



**ANNUAL SHAREHOLDERS' MEETING**  
**APRIL 23, 2024**



# DISCUSSION

- 2023 Results
- First Quarter 2024
- Looking Forward

# FORWARD-LOOKING STATEMENTS

The foregoing material may contain forward-looking statements. We caution that such statements may be subject to a number of uncertainties and actual results could differ materially, and therefore, you should not place undue reliance on any forward-looking statements. Norwood Financial Corp does not undertake and specifically disclaims any obligation to publically release the results of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

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# SUMMARY

**Norwood**  
INVESTMENT CORP

# 2023 CHALLENGES

- Loan yield increased 73 basis points to 5.46%
- Yield on total interest-earning assets increased 78 basis points to 4.68%
- Total interest-bearing liabilities increased 169 basis points to 2.21%
  - Including 147 basis point increase in cost of deposits
- Cost of certificates of deposit increased 228 basis points to 3.25%
- \$26 million increase in cost of funds

# 2023 COMPARISON

- NWFL yield on loans increased 73 basis points
- National Peer Banks yield on loans increased 99 basis points
  
- NWFL yield cost of deposits increased 147 basis points
- National Peer Banks cost of deposits increased 158 basis points

# EARNINGS GROWTH

(in millions)



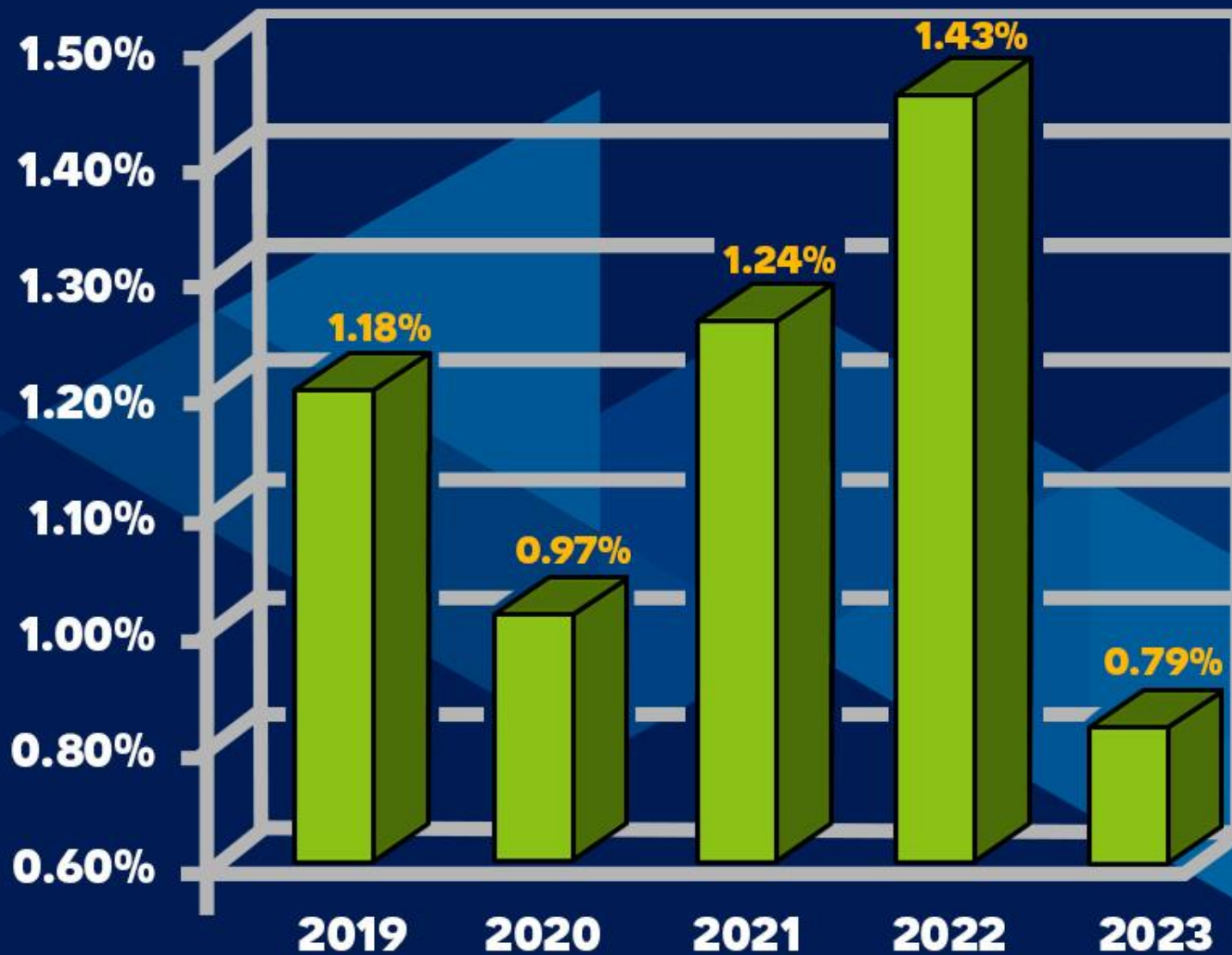
# EARNINGS PER SHARE



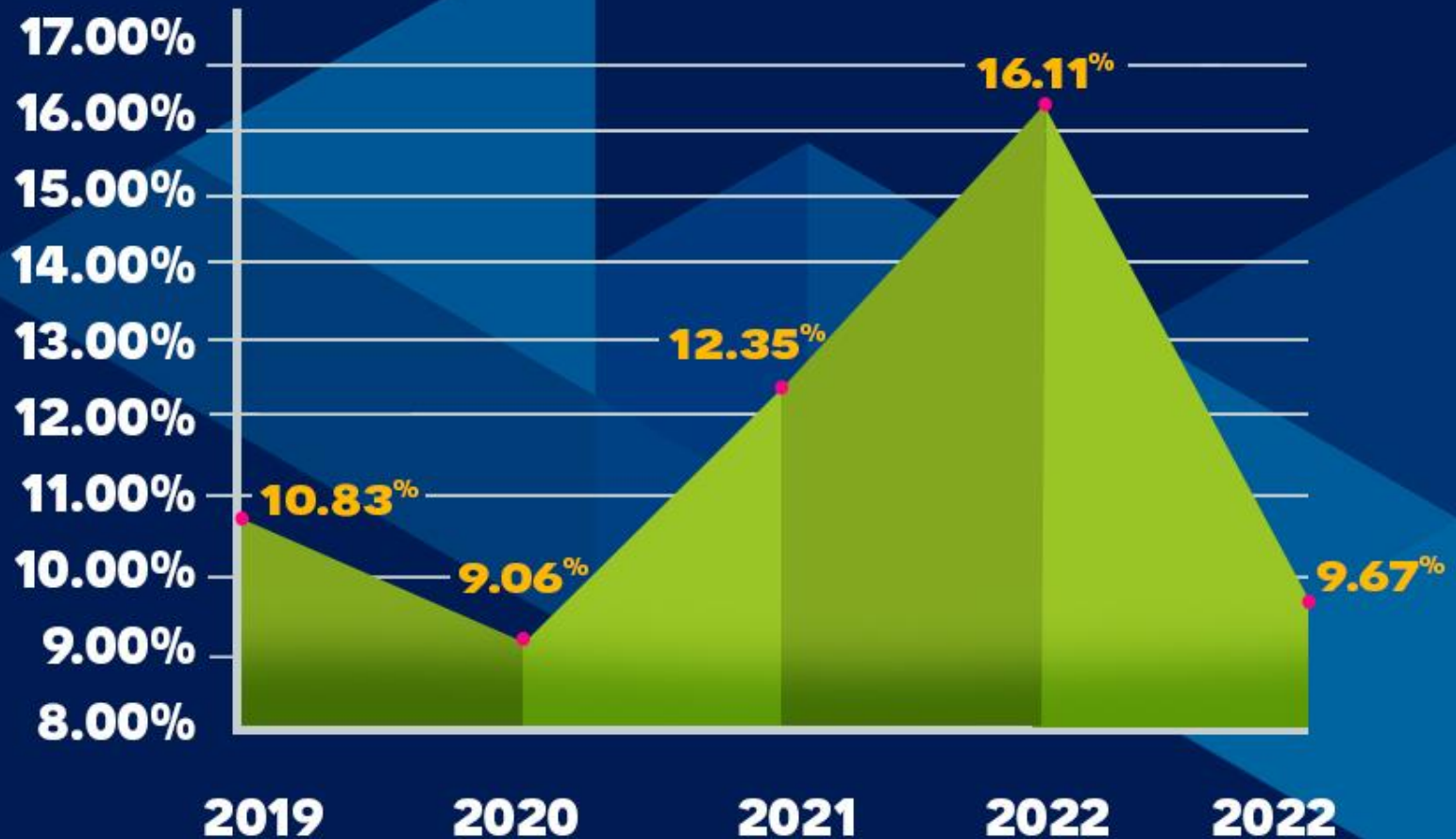


# PERFORMANCE RATIOS

## RETURN ON ASSETS



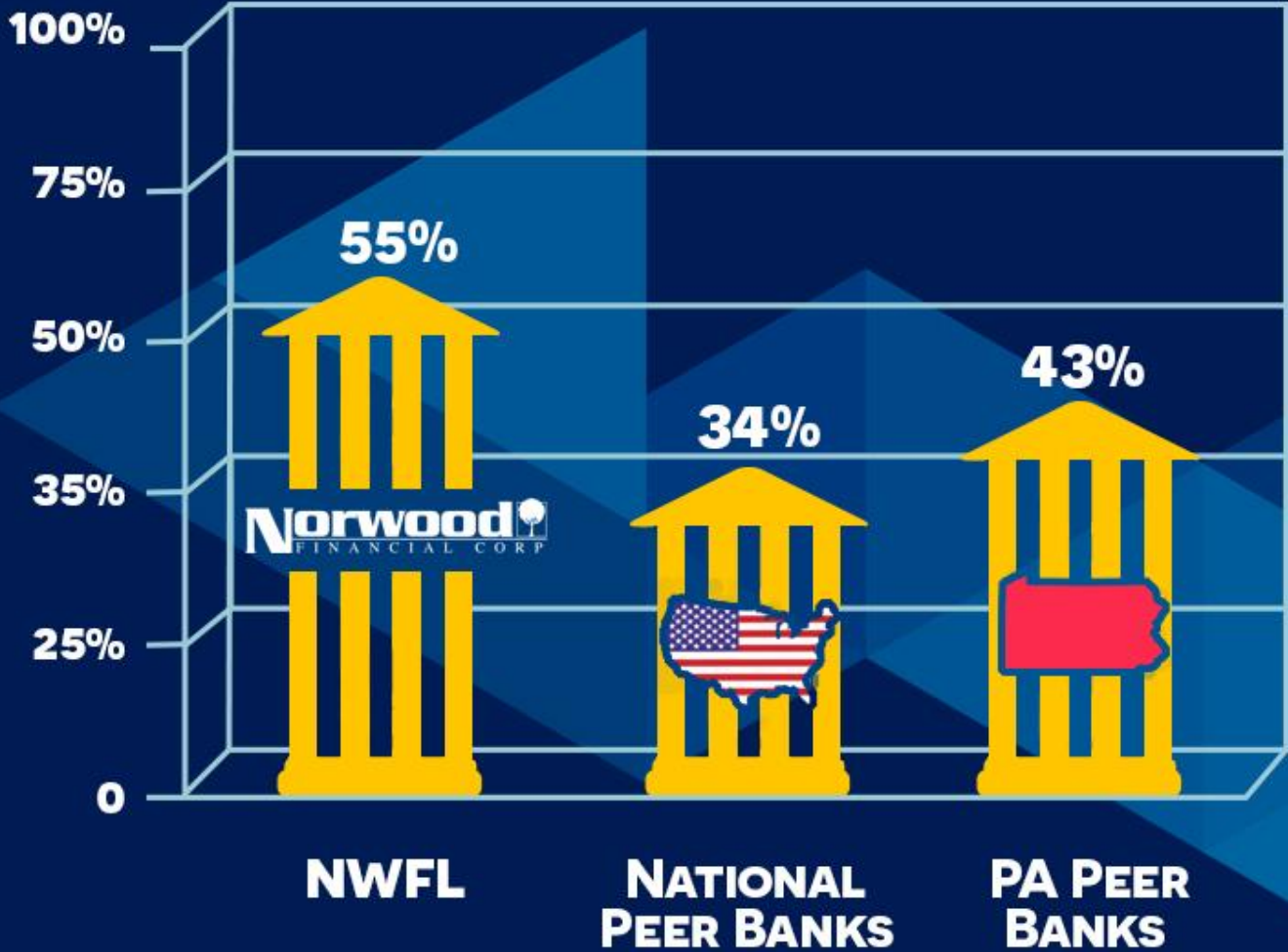
