



First National Bank

You. First. Always.

January 3, 2022

Dear Shareholders and Friends:

Pandora Bancshares, Inc. is happy to announce 2021 has been another profitable year that added value for our shareholders. In spite of several extraordinary events that made the year unique, our leadership team is pleased with the outcome.

Final figures for 2021 are unavailable for publication as of today's letter, but we are thrilled by the positive trends in 2021. As of 11-30-2021, our excellent loan growth in 2021 increased our net interest income from \$6.7 million to \$7.5 million year over year. Year to date net income is up \$323,000 or 16.5% from the same time period last year. First National Bank's excellent performance has resulted in a declaration of \$1.60 per share dividend for all shareholders on the January 2, 2022, date of record, payable January 30, 2022. This is a 6.7% increase over the previous year's dividend.

Events in 2021 allowed for many opportunities to improve lives in our communities. The 2021 version of the Paycheck Protection Program (PPP) assisted many businesses in meeting payroll and covering operating expenses throughout the Pandemic. Our team worked tirelessly to get applications processed rapidly and into the hands of our small business clients. 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 2021 financially. Other highlights include year over year Deposit growth of 8.64% and asset growth rate of 7.70%. From November 30, 2020 to November 30, 2021, the value of Pandora Bancshares Inc. stock increased \$10.50 or 15.70%. That, along with the \$1.60 cash dividend, earned our shareholders a total return of 18.09%. 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's mission of "Improving lives through Community Banking."

2022 will be another interesting year. We believe interest rates will remain attractive to borrowers, but inflation may cause rates to move off their historic lows. We expect our local economy to remain healthy, but we also know COVID-19 is a variable that has impacted—and will continue to impact—all of us in a variety of ways. Finally, we understand 2021 presented many unique one-time opportunities, but we plan to leverage the positive things that happened in 2021 to improve more lives in 2022.

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 30th, 2022. Additional information regarding this meeting will be included in package 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 Jennifer McFarland at 1-800-224-1013 or by email at jennifer@cbibankstocks.com. The current bid price is \$77.40 per share and the current ask price is \$81.25 per share.

Respectfully,

Todd A. Mason
President & CEO
The First National Bank

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Pandora Bancshares, Inc. and Subsidiary

Financial Information (unaudited) (dollars in thousands, except share data)	Eleven Months Ended Nov 30, 2021	Eleven Months Ended Nov 30, 2020
CONDENSED STATEMENT OF INCOME		
Interest Income	\$8,065	\$8,102
Interest Expense	<u>537</u>	<u>1,348</u>
Net Interest Income	7,527	6,754
Provision for loan losses	<u>90</u>	<u>310</u>
Net interest income after provision for loan losses	7,437	6,444
Non-interest income	1,603	1,928
Non-interest expenses	<u>6,302</u>	<u>6,026</u>
Income before income taxes	2,738	2,346
Provision for income taxes	<u>454</u>	<u>385</u>
Net income	<u>\$2,284</u>	<u>\$1,961</u>
 Average common shares outstanding	 252,105	 253,021
PER COMMON SHARE		
Net income	\$9.06	\$7.74
Book value	\$77.20	\$75.26
Closing bid price	\$77.40	\$66.90
Closing ask price	\$81.25	\$70.20
FINANCIAL RATIOS		
Return on average assets	1.08%	1.05%
Return on average equity	12.92%	11.90%
Net interest margin	3.84%	3.86%
Efficiency ratio	69.02%	69.41%
Loans to deposits	65.45%	68.87%
Allowance for loan losses to loans	1.42%	1.39%
PERIOD END BALANCES		
	As of <u>Nov 30, 2021</u>	As of <u>Nov 30, 2020</u>
Assets	\$241,678	\$224,408
Loans - net of allowance	\$142,681	\$138,186
Deposits	\$217,986	\$200,647
Shareholders' equity	\$19,463	\$19,057
 Common shares outstanding	 251,410	 253,205