

## Pandora Bancshares, Inc.

May 6, 2022

Dear Shareholders and Friends:

On April 30, 2022, we held our annual shareholder meeting via Zoom. The meeting gave us an opportunity to tell the exciting story of First National Bank as we navigated another unprecedented year. Our management team always looks forward to the opportunity to present the “State of the Bank” address to our owners. Larry Hoffman, our CFO, reviewed our outstanding financial accomplishments in 2021. Brendon Matthews, our Executive Vice President, shared the Bank’s plans to expand to Lima in 2022. The new branch will be located at 2580 Eastown Road and is slated to open in December. We look forward to meeting our mission of improving lives through community banking to existing and new clients in Lima. If you would like a copy of either of these slide presentations, simply email Heather Taviano at [htaviano@e-fnb.com](mailto:htaviano@e-fnb.com) with your request.

The book value and closing price on our shares have both increased, which is wonderful news. I am pleased to report a year over year increase of the market price of our stock of 13.8% as of 3-31-2022. We have seen much success with our stock price since we began working with Community Banc Investments as our market maker. If you are interested in purchasing or selling Pandora Bancshares, Inc. stock, please contact Jennifer McFarland at [jennifer@cbibankstocks.com](mailto:jennifer@cbibankstocks.com) or 800-224-1013. Jennifer has recently notified us of a current bid price of \$79.00 and an ask price of \$82.95.

We continue to see steady year over year growth in assets and deposits by 2.5% and 3.7% respectively. In dollars, assets grew by \$5.7 million and deposits \$7.6 million as of 3-31-2022. As we discussed in the shareholder meeting, 2022 will be a much different year with the elimination of extra ordinary items like the Paycheck Protection Program (PPP), Government Stimulus payments and loan rates that spurred a massive mortgage refinance boom. This will equate to a slower asset growth. As a result, 2022 1<sup>st</sup> quarter net income is lower by 35% year to date compared to our record year in 2021. However, our net income is above budget by over 25% and the current year-to-date income is 41% better than the pre-covid first Quarter of 2019.

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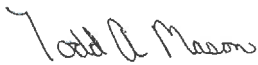
Pandora Bancshares, Inc.

I am proud of our staff and their commitment to our Bank Mission of “Improving Lives Through Community Banking.” 2021 was another year where much was impacted by the COVID-19 Pandemic. Our team did tremendous work again helping all those in need of payment relief, and we are proud to have been able to help our small business and farm clients by processing over 475 Paycheck Protection Program (PPP) loans through the Cares Act. It was also great to see our team start to get back out in the community through a variety of volunteer efforts, and now we’re looking forward to a year full of serving our friends and neighbors.

If you are interested in having your annual dividends paid via direct deposit or to receive our quarterly newsletter by email, please contact Heather Taviano at 419-384-9104 or [htaviano@e-fnb.com](mailto:htaviano@e-fnb.com). If at any time you would like to view past Shareholder letters, Annual reports, or current stock bid and ask prices, these are available at [www.e-fnb.com](http://www.e-fnb.com) under the Investment tab.

Bank Directors, Management and Staff are enthusiastic about the future of First National Bank, and we will continue to work diligently to increase shareholder value. We thank you for your investment and your current business, and we look forward to your future business.

Respectfully,



**Todd A. Mason**  
**President & CEO**  
**First National Bank**

# Pandora Bancshares, Inc. and Subsidiary

<b>Financial Information</b> (unaudited) (dollars in thousands, except share data)	Three Months Ended Mar 31, 2022	Three Months Ended Mar 31, 2021
<b>CONDENSED STATEMENT OF INCOME</b>		
Interest Income	\$1,932	\$2,147
Interest Expense	99	176
Net Interest Income	1,833	1,971
Provision for loan losses	0	45
Net interest income after provision for loan losses	1,833	1,926
Non-interest income	223	516
Non-interest expenses	1,606	1,701
Income before income taxes	450	742
Provision for income taxes	46	118
Net income	<u>\$404</u>	<u>\$623</u>
 Average common shares outstanding	 252,969	 252,226

<b>PER COMMON SHARE</b>		
Net income	\$1.60	\$2.47
Book value	\$66.69	\$74.28
Closing bid price	\$77.40	\$68.00
Closing ask price	\$81.25	\$71.40

<b>FINANCIAL RATIOS</b>		
Return on average assets	0.69%	1.13%
Return on average equity	9.04%	13.44%
Net interest margin	3.35%	3.82%
Efficiency ratio	78.10%	68.37%
Loans to deposits	66.62%	69.29%
Allowance for loan losses to loans	1.42%	1.38%

<b>PERIOD END BALANCES</b>		
	As of <u>Mar 31, 2022</u>	As of <u>Mar 31, 2021</u>
Assets	\$233,969	\$228,222
Loans - net of allowance	\$142,284	\$142,713
Deposits	\$213,587	\$205,952
Shareholders' equity	\$16,871	\$18,725
 Common shares outstanding	 253,031	 252,079

