



First National Bank

You. First. Always.

January 4, 2021

Dear Shareholders and Friends:

Pandora Bancshares, Inc. is happy to announce that 2020 has been another profitable year that added value for our shareholders. Our leadership team is pleased with these results. Our excellent loan growth in 2020 helped our net interest income increase from \$7.7 million to \$8.1 million year over year through November 30, 2020.

Final figures for 2020 are unavailable for publication, but we are thrilled by the positive trends in 2020. As of 11-30-2020, YTD Net Income is up \$655,000 or 50% from 11-30-2019 YTD results. First National Bank's excellent performance has resulted in a declaration of \$1.50 per share dividend for all shareholders on the January 2, 2021 date of record, payable January 29, 2021. This is a 7% increase over the previous year's dividend.

Unprecedented events in 2020 allowed for many opportunities to improve lives in our communities. The Paycheck Protection Program (PPP) assisted many businesses in meeting payroll throughout the Pandemic. Our team worked tirelessly to get those funds processed rapidly and in the hands of those in need. We were here to quickly accommodate those who received stimulus checks. The low interest rates provided our homeowners the unique opportunity to refinance their home loans at all-time lows. These circumstances created a situation that enabled your bank to have a historic 2020 financially. Other highlights include year over year Deposit growth of 18.31% and asset growth rate of 17.19%. Comparing November 30, 2019 to November 29, 2020 the value of Pandora Bancshares Inc. stock increased \$6.35 or 10.49%. That, along with the \$1.50 cash dividend, earned our shareholders a total return of 12.96%. We believe this positive trend will continue and the improving economy will provide a solid base for meeting our five-year strategic plan. Our ultimate goal is to meet the Bank mission of "Improving lives through Community Banking".

2021 will be another exciting year. We believe a vaccine will help speed up the re-opening of our economy. We believe interest rates will remain low, but confidence in our economy will continue to improve. We understand 2020 presented many unique one-time opportunities and hopefully 2021 will prove to be a more "normal" year.

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 you joining us via Zoom for our Annual Shareholder Meeting on April 24th, 2021. Additional information regarding this meeting will be included in your package that you will be receiving at the end of March along with our annual shareholder booklet and your proxy. 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. The current bid price is \$66.90 per share and the current ask price is \$70.20 per share.

Respectfully,

Todd A. Mason
President & CEO
The First National Bank

PANDORA
102 East Main Street
Pandora, OH 45877
Tel. 419-384-3221
Fax 419-384-7404

BLUFFTON
112 Cherry Street
Bluffton, OH 45817
Tel. 419-358-5500
Fax 419-358-2999

FINDLAY EAST
1630 Tiffin Avenue
Findlay, OH 45840
Tel. 419-429-6000
Fax 419-429-0044

FINDLAY WEST
1114 Trenton Avenue
Findlay, OH 45840
Tel. 419-425-2500
Fax 419-425-2520

OTTAWA
855 N. Locust St.
Ottawa, OH 45875
Tel. 419-523-5500
Fax 419-523-5501

Member FDIC

www.e-FNB.com

Equal Housing Lender

Pandora Bancshares, Inc. and Subsidiary

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

Eleven Months Ended Nov 30, 2020	Eleven Months Ended Nov 30, 2019
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CONDENSED STATEMENT OF INCOME

Interest Income	\$8,102	\$7,700
Interest Expense	<u>1,348</u>	<u>1,719</u>
Net Interest Income	6,754	5,981
Provision for loan losses	<u>310</u>	<u>75</u>
Net interest income after provision for loan losses	6,444	5,906
Non-interest income	1,928	957
Non-interest expenses	<u>6,026</u>	<u>5,367</u>
Income before income taxes	2,346	1,496
Provision for income taxes	<u>385</u>	<u>190</u>
Net income	<u>\$1,961</u>	<u>\$1,306</u>
Average common shares outstanding	253,021	252,414

PER COMMON SHARE

Net income	\$7.74	\$5.18
Book value	\$75.26	\$65.96
Closing bid price	\$66.90	\$60.55
Closing ask price	\$70.20	\$63.55

FINANCIAL RATIOS

Return on average assets	1.05%	0.79%
Return on average equity	11.90%	9.09%
Net interest margin	3.86%	3.91%
Efficiency ratio	69.41%	77.36%
Loans to deposits	68.87%	75.69%
Allowance for loan losses to loans	1.39%	1.21%

PERIOD END BALANCES

	As of <u>Nov 30, 2020</u>	As of <u>Nov 30, 2019</u>
Assets	\$224,408	\$191,492
Loans - net of allowance	\$138,186	\$128,370
Deposits	\$200,647	\$169,600
Shareholders' equity	\$19,057	\$16,637
Common shares outstanding	253,205	252,232