



First National Bank

You. First. Always.

October 31, 2022

Dear Shareholders and Friends:

I am pleased to report our earnings for the 3rd quarter of 2022. As expected, year to date earnings are down compared to the same period in 2021 because higher interest rates have brought mortgage refinance activity across the banking industry to a standstill. However, the bank is still having a strong year as net income is on pace to exceed budget, net interest margin is staying ahead of expectations as interest rates continue to climb, and credit quality is excellent with loan delinquency rates at First National Bank remaining near historic lows. Loan and deposit growth have both remained solid as balances are up 3.9% and 4% respectively year over year.

The team at First National Bank continues to work towards opening our new branch in Lima next to Menards on Eastown Road. We truly appreciate partnering with local contractors and customers who take pride in their work and their contributions to improving our communities. We still expect to open the branch before 2022 ends, but we also have a new appreciation for the supply chain issues and material shortages that many of our small business customers are dealing with on a regular basis.

We are beginning our 2023 budgeting process and strategic planning. As we think about next year, we are excited about the prospect of welcoming some strong bankers to our team as we open the Lima branch, and we know our entire team will be improving lives in our communities through their ongoing community service and volunteering efforts.

Our market maker, Jennifer McFarland, is doing a fantastic job assisting individuals with our Pandora Bancshares stock. As of 9-30-2022 the closing ask price of our stock was \$85.00, which is up 13.6 % from 9-30-2021. Our current ask price is \$87.65. If you are interested in buying or selling our PDRB stock, please contact Jennifer McFarland at 800-224-1013 or jennifer@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 2022. 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
Sep 30, 2022

Nine Months
Ended
Sept 30, 2021

CONDENSED STATEMENT OF INCOME

Interest Income	\$6,085	\$6,682
Interest Expense	<u>444</u>	<u>457</u>
Net Interest Income	5,642	6,224
Provision for loan losses	<u>0</u>	<u>90</u>
Net interest income after provision for loan losses	5,642	6,134
Non-interest income	663	1,420
Non-interest expenses	<u>4,827</u>	<u>5,107</u>
Income before income taxes	1,478	2,448
Provision for income taxes	<u>165</u>	<u>412</u>
Net income	<u>\$1,313</u>	<u>\$2,036</u>
Average common shares outstanding	252,414	252,186

PER COMMON SHARE

Net income	\$5.20	\$8.07
Book value	\$57.69	\$79.92
Book value excluding unrealized gain (loss)	\$83.06	\$78.98
Closing bid price	\$81.00	\$71.30
Closing ask price	\$85.00	\$74.85

FINANCIAL RATIOS

Return on average assets	0.73%	1.19%
Return on average equity	10.64%	14.12%
Net interest margin	3.42%	3.92%
Efficiency ratio	76.56%	66.80%
Loans to deposits	68.48%	68.53%
Allowance for loan losses to loans	1.36%	1.41%

PERIOD END BALANCES

	As of <u>Sep 30, 2022</u>	As of <u>Sept 30, 2021</u>
Assets	\$235,957	\$234,121
Loans - net of allowance	\$149,288	\$143,657
Deposits	\$218,002	\$209,633
Shareholders' equity	\$14,562	\$20,155
Common shares outstanding	251,387	252,552