# PERFORMANCE RATIOS RETURN ON EQUITY



# DIVIDENDS PER SHARE

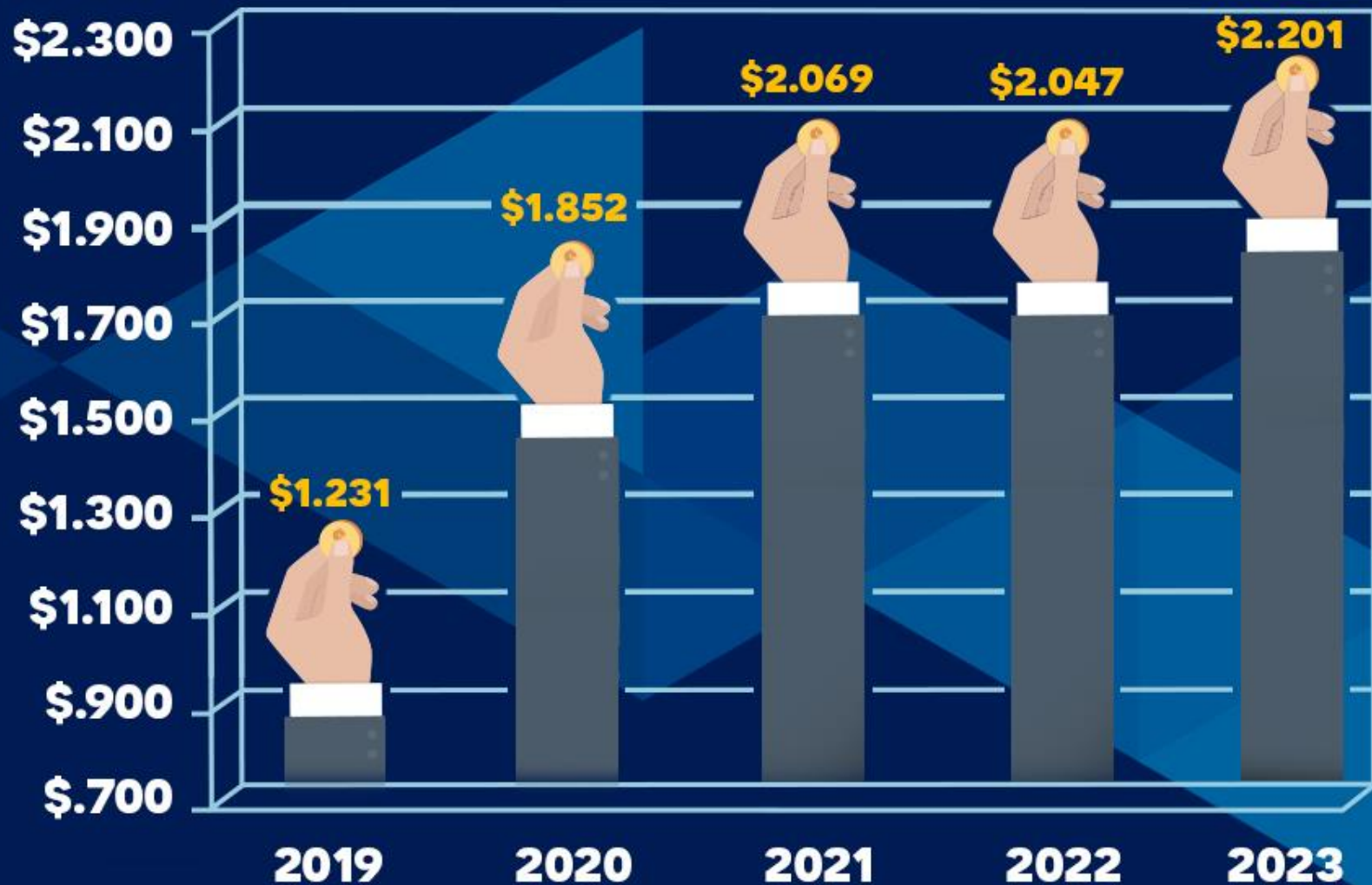


# CASH DIVIDENDS PAYOUT RATIO



# TOTAL ASSETS

(in billions)



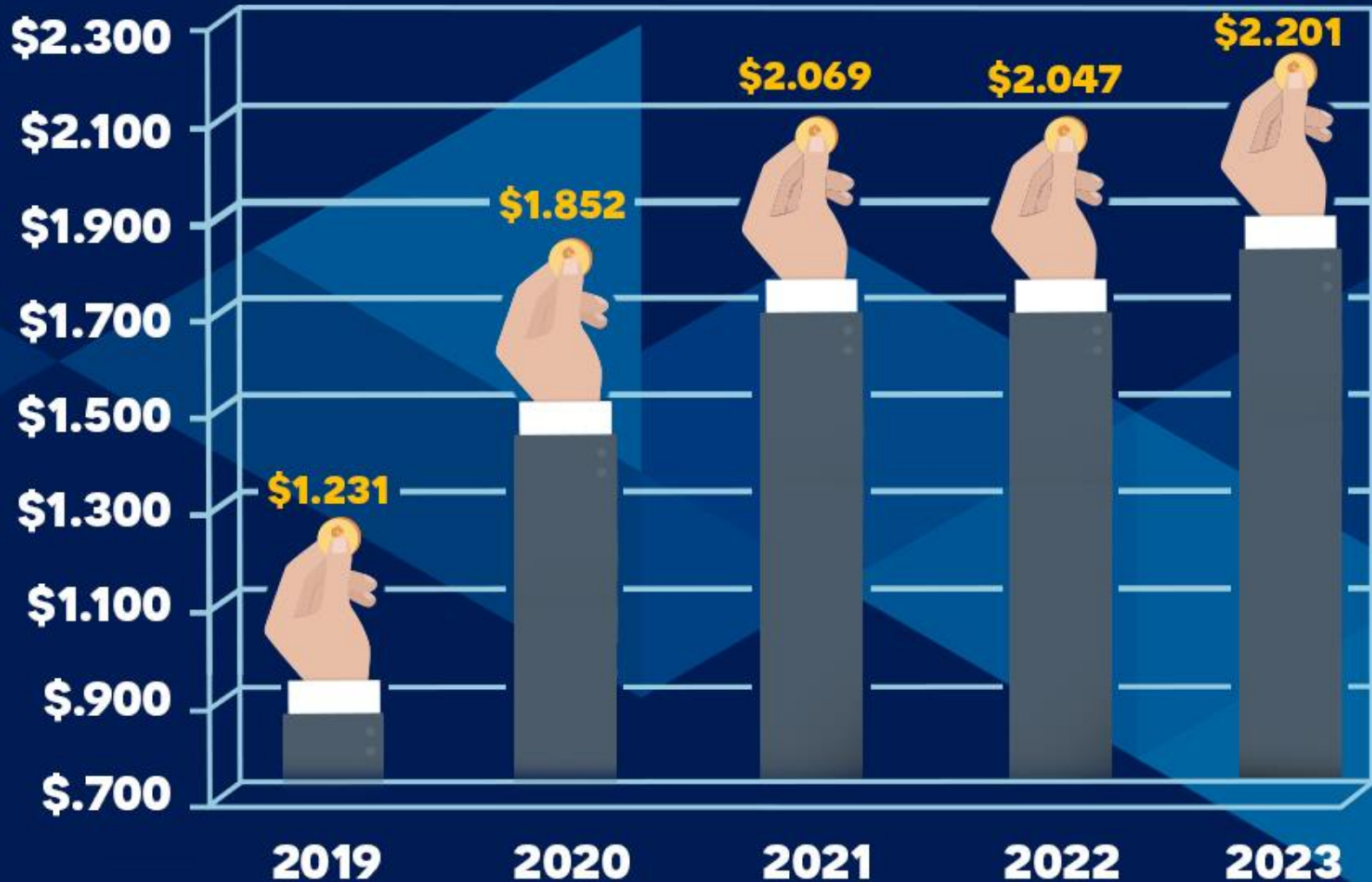
# BALANCE SHEET

- **Total Assets Increased \$154 million to \$2.2 billion**
- **Total Loan Increased \$130 million in 2023**
  - \$85 million Increase in Retail Loans
  - \$45 million Increase in Commercial Loans
- **Deposits Increased \$67 million**
  - \$205 million increase in time deposits
  - \$140 million decrease in non-maturing deposits



