------|---------|---------|
| Net income | \$6.12 | \$3.97 |
| Book value | \$73.84 | \$64.93 |
| Closing bid price | \$65.50 | \$56.20 |
| Closing ask price | \$68.75 | \$59.00 |

FINANCIAL RATIOS

| | | |
|------------------------------------|--------|--------|
| Return on average assets | 1.03% | 0.75% |
| Return on average equity | 11.68% | 8.65% |
| Net interest margin | 3.90% | 3.91% |
| Efficiency ratio | 69.81% | 78.73% |
| Loans to deposits | 74.80% | 78.89% |
| Allowance for loan losses to loans | 1.35% | 1.15% |

PERIOD END BALANCES

| | As of <u>Sept 30, 2020</u> | As of <u>Sept 30, 2019</u> |
|-------------------------------|-------------------------------|-------------------------------|
| Assets | \$210,032 | \$186,512 |
| Loans - net of allowance | \$139,497 | \$130,109 |
| Deposits | \$186,498 | \$164,934 |
| Shareholders' equity | \$18,696 | \$16,376 |
| Common shares outstanding | 253,208 | 252,232 |