

Norwood Financial Corp

Investor Presentation

September 30, 2024



Forward Looking Statements & Disclaimers

The information disclosed in this document includes various forward-looking statements that are made by Norwood Financial Corp (the "Company") in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words "anticipates," "projects," "intends," "estimates," "expects," "believes," "plans," "may," "will," "should," "could," and other similar expressions are intended to identify such forward-looking statements the Company cautions that these forward-looking statements are necessarily speculative and speak only as of the date made, and are subject to numerous assumptions, risks and uncertainties, all of which may change overtime. Actual results could differ materially from such forward-looking statements. Accordingly, you should not place undue reliance on forward-looking statements. The following factors, among others, could cause actual results to differ materially and adversely from such forward-looking statements: changes in the financial services industry and the U.S. and global capital markets, changes in economic conditions nationally, regionally and in the company's markets, the nature and timing of actions of the Federal Reserve Board and other regulators, the nature and timing of legislation and regulation affecting the financial services industry, government intervention in the U.S. financial system, changes in federal and state tax laws, changes in levels of market interest rates, pricing pressures on loan and deposit products, credit risks of the Company's lending activities, successful implementation, deployment and upgrades of new and existing technology, systems, services and products, customers' acceptance of the Company's products and services, and competition. Any statements made by the Company that are not historical facts should be considered to be forward-looking statements. The Company cautions that the foregoing list of important factors is not exhaustive. The Company is not obligated to update and does not undertake to update any of its forward looking statements, whether written or oral, that may be made from time to time by or on behalf of the Company or made herein.

Strength. Security. Stability.

Norwood Financial Corp is the holding company for Wayne Bank. Founded in 1871, the Bank has 29 Community Offices throughout Pennsylvania and New York, including those offices operating under the Bank of Cooperstown and Bank of the Finger Lakes brands.

Employing more than 300 local people, Wayne Bank offers a full line of products and services to meet the financial needs of consumers and businesses.

As a community bank, Wayne Bank is an integral part of both the local community and economy. Each year, the Bank contributes to hundreds of organizations and employees are passionate about helping their communities through event participation and service to local charities. By supporting residents, businesses, schools, and charitable organizations, Wayne Bank is dedicated to reinvesting in the community and encouraging economic growth.

■ 153 Years in Business

Committed to the same mission and core values instated upon our founding in 1871

■ Growth & Expansion

3 successful acquisitions from 2011 to 2020

■ Performance & Profitability

Loan/Deposit Ratio - 89%
CRE Concentration – 135%
Net Interest Margin - 2.99%
Efficiency ratio - 65%
Op EX/Average Assets – 2.11%

