



First National Bank

You. First. Always.

November 1, 2024

Dear Shareholders and Friends:

October is behind us and the holidays are right around the corner, so it's fair to say we are officially in the season of Thanksgiving. Here at First National Bank, we are thankful for a great team of community bankers who continue to move the organization forward, and we are pleased to report earnings for the 3rd quarter that confirm a commitment to our mission of Improving Lives Through Community Banking. The last few months have been a continuation of the progress we made in the first half of the year. Our Lima East branch at the intersection of State Route 117 and Greely Chapel Road near I75 has been open for five months and we are ahead of schedule in terms of account openings and balances. We also co-hosted a community event and open house in August with Touchstone CPM and enjoyed connecting with our clients and neighbors.

In terms of the Bank's financial results, we continue to see consistent year-over-year growth. Loans and deposits increased by 8.7% and 9.7% respectively. In dollars, loans grew by \$14.4 million and deposits by \$22.1 million as of 9-30-2024. Additionally, assets grew by 8.1% and \$20.5 million to \$272.2 million in total. Net interest margin remains compressed compared to historical levels at 3.07% year to date, but margin has improved from 2.99% year over year. Margin is also improving quarter over quarter (2.96% year to date as of 6-30-2024) as existing loans continue to reprice higher, new loans book at market rates, and cheaper deposits continue to flow onto our balance sheet. The Bank budgeted for this compression and so net income is on track and expected to meet budget for the year, but profitability is down compared to 2023 as expected. In industry news, the Federal Reserve finally saw enough data to support dropping rates, and the 50 basis point drop in September is a move in the right direction that should also help lower funding costs over time if fiscal easing continues as expected in the 4th quarter and into 2025.

Our team continues to be committed to our Bank Mission of "Improving Lives Through Community Banking." In addition to the usual seasonal volunteering efforts, we just kicked off another year of our bank's Junior Board program where we bring in area high schoolers for a year-long program of learning how to start and run a business. The slate of workshops culminates in a trip to Columbus in the Spring to tour the Statehouse, meet some of our elected officials, and network with peers.

In shareholder news, the book value and closing price for our stock have both increased, and I am pleased to report a year-over-year increase in the market price of our stock of 1.2% as of 9-30-2024. 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. 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 under the Investment tab. If you have any other questions, feel free to contact me at 567-242-2834 or bmatthews@e-fnb.com.

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 and meet our mission. We thank you for your investment, your support, and your referrals.

Respectfully,

Brendon Matthews

President of First National Bank

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Pandora Bancshares, Inc. and Subsidiary

Financial Information (unaudited) (dollars in thousands, except share data)	Nine Months Ended Sep 30, 2024	Nine Months Ended Sep 30, 2023
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CONDENSED STATEMENT OF INCOME

Interest Income	\$9,349	\$7,619
Interest Expense	<u>3,864</u>	<u>2,532</u>
Net Interest Income	5,486	5,087
Provision (credit) for loan losses	<u>210</u>	<u>0</u>
Net interest income after provision for loan losses	5,276	5,087
Non-interest income	834	828
Non-interest expenses	<u>5,802</u>	<u>5,366</u>
Income before income taxes	307	549
Provision (credit) for income taxes	<u>-134</u>	<u>-86</u>
Net income	<u>\$441</u>	<u>\$635</u>
Average common shares outstanding	253,143	252,083

PER COMMON SHARE

Net income	\$1.74	\$2.52
Book value	\$72.12	\$57.62
Book value excluding unrealized gain (loss)	\$85.91	\$85.41
Closing bid price	\$87.00	\$86.00
Closing ask price	\$91.30	\$90.30

FINANCIAL RATIOS

Return on average assets	0.23%	0.34%
Return on average equity	3.53%	5.70%
Net interest margin	3.07%	2.99%
Efficiency ratio	91.81%	90.71%
Loans to deposits	71.48%	72.10%
Allowance for loan losses to loans	1.33%	1.29%

PERIOD END BALANCES

	As of <u>Sep 30, 2024</u>	As of <u>Sep 30, 2023</u>
Assets	\$272,230	\$251,764
Loans - net of allowance	\$179,460	\$165,048
Deposits	\$251,049	\$228,907
Shareholders' equity	\$18,256	\$14,526
Common shares outstanding	253,673	252,460