# TOTAL ASSETS

(in billions)



# COVERAGE RATIO

**249% IN 2023**





# NON-PERFORMING ASSETS

**NWFL**  
**0.48%**

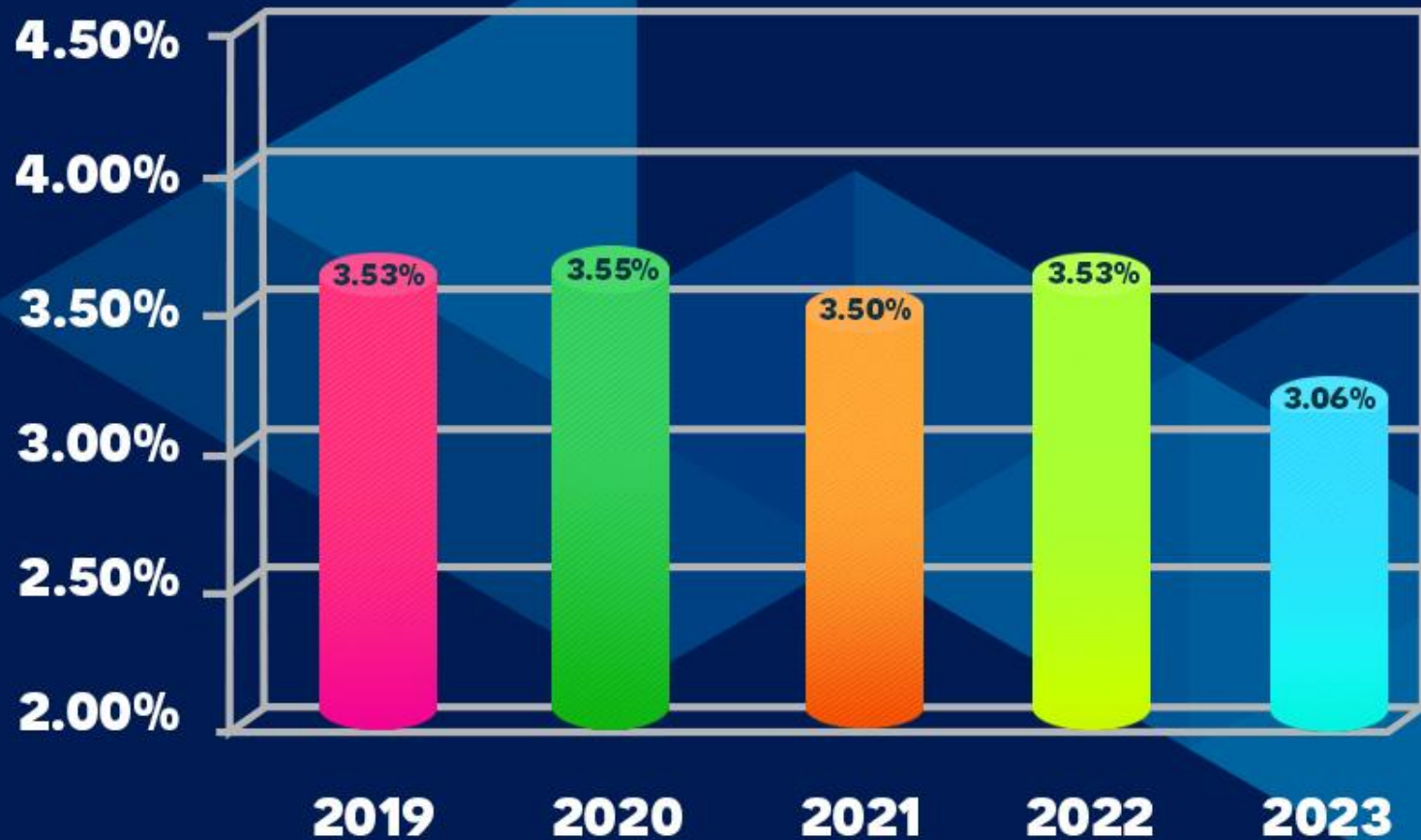
**PENNSYLVANIA  
PEER BANKS**  
**0.47%**