■ Rewarding Shareholders

32 consecutive years of increasing cash dividends – a truly impressive record

\$2.3B
in assets
September 30, 2024

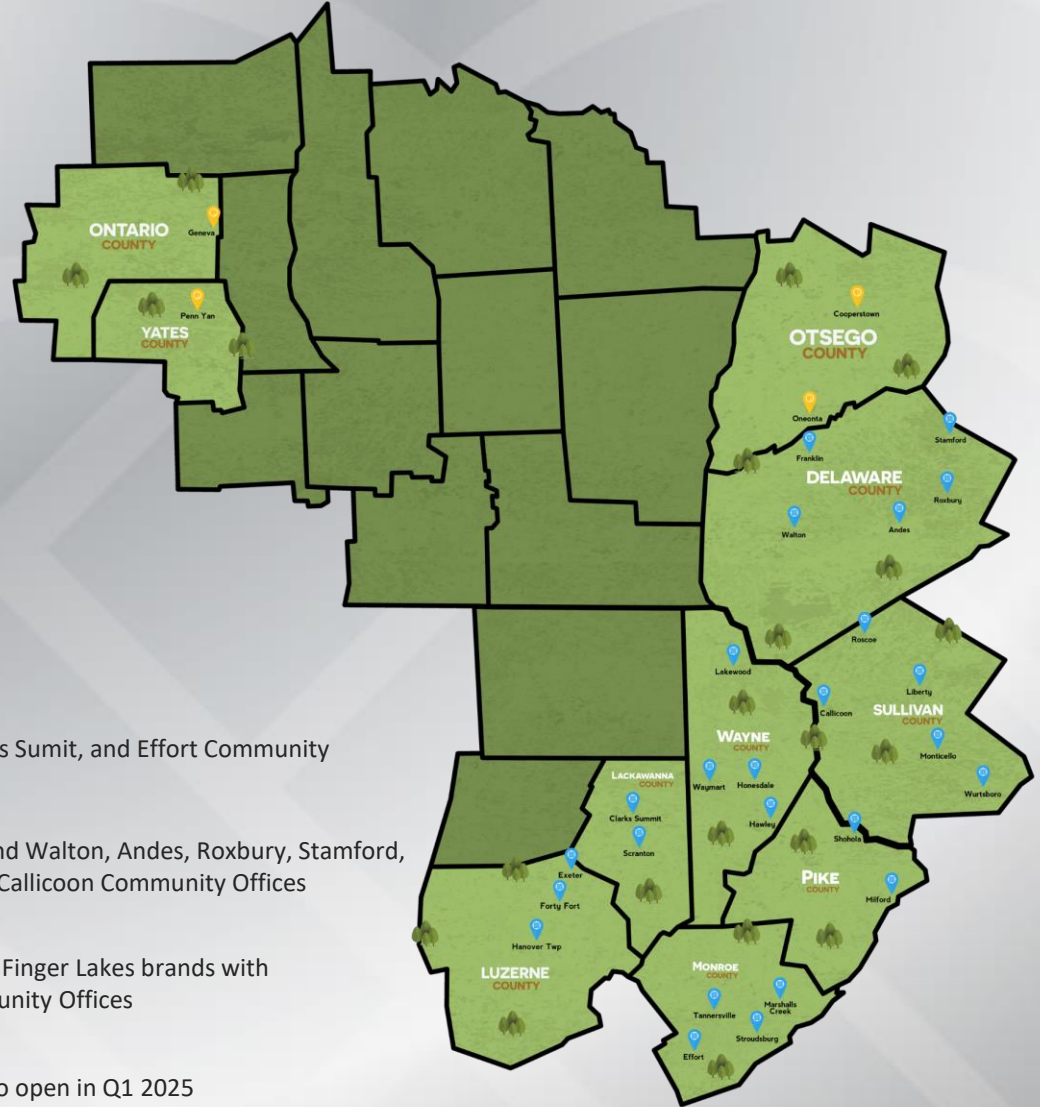
\$1.6B
in loans
September 30, 2024

\$1.8B
in deposits
September 30, 2024

Growth & Expansion

A history of de novo growth and successful acquisitions.

- **1871** Wayne County Savings Bank opened on November 4, 1871, with the modest capital of \$25,000
- **1924** Existing Corporate Office Built and Opened
- **1931** Acquired Waymart State Bank
- **1954** Opened Waymart Community Office
- **1980** Opened Willow Avenue Community Office
- **1985** Opened Hawley Community Office
- **1993** Opened Milford Community Office
- **1996** Opened Shohola & Lakewood Community Offices
- **1999** Opened Stroud Mall Community Office
- **2004** Opened Marshalls Creek Community Office
- **2006** Opened Tannersville Community Office
- **2011** Acquired North Penn Bank and Central Scranton, Clarks Summit, and Effort Community Offices
- **2016** Acquired National Bank of Delaware County (NBDC) and Walton, Andes, Roxbury, Stamford, Franklin, Roscoe, Liberty, Monticello, Wurtsboro, and Callicoon Community Offices
- **2020** Acquired USNY and Bank of Cooperstown and Bank of Finger Lakes brands with Geneva, Penn Yan, Cooperstown, and Oneonta Community Offices
- **2024** Renovating new location in Forty Fort, PA scheduled to open in Q1 2025



Financial Highlights *dollars in thousands*

	2023				2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<u>Balance Sheet Statistics</u>							
Total Assets	\$ 2,104,363	\$ 2,141,765	\$ 2,179,998	\$ 2,201,079	\$ 2,260,423	\$ 2,235,316	\$ 2,279,751
Loans	\$ 1,535,643	\$ 1,577,699	\$ 1,611,069	\$ 1,603,618	\$ 1,621,448	\$ 1,641,355	\$ 1,675,139
Deposits	\$ 1,755,935	\$ 1,731,997	\$ 1,746,824	\$ 1,795,159	\$ 1,838,998	\$ 1,811,172	\$ 1,855,251
Capital	\$ 176,415	\$ 173,424	\$ 164,702	\$ 181,070	\$ 181,213	\$ 182,187	\$ 195,654
AOCI	\$ (49,963)	\$ (54,249)	\$ (64,982)	\$ (47,348)	\$ (49,399)	\$ (49,819)	\$ (38,027)
Loan/Deposit Ratio	87%	91%	92%	89%	88%	91%	90%
<u>Profitability</u>							
Net Interest Margin	3.25%	3.09%	2.92%	2.95%	2.79%	2.79%	2.99%
ROA	1.13%	1.23%	0.76%	0.06%	0.80%	0.75%	0.68%
ROE	13.61%	14.72%	9.33%	0.84%	9.79%	9.41%	8.09%
ROATCE	16.42%	17.66%	11.28%	1.06%	11.68%	11.26%	9.58%
Efficiency Ratio	57.5%	59.8%	61.0%	61.0%	68.4%	66.9%	67.7%
OpEx/Assets	1.98%	2.04%	2.07%	1.96%	2.08%	2.04%	2.11%
<u>Per Share Information</u>							
EPS	\$ 0.71	\$ 0.81	\$ 0.51	\$ 0.04	\$ 0.55	\$ 0.52	\$ 0.48
Dividends	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
TBV/Share	\$ 18.31	\$ 18.58	\$ 17.49	\$ 19.36	\$ 19.38	\$ 19.62	\$ 21.28

