



First National Bank

You. First. Always.

January 2, 2024

Dear Shareholders and Friends:

Pandora Bancshares, Inc. is happy to announce that 2023 has been another profitable year that added value for our shareholders. Final figures for 2023 are unavailable for publication, but all things considered we are pleased with the preliminary 2023 results. As expected, earnings are down compared to the same period in 2022 because rising interest rates brought mortgage refinance activity to a standstill and funding costs continue to compress margins. And even though the net interest margin challenges will cause FNB to miss targeted net income for the year, the Bank is still having a solid year in terms of growth, credit quality and income. As of 11-30-2023, loan and deposit balances are up 8.2% and 2.7% respectively, loan delinquency rates at First National Bank continue to remain near historic lows, and net income year to date is \$731,000. Total assets are also up 4.9% year over year.

First National Bank's performance has resulted in a declaration of \$1.80 per share dividend for all shareholders on the January 2, 2024, date of record, payable January 31, 2024. This is a 5.88% increase over the previous year's dividend. Comparing November 30, 2023, to November 30, 2022, the value of Pandora Bancshares Inc. stock increased \$2.50 or 2.99%. That, along with the \$1.80 cash dividend, earned our shareholders a total return of 5.15%. We believe this positive trend will continue, and the stable economy will provide a solid base for meeting our five-year strategic plan.

This past year provided many opportunities to improve lives in our communities. In 2023, our team has spent more hours volunteering their time at local events and supporting various non-profits than we have in any previous year! The new branch in Lima next to Menards on Eastown Road is on target to meet growth goals for the year, we are making great progress on the Bellefontaine Road branch near Sam's Club that is expected to open in Spring, 2024, and we have a great team of First National Bankers who continue to live our mission of Improving Lives Through Community Banking in the Limaland area.

2024 will be another exciting year. No one—including the Federal Reserve—predicted the significant increase in interest rates in 2022 and 2023, and we do not ultimately know what will happen with rates and the larger economy in 2024. What we do know is that First National will continue to serve our customers and communities, and we will continue to provide quality local banking services to those who need them.

The Bank's directors, management and staff are 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 27th, 2024. Additional information regarding this meeting will be included in the 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 \$86.20 per share and the current ask price is \$90.50 per share.

Respectfully,

Todd A. Mason
President & CEO
The First National Bank

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www.e-fnb.com • 419-384-3221



Pandora Bancshares, Inc. and Subsidiary

Financial Information (unaudited) (dollars in thousands, except share data)	Eleven Months Ended Nov 30, 2023	Eleven Months Ended Nov 30, 2022
CONDENSED STATEMENT OF INCOME		
Interest Income	\$9,511	\$7,637
Interest Expense	<u>3,291</u>	<u>715</u>
Net Interest Income	6,219	6,922
Provision for loan losses	<u>32</u>	<u>0</u>
Net interest income after provision for loan losses	6,187	6,922
Non-interest income	962	808
Non-interest expenses	<u>6,532</u>	<u>5,933</u>
Income before income taxes	617	1,797
Provision/(credit) for income taxes	<u>-113</u>	<u>207</u>
Net income	<u>\$731</u>	<u>\$1,590</u>
 Average common shares outstanding	 252,152	 252,203
PER COMMON SHARE		
Net income	\$2.90	\$6.30
Book value	\$59.98	\$56.12
Book value excluding unrealized gain (loss)	\$85.77	\$84.14
Closing bid price	\$86.00	\$83.50
Closing ask price	\$90.30	\$87.65
FINANCIAL RATIOS		
Return on average assets	0.32%	0.72%
Return on average equity	5.34%	10.84%
Net interest margin	2.98%	3.43%
Efficiency ratio	90.96%	76.75%
Loans to deposits	71.37%	67.75%
Allowance for loan losses to loans	1.28%	1.35%
PERIOD END BALANCES		
	As of <u>Nov 30, 2023</u>	As of <u>Nov 30, 2022</u>
Assets	\$257,293	\$245,340
Loans - net of allowance	\$166,802	\$154,206
Deposits	\$233,704	\$227,612
Shareholders' equity	\$15,123	\$14,154
 Common shares outstanding	 252,460	 251,127