



First National Bank

You. First. Always.

July 30, 2021

Dear Shareholders and Friends:

We are happy to report our second quarter earnings to you. Your team has been extremely busy providing excellent quality service to our communities. When we prepared our budget last fall, we projected that the high volume of Real Estate Mortgages would stabilize to a normal, pre-covid level. We also projected that our fee income would stabilize without the Paycheck Protection Program (PPP). Since then, we have seen several items positively impact 2021. The low rates still available for home loan refinance and purchases, the robust housing market, and the additional round 2 of PPP funding has created the opportunity for First National Bank to exceed second quarter year to date budget income by 28%.

This excellent performance provided YTD net income of \$1,186,000. This net income provides excellent ROA of 1.05% and ROE of 12.59%. Year over year asset growth was up \$23.8 million, or 11.5%. We have also experienced an excellent year over year deposit growth of \$23.3 million or 12.7%.

We do believe the 2nd half of 2021 will begin to stabilize and we hope to experience a “normal” 2022. We are beginning to experience this “normal” as we are reestablishing face-to-face meetings. We have found great value in Zoom technology and plan to continue to use it in many instances. However, after just a few in person meetings, we are seeing a better engagement in our strategic discussions. The acceptance of in person meetings is allowing us to get back to the commitment of community service and spending countless hours volunteering. This enables us to better meet our mission of Improving lives through Community Banking.

As of 6/30/2021 the closing ask price for our stock was \$69.30, which was up 12.3% from 6/30/2020. If you are interested in buying or selling Pandora Bancshares, Inc. stock, please contact our market maker Jennifer McFarland with Community Banc Investments, Inc. at jennifer@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 2021 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

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Equal Housing Lender

Pandora Bancshares, Inc. and Subsidiary

Financial Information (unaudited) (dollars in thousands, except share data)	Six Months Ended Jun 30, 2021	Six Months Ended Jun 30, 2020
CONDENSED STATEMENT OF INCOME		
Interest Income	\$4,244	\$4,764
Interest Expense	<u>324</u>	<u>906</u>
Net Interest Income	3,920	3,858
Provision for loan losses	<u>90</u>	<u>175</u>
Net interest income after provision for loan losses	3,830	3,683
Non-interest income	949	966
Non-interest expenses	<u>3,373</u>	<u>3,265</u>
Income before income taxes	1,407	1,384
Provision for income taxes	<u>221</u>	<u>234</u>
Net income	<u>\$1,186</u>	<u>\$1,150</u>
Average common shares outstanding	252,026	252,897
PER COMMON SHARE		
Net income	\$4.70	\$4.56
Book value	\$76.70	\$72.10
Closing bid price	\$69.30	\$61.70
Closing ask price	\$72.75	\$64.75
FINANCIAL RATIOS		
Return on average assets	1.05%	1.18%
Return on average equity	12.59%	13.31%
Net interest margin	3.76%	4.28%
Efficiency ratio	69.27%	67.68%
Loans to deposits	68.44%	75.71%
Allowance for loan losses to loans	1.42%	1.26%
PERIOD END BALANCES		
	As of <u>Jun 30, 2021</u>	As of <u>Jun 30, 2020</u>
Assets	\$229,845	\$206,062
Loans - net of allowance	\$141,601	\$138,968
Deposits	\$206,909	\$183,545
Shareholders' equity	\$19,334	\$18,196
Common shares outstanding	252,059	252,371