Interest Rate Risk

Lowering Exposure to Interest Rates

Changes in Interest Rates in Basis Points (Dollars in thousands)		September 30, 2024			
		Potential Change in Future Net Interest Income			
		Year 1		Year 2	
		\$ Change	% Change	\$ Change	% Change
▼	+200	(2,462)	-3.5%	(2,234)	-2.7%
▼	+100	(1,135)	-1.6%	(886)	-1.1%
	Static	-	0.0%	-	0.0%
	-100	564	0.8%	(463)	-0.6%
	-200	318	0.5%	(2,917)	-3.6%

Changes in Interest Rates in Basis Points (Dollars in thousands)		December 31, 2023			
		Potential Change in Future Net Interest Income			
		Year 1		Year 2	
		\$ Change	% Change	\$ Change	% Change
▼	+200	(2,788)	-4.4%	(2,371)	-3.1%
▼	+100	(1,310)	-2.0%	(1,049)	-1.4%
	Static	-	0.0%	-	0.0%
	-100	1,931	3.0%	169	0.2%
	-200	1,166	1.8%	(1,420)	-1.9%

Investment Portfolio

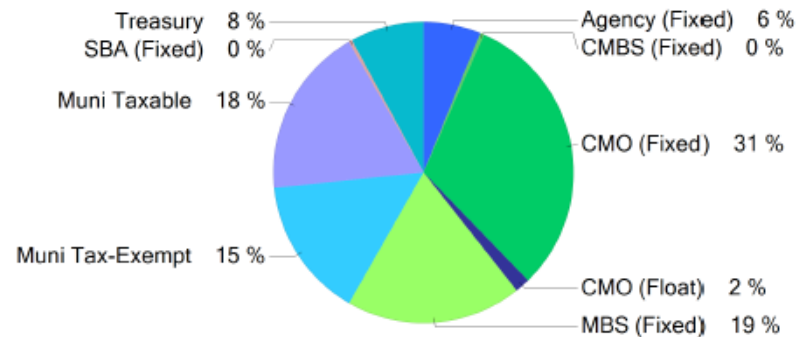
Highlights

Snapshot Table 1

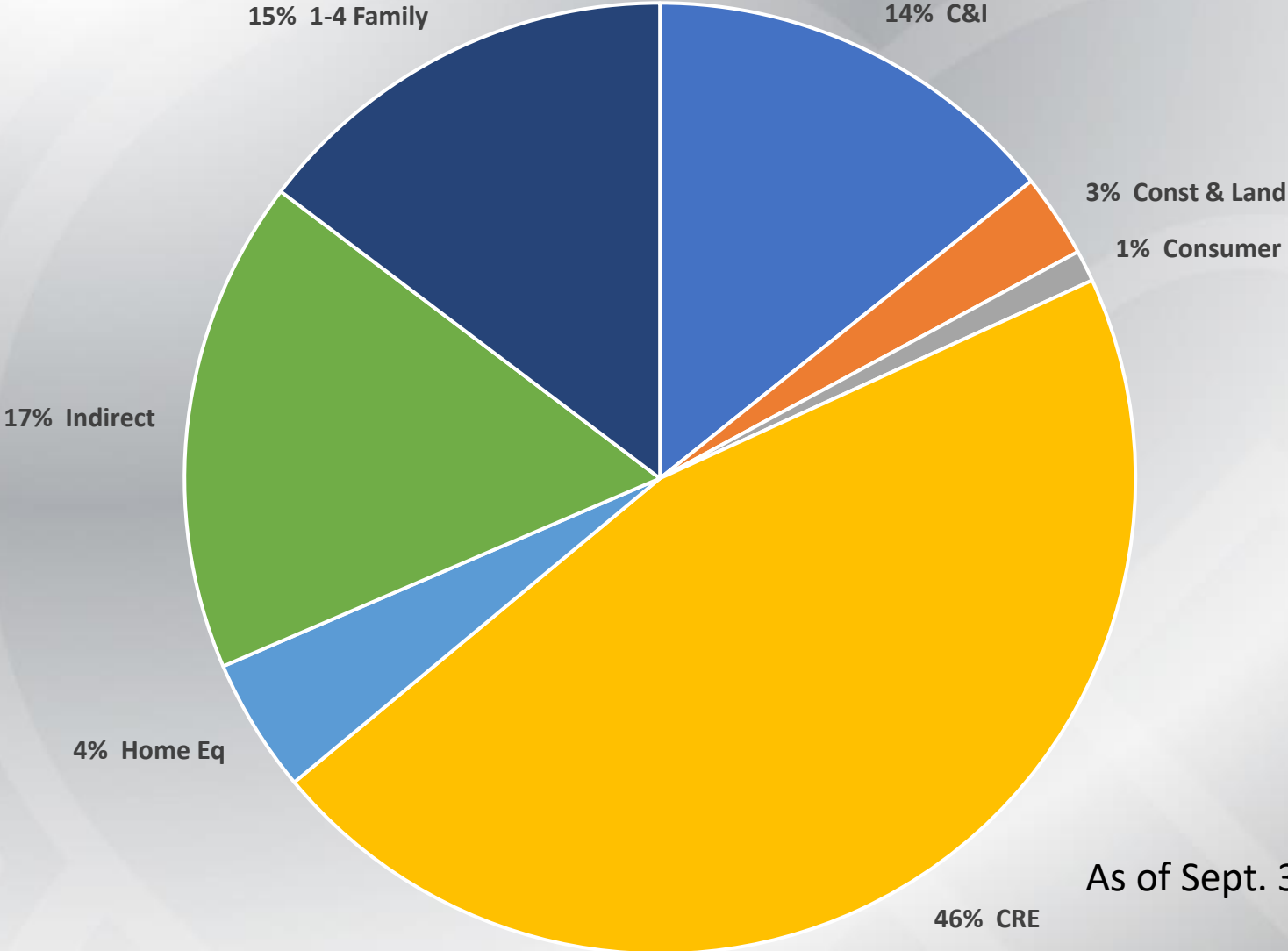
Par Value (000s)	439,582
Book Value (000s)	445,652
Market Value (000s)	396,891
Unrealized Gain/Loss (000s)	(48,760)