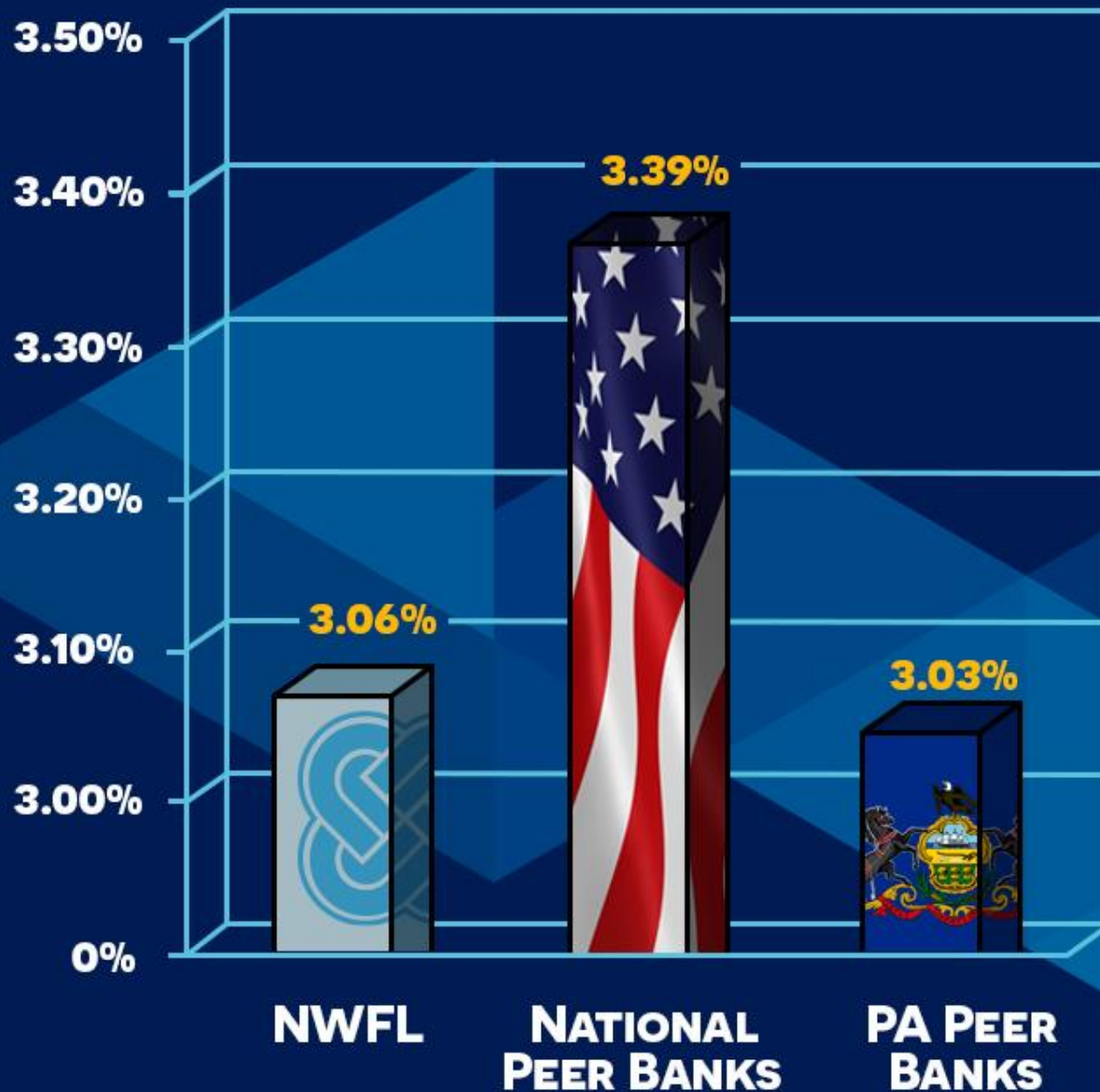
# YIELD ANALYSIS

- Yield on interest earning assets increased 78 basis points to 4.68%
- Cost of total interest bearing liabilities increased 169 basis points to 2.21%

