



Creating Success by Delivering Solutions

February 2024

Forward-Looking Information

Certain statements contained in this presentation are forward-looking in nature. These include all statements about PWB's plans, objectives, expectations and other statements that are not historical facts, and usually use words such as "expect," "anticipate," "believe" and similar expressions. Such statements represent management's current beliefs, based upon information available at the time the statements are made, with regard to the matters addressed. All forward-looking statements are subject to risks and uncertainties that could cause PWB's actual results or financial condition to differ materially from those expressed in or implied by such statements. Factors of particular importance to PWB include, but are not limited to: (1) changes in general, national or regional economic conditions; (2) changes in interest rates; (3) changes in loan default and charge-off rates; (4) changes in deposit levels; (5) changes in levels of income and expense in non-interest income and expense related activities; (6) residential mortgage and secondary market activity; (7) changes in accounting and regulatory guidance applicable to banks; (8) price levels and conditions in the public securities markets generally; (9) competition and its effect on pricing, spending, third-party relationships and revenues; (10) changes in regulation resulting from or relating to financial reform legislation; and (11) the risk factors identified in PWB's Annual Report on Form 10-K for the year ended December 31, 2022 and in other filings made by PWB under the Securities Exchange Act of 1934. PWB does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

This presentation contains financial information determined by methods other than in accordance with generally accepted accounting principles in the United States (“GAAP”). These non-GAAP measures include tangible book value per share and return on average tangible common equity. Management uses these non-GAAP financial measures because this information is commonly utilized by regulators and investors to evaluate financial condition, and is therefore useful to investors. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. A reconciliation of the non-GAAP measures, tangible book value per share and return on average tangible common equity, used in this presentation to the related GAAP measure is included in the appendix to this presentation.

Company Profile

NASDAQ Ticker:

PWOD

Market Cap:

\$149.9 million (2/8/2024)

Headquarters:

Williamsport, Lycoming County,
PA

Branch Offices:

24

Total Assets:

\$2.2 billion

Total Loans:

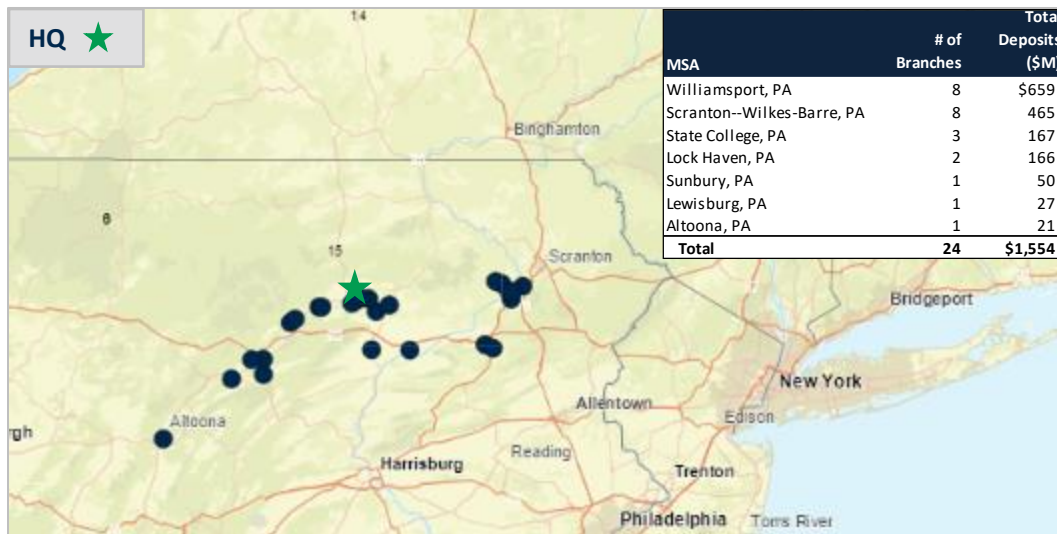
\$1.8 billion

Total Deposits:

