First National Bank
You. First. Always.

July 31, 2025

Dear Shareholders and Friends:

It is hard to believe we are over halfway through another year and fall is right around the corner. It has been a very busy and productive six months at First National Bank, both in terms of financial results and also in the ways we are meeting our mission of "Improving Lives Through Community banking." There has also been no shortage of newsworthy events throughout the year that has added to the excitement.

In terms of the Bank's financial results, we continue to see consistent year-over-year growth. Loans and deposits increased by 6.7% and 5.7% respectively. In dollars, loans grew by $11.8 million and deposits by $13.7 million as of 6-30-2025. Additionally, assets grew by 5.3% and $14 million to $277.7 million. After two years of margin compression due largely to a rapid increase in interest rates, net interest margin has improved significantly to 3.60% from 2.96% a year ago as we are seeing the benefits of new loans originating at higher rates coupled with existing loans in the portfolio repricing. Competition for reasonably priced deposits is still strong, but the deposit base is stable. As a result, net interest income after provision for loan losses improved by 26.7% year over year and net income through six months more than doubled to $632 thousand compared to $262 thousand through June 30, 2024.

Our team continues to be involved in our communities in a variety of ways. Some of the highlights so far this year include sponsoring and attending a Flag City Sluggers baseball game, preparing and serving a community meal at the Bluffton Senior Citizens Center, and hosting multiple financial literacy and fraud prevention workshops. Finally, the Bluffton team served over 200 meals to customers and residents this summer at their annual Firecracker Friday celebration that also doubled as a 35 - year anniversary celebration for the Bank's Cherry Street location.

We are constantly being bombarded by news about tariffs, legislation like the Big Beautiful Bill, and daily speculation about the economy and when and how the Federal Reserve should adjust interest rates. First National Bank may end up being impacted in some way by all of these external factors, but through it all, our retail team continues to build relationships with local depositors, our lenders keep originating good local loans, and we will keep striving to be an even better and more profitable community bank that truly lives its mission.

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 4.3% as of 6-30-2025. 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 567-336-0237. 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.

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Our team of Bank Directors, Management and Staff are excited about the future of First National Bank, and we will continue to work diligently on your behalf to increase shareholder value and meet our mission. We thank you for your investment, your support, and your referrals.

Respectfully,

Brendon Matthews
President/CEO
First National Bank

Pandora Bancshares, Inc.
and Subsidiary

Financial Information (unaudited)
(dollars in thousands, except share data)

	Six Months Ended Jun 30, 2025	Six Months Ended Jun 30, 2024
CONDENSED STATEMENT OF INCOME		
Interest Income	$6,951	$6,087
Interest Expense	2,396	2,571
Net Interest Income	4,555	3,516
Provision (credit) for loan losses	196	75
Net interest income after provision for loan losses	4,359	3,441
Non-interest income	604	521
Non-interest expenses	4,340	3,801
Income before income taxes	623	161
Provision (credit) for income taxes	-9	-101
Net income	$632	$262
Average common shares outstanding	253,434	252,902
PER COMMON SHARE		
Net income	$2.49	$1.04
Book value	$74.55	$65.33
Book value excluding unrealized gain (loss)	$87.75	$85.34
Closing bid price	$90.20	$86.50
Closing ask price	$94.75	$90.80
FINANCIAL RATIOS		
Return on average assets	0.47%	0.20%
Return on average equity	7.02%	3.25%
Net interest margin	3.60%	2.96%
Efficiency ratio	84.12%	94.15%
Loans to deposits	73.47%	72.78%
Allowance for loan losses to loans	1.21%	1.27%
PERIOD END BALANCES		
	As of Jun 30, 2025	As of Jun 30, 2024
Assets	$277,762	$263,743
Loans - net of allowance	$188,188	$176,432
Deposits	$256,153	$242,417
Shareholders' equity	$18,894	$16,523
Common shares outstanding	253,348	253,673