# NET INTEREST MARGIN

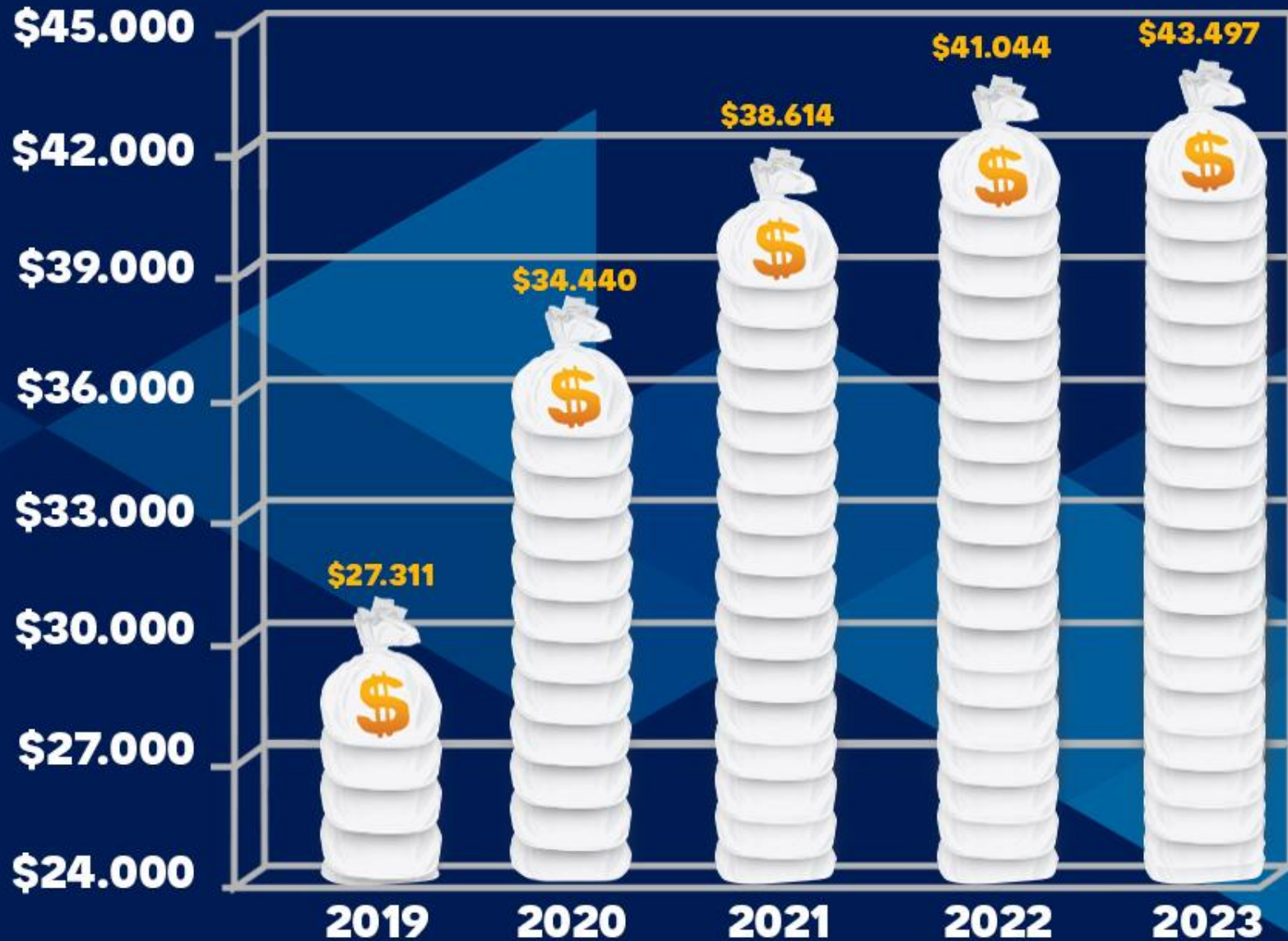


# NET INTEREST MARGIN COMPARISON

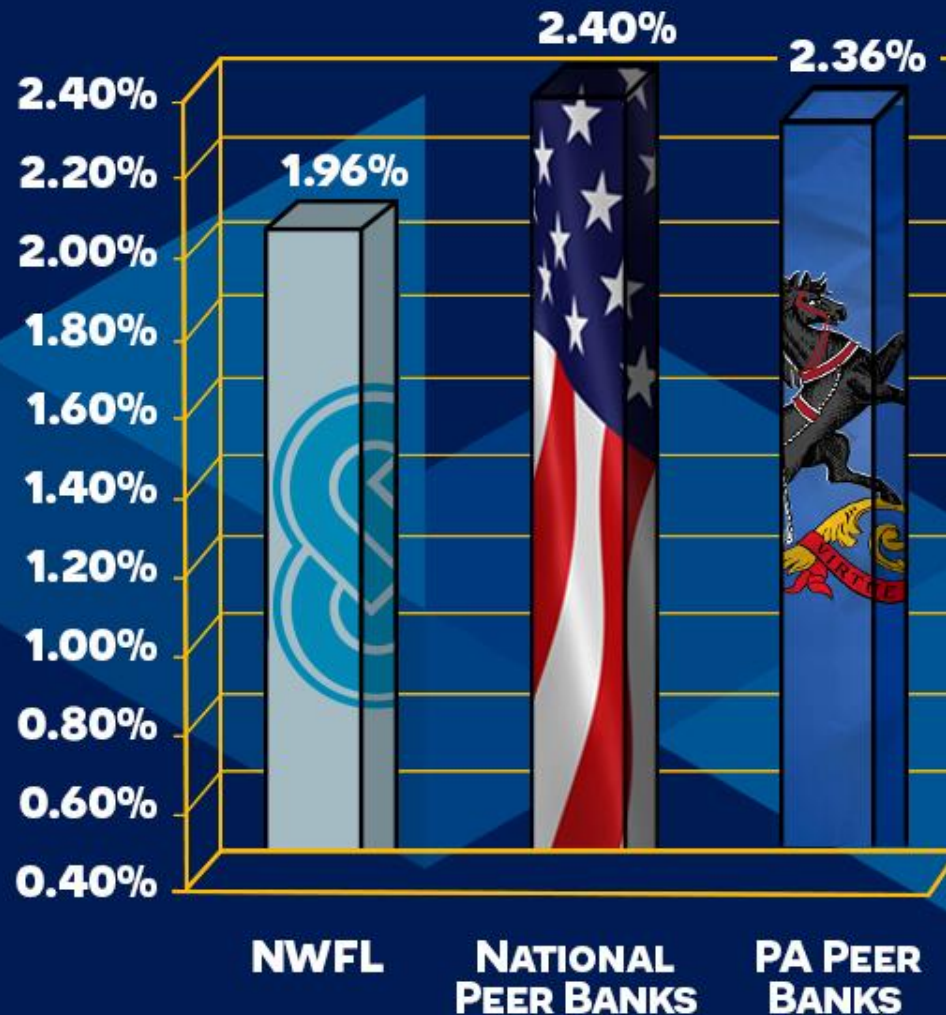


# OPERATING EXPENSES

(in millions)