Aggregate Gains (000s)	125
Aggregate Losses (000s)	(48,885)
Gain/Loss as % of Book Value	(10.9%)
Yield (Projected Speeds)	2.14%
Yield (1 month CPR)	2.15%
Avg life (Projected Speeds)	6.4
% in Amortizing Securities	52%
Modified Duration	5.4
Effective Duration	5.2
Effective Convexity	(0.2)
% AFS	100%

Sector Review Table 2

	Book Value	% Total	Gain or Loss	Effective Duration	Projected		1 Mo CPR	
					Book Yield	Reprice Term	Book Yield	Reprice Term
Agency (Fixed)	27,581	6%	(1,874)	3.8	2.73	3.8	2.73	3.8
CMBS (Fixed)	1,835	0%	(52)	1.7	2.46	1.8	2.49	2.2
CMO (Fixed)	138,761	31%	(17,317)	5.3	2.01	5.4	2.03	6.8
CMO (Float)	7,164	2%	(18)	0.0	6.38	0.1	6.38	0.1
MBS (Fixed)	84,304	19%	(9,500)	4.8	1.74	5.1	1.78	5.7
Municipal - Tax-Exempt	67,264	15%	(6,850)	5.9	2.44	11.8	2.44	11.8
Municipal - Taxable	81,772	18%	(11,484)	7.1	2.04	8.0	2.04	8.0
SBA (Fixed)	1,677	0%	(99)	2.5	2.19	2.8	2.19	2.8
Treasury	35,294	8%	(1,564)	2.0	1.88	2.0	1.88	2.0
Total	445,652	100%	(48,760)	5.2	2.14	6.3	2.15	6.9

