



First National Bank

You. First. Always.

November 1, 2025

Dear Shareholders and Friends:

As we look back at the 3rd quarter and take stock of the year so far, it is fair to say 2025 continues to keep us on our toes. Rate cuts by the Federal Reserve in September and October should eventually help ease borrowing costs for consumers and will positively impact First National Bank funding costs. The most recent cut this past week was made in the midst of a government shutdown that has the Fed working with far less data than usual, and with no immediate end in sight, it will be interesting to see what the Fed chooses to do at their next meeting in December as they attempt to forecast 2026. The good news is that here at FNB, we remain open for business, and 2025 has been a positive year of financial performance and trends.

In terms of the Bank's income statement, we continue to see improvement in several key areas. Net interest margin has improved steadily in 2025 due to a combination of factors including loans repricing higher, solid new loan originations, improving funding costs, and securities we've been able to reinvest in higher yielding assets as they mature. The net effect is a margin that has improved from 3.07% to 3.63% year over year. Non-interest income has also improved by 14.7% year over year with contributions from several income areas as FNB continues to add new relationships across our markets. The Lima market has also been a net positive to the bottom line in 2025 as both branches have seen strong growth. As a result, net income is up 153% to \$1.117 million year to date compared to \$441 thousand a year ago. Return on Equity is moving in the right direction and has improved from 3.53% to 8.01% year over year. Shifting to the Bank's balance sheet, assets are up 4.7% to \$285.1 million year over year. Loan balances have grown 5.5% to \$189.4 million, and deposits are up 4.6% to \$262.6 million over the same period.

Our team continues to be committed to our Bank Mission of "Improving Lives Through Community Banking" and they are positively impacting the markets we serve in a variety of ways. In addition to the usual seasonal volunteering efforts, the Bank—coordinated by our excellent marketing director, Kendra Kuhlman—has made a concerted effort this year to educate people of all ages about financial literacy including fraud and scams. To date, our team has led 20 in-person workshops in area schools and community venues and presented to over 850 people. Also, on November 5th, the Findlay West team at our Trenton Avenue branch will be holding a "Donut and Donate" event to benefit the Coats for Christmas charity. If you're in the area, swing by the branch to donate a new pair of socks and enjoy a donut.

In shareholder news, the book value and market price for our stock have increased by 4.3% and 3.8% respectively year over year as of 9/30/2025. 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 receive 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 on our website under the [Invest](#) 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 and CEO 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, 2025	Nine Months Ended Sep 30, 2024
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CONDENSED STATEMENT OF INCOME

Interest Income	\$10,641	\$9,349
Interest Expense	<u>3,659</u>	<u>3,864</u>
Net Interest Income	6,982	5,486
Provision (credit) for loan losses	<u>265</u>	<u>210</u>
Net interest income after provision for loan losses	6,717	5,276
Non-interest income	957	834
Non-interest expenses	<u>6,523</u>	<u>5,802</u>
Income before income taxes	1,150	307
Provision (credit) for income taxes	<u>33</u>	<u>-134</u>
Net income	<u>\$1,117</u>	<u>\$441</u>
Average common shares outstanding	253,532	253,143

PER COMMON SHARE

Net income	\$4.41	\$1.74
Book value	\$79.31	\$72.12
Book value excluding unrealized gain (loss)	\$89.59	\$85.91
Closing bid price	\$90.20	\$87.00
Closing ask price	\$94.75	\$91.30

FINANCIAL RATIOS

Return on average assets	0.55%	0.23%
Return on average equity	8.01%	3.53%
Net interest margin	3.63%	3.07%
Efficiency ratio	82.17%	91.81%
Loans to deposits	72.13%	71.48%
Allowance for loan losses to loans	1.24%	1.33%

PERIOD END BALANCES

	As of <u>Sep 30, 2025</u>	As of <u>Sep 30, 2024</u>
Assets	\$285,079	\$272,230
Loans - net of allowance	\$189,399	\$179,460
Deposits	\$262,562	\$251,049
Shareholders' equity	\$20,109	\$18,256
Common shares outstanding	253,348	253,673