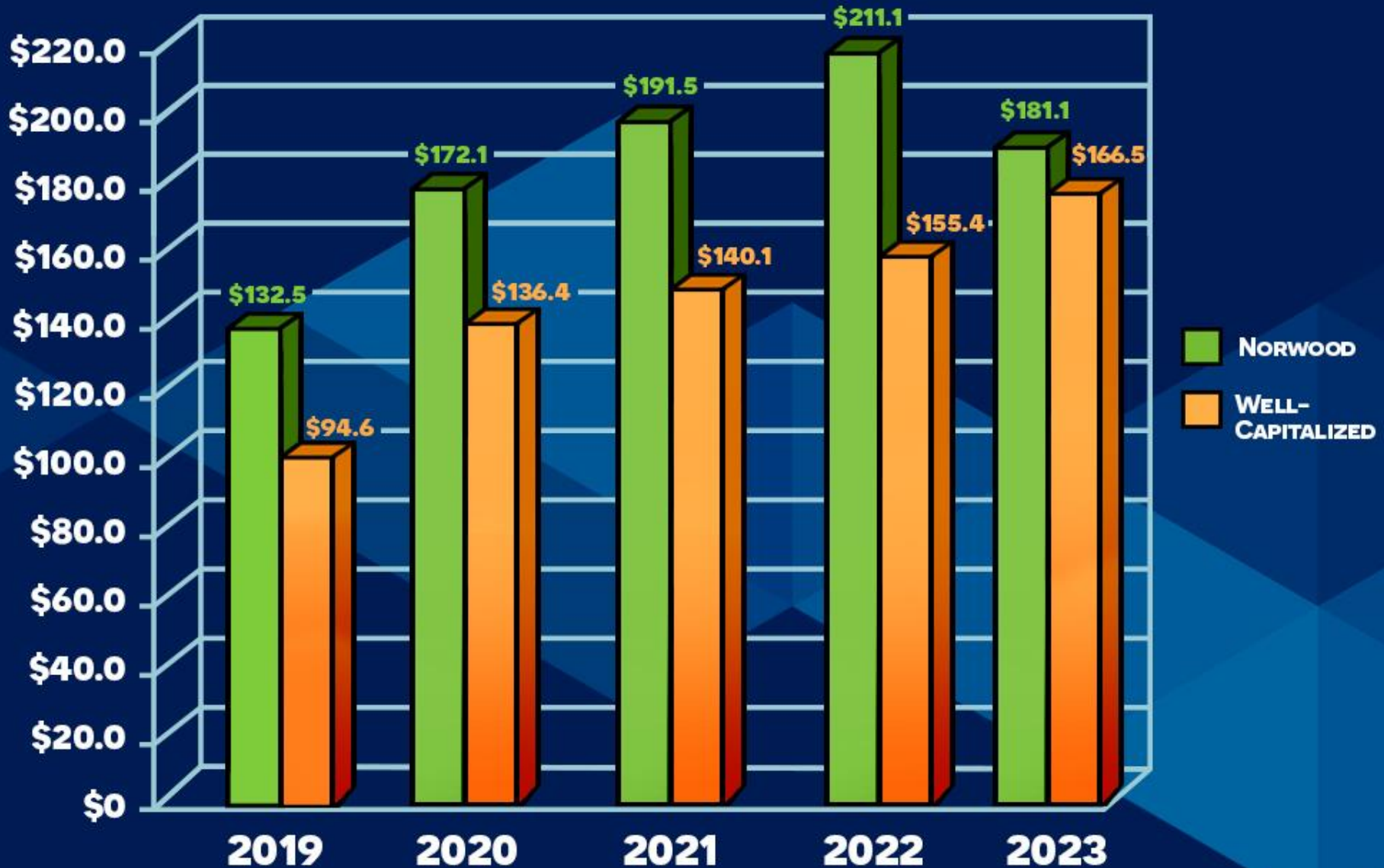


# EFFECTIVE SPENDING



# CAPITAL AT YEAR END

(in millions)



# SHARE REPURCHASE PROGRAM

- In 2021, Program Announced to Buy Back up to 5% of Outstanding Shares
- In 2023, Over 108,000 Shares of Stock were Repurchased.



# RECAP 2023

- Grew Loans By 8.8%, Exceeding State Average of 7.1%
- Maintained Healthy Allowance for Credit Losses
- Maintained Capital Levels in Excess of Regulatory Requirements
- Received Recognition by Bank Director Magazine in their Best U.S. Banks Rankings
- Increased Cash Dividend by 3.5% in Q4, 32 Consecutive Years of Increases





# OPTIMISM & FUTURE OPPORTUNITIES



# LOOKING FORWARD



# FIRST QUARTER 2024

- Earnings of \$4,433,000
- EPS of \$0.55
- ROA = 0.80%
- ROAE = 9.79%

**Q1**  
RESULTS

# FIRST QUARTER 2024

- Total Assets of \$2.260 billion
- Total Loans of \$1.621 billion
- Total Deposits of \$1.839 billion
- Stockholder's Equity of \$181.2 million



# FIRST QUARTER 2024

- Net Interest Income: \$14.9 million
- Net Interest Spread: 2.07%
- Other Income: \$2.0 million
- Operating Expenses: \$11.7 million



# FIRST QUARTER 2024

- 4.5% Annual Loan Increase
- 9.8% Annual Deposit Increase
- Well-Controlled Operating Expenses
- Well-Capitalized