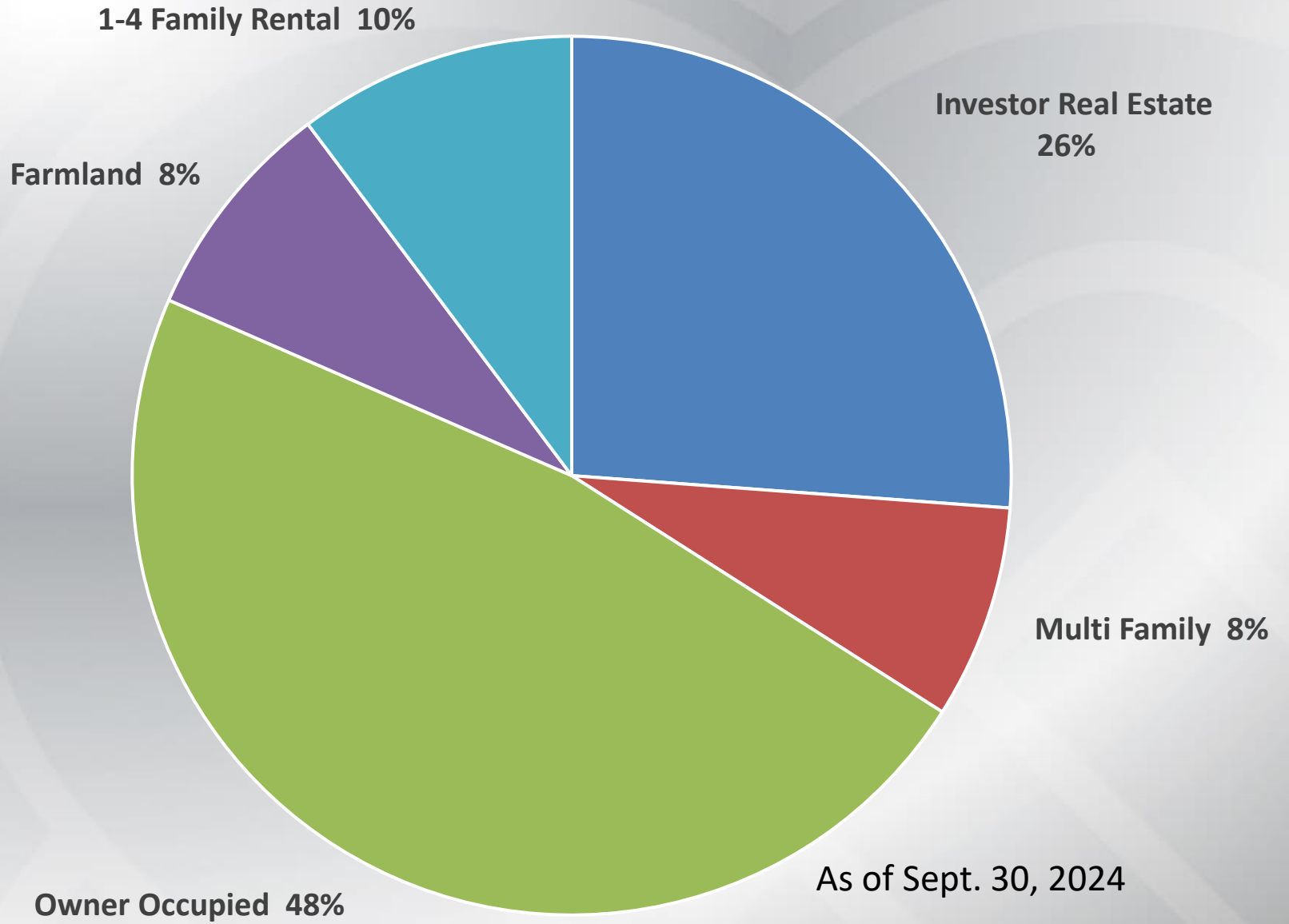


Loan Portfolio Diversification

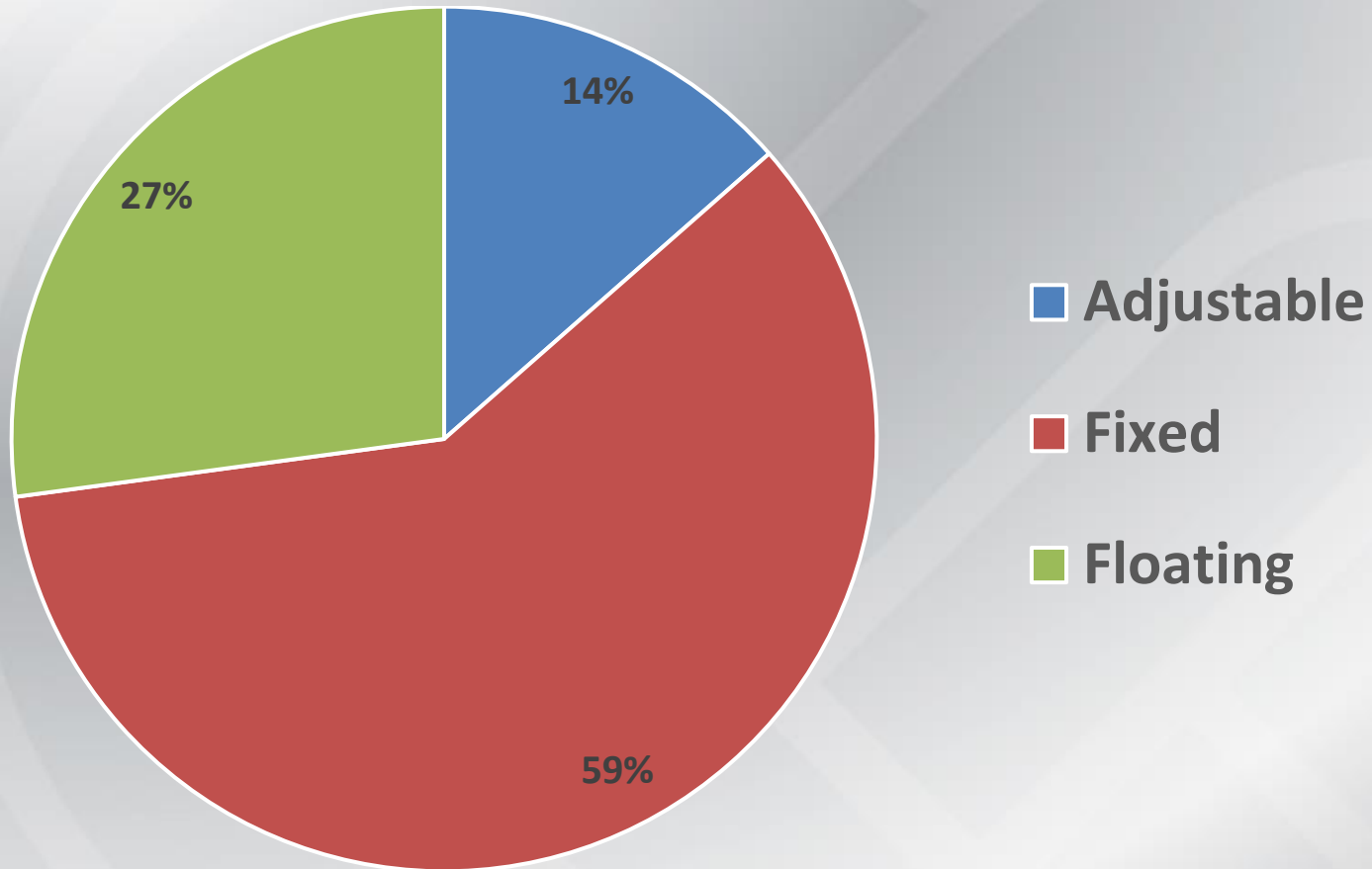


As of Sept. 30, 2024

Commercial Real Estate Components



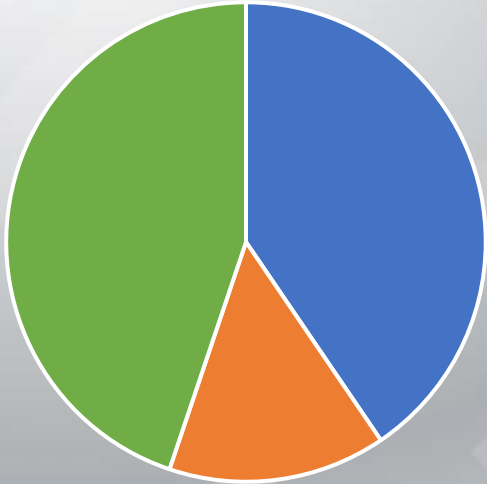
LOAN PORTFOLIO RATE COMPOSITION



As of Sept. 30, 2024

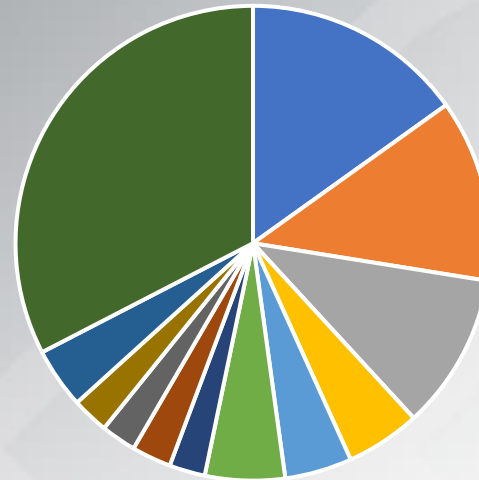
Loan Portfolio by Industry

Retail - \$634mm



■ Residential Mortgages
 ■ Direct Loans
 ■ Indirect Loans

Commercial – \$1,041mm



■ Commercial Rentals
 ■ Residential Rentals
 ■ Hotels/Motels
■ Builders/Contractors
 ■ Dairy Cattle/Milk Prod.
 ■ Fuel/Gas Stations
■ Government Support
 ■ Mobile Home Park
 ■ Wineries
■ Camps
 ■ Resorts
 ■ Other Commercial

Credit Performance

Total Loans vs. Percentage of Past Dues (>30 Days)

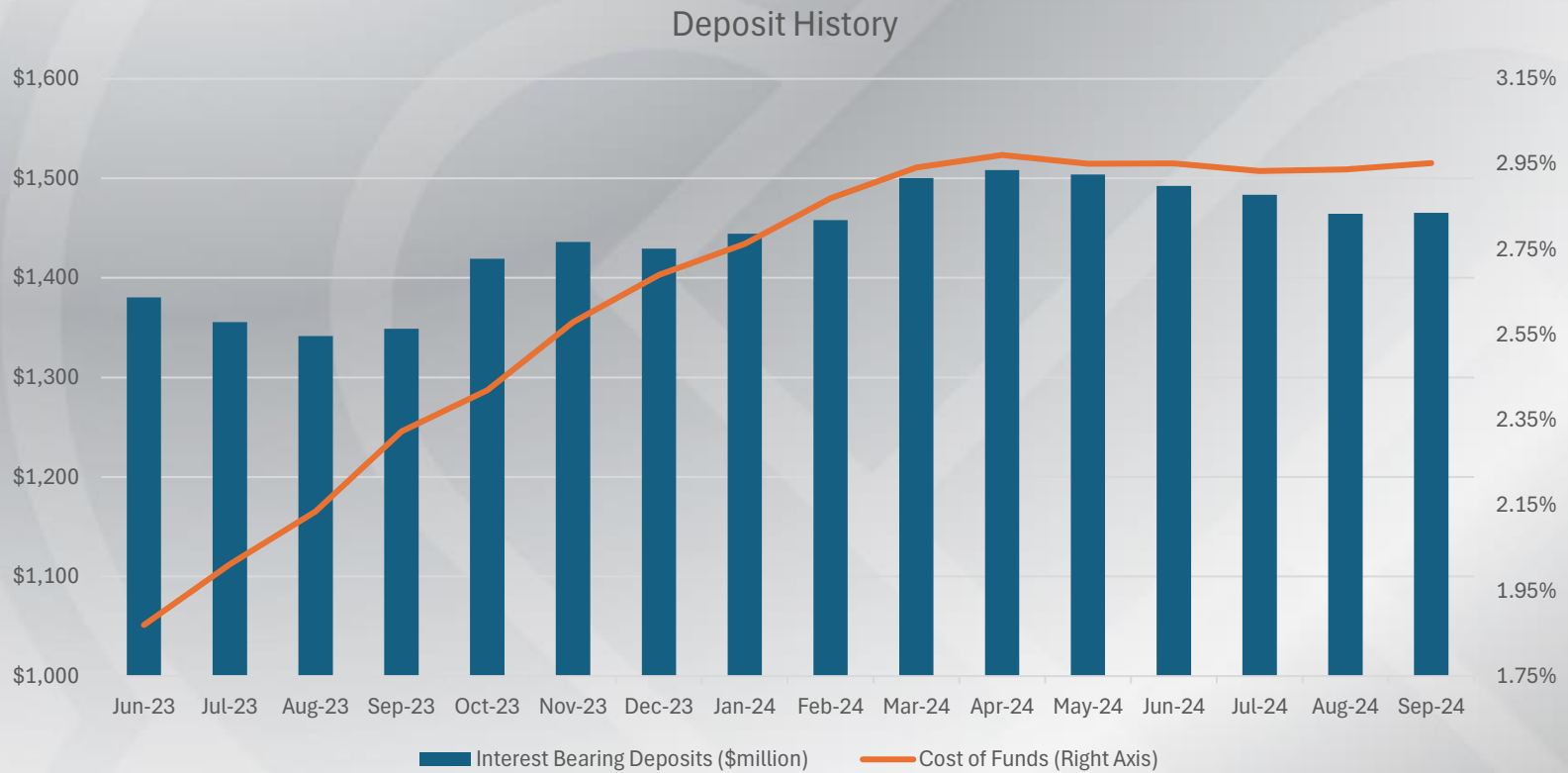


Credit Metrics

<u>Credit Quality</u>	2023				2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Non-Performing Loans/Lo	0.18%	0.20%	0.65%	0.48%	0.23%	0.47%	0.47%
Net Charge Offs/Loans	0.08%	0.06%	0.59%	0.79%	0.08%	0.13%	0.08%
ACL/Loans	1.27%	1.11%	1.00%	1.18%	1.11%	1.08%	1.12%
Reserves/NPAs	635%	484%	149%	246%	470%	233%	237%

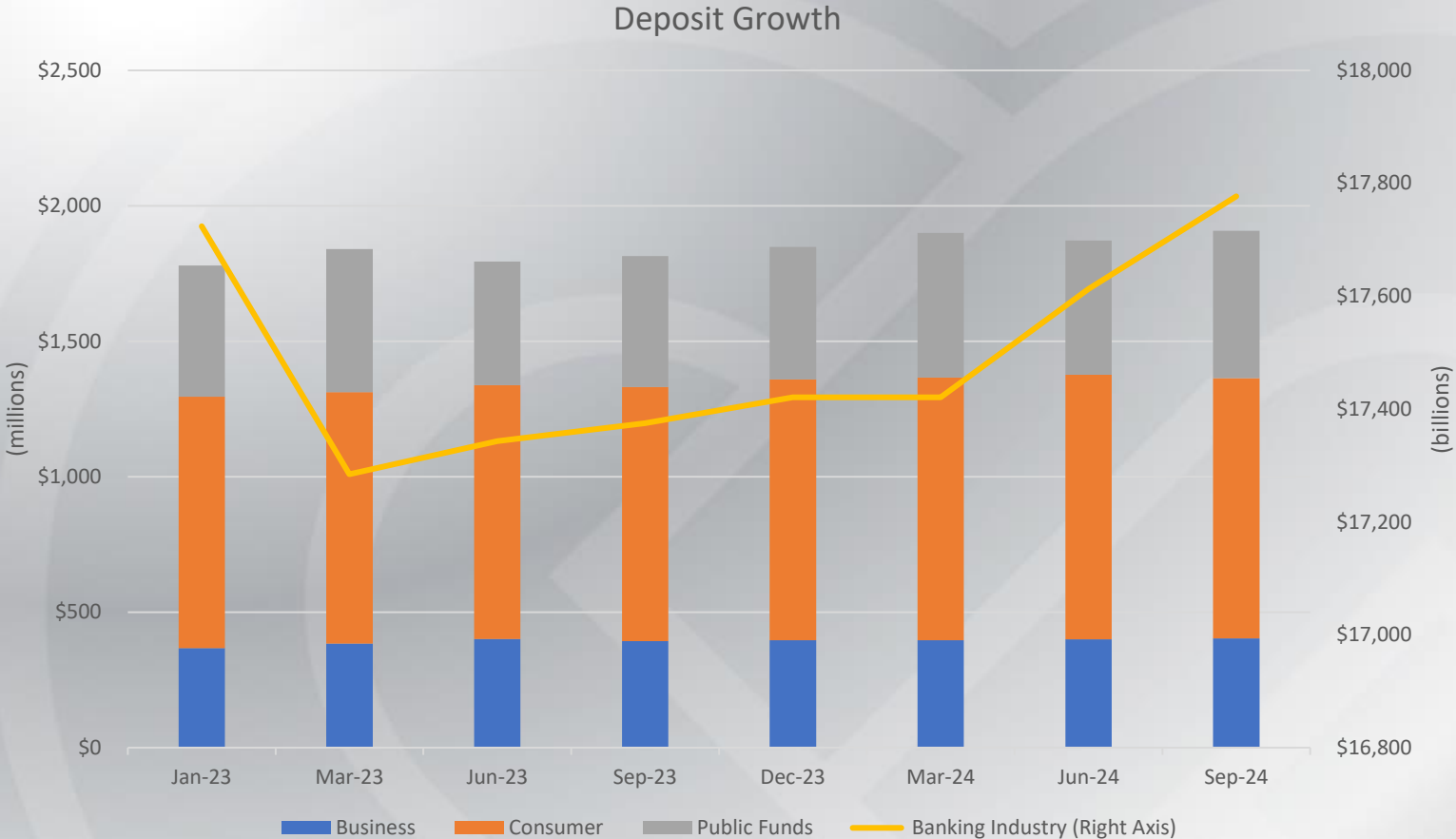
Deposits by Type and Channel – As of 9/30/2024*

<i>(thousands)</i>	Commercial	Consumer	Municipal	CDARS	Total
DDA	\$ 196,457	\$ 199,655	\$ 17,643		\$ 413,754
Non-Maturity	\$ 146,448	\$ 318,428	\$ 287,061		\$ 751,938
Time	\$ 60,309	\$ 442,900	\$ 158,180	\$ 81,144	\$ 742,533
Total	\$ 403,213	\$ 960,984	\$ 462,884	\$ 81,144	\$ 1,908,225



*Note: Non-Maturity Deposits include \$52 million in customer Repo accounts that are classified as borrowings on the balance sheet.

Deposit Growth



- Total deposits in the banking industry increased by 2.63% in the past twelve months
- Wayne Bank grew deposits by 3.83% in the past twelve months
- Public funds increased by 12.63%
- Business deposits increased by 2.57%
- Consumer deposits increased by 2.39%

Banking Industry Source: Board of Governors of the federal Reserve System (US) via fred.stlouisfed.org