\$1.6 billion

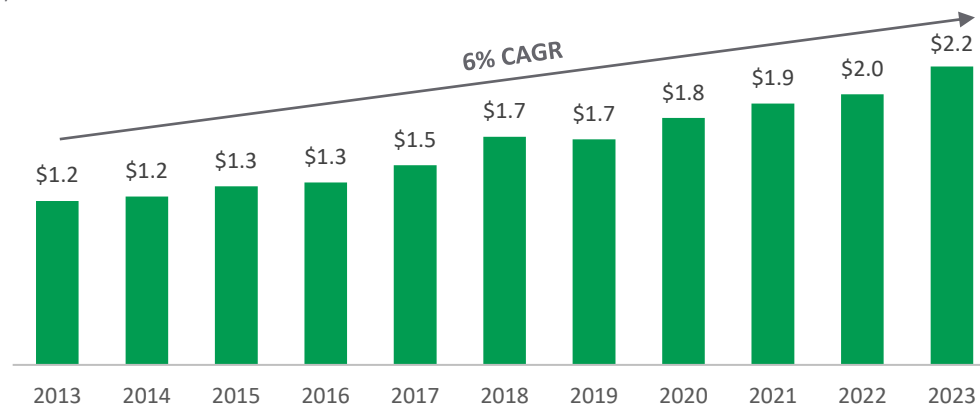
Total Equity:

\$191.6 million



Total Assets

\$ in billions



Source: S&P Global Market Intelligence, FDIC.
Note: FDIC deposit data as of 6/30/2023.

Company Structure



Penns Woods Bancorp, Inc.
(1983)

**Jersey Shore
State Bank**
Bank Subsidiary
(1934)

**Woods Investment
Company, Inc.**
(1994)

**United Insurance
Solutions, LLC**
(2017)

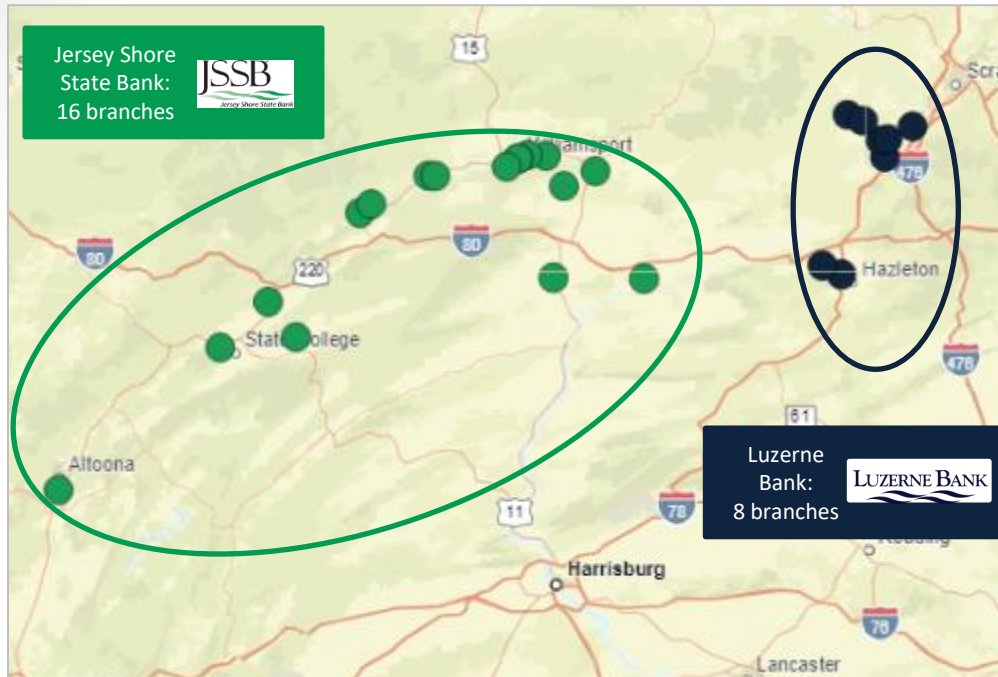
**Woods
Real Estate**
(1984)

**Luzerne
Bank**
Bank Subsidiary
(2013)



**M-Group DBA The
Comprehensive
Financial Group**
(2000)

Market Area



Primary Areas of Operation

- Luzerne, PA (Primary Service Area)
- Lycoming, PA
 - Williamsport, PA
- Centre, PA
 - State College, PA
- Clinton, PA
- Montour, PA
 - Danville, PA
- Union, PA
 - Lewisburg, PA
- Blair, PA



Source: S&P Global Market Intelligence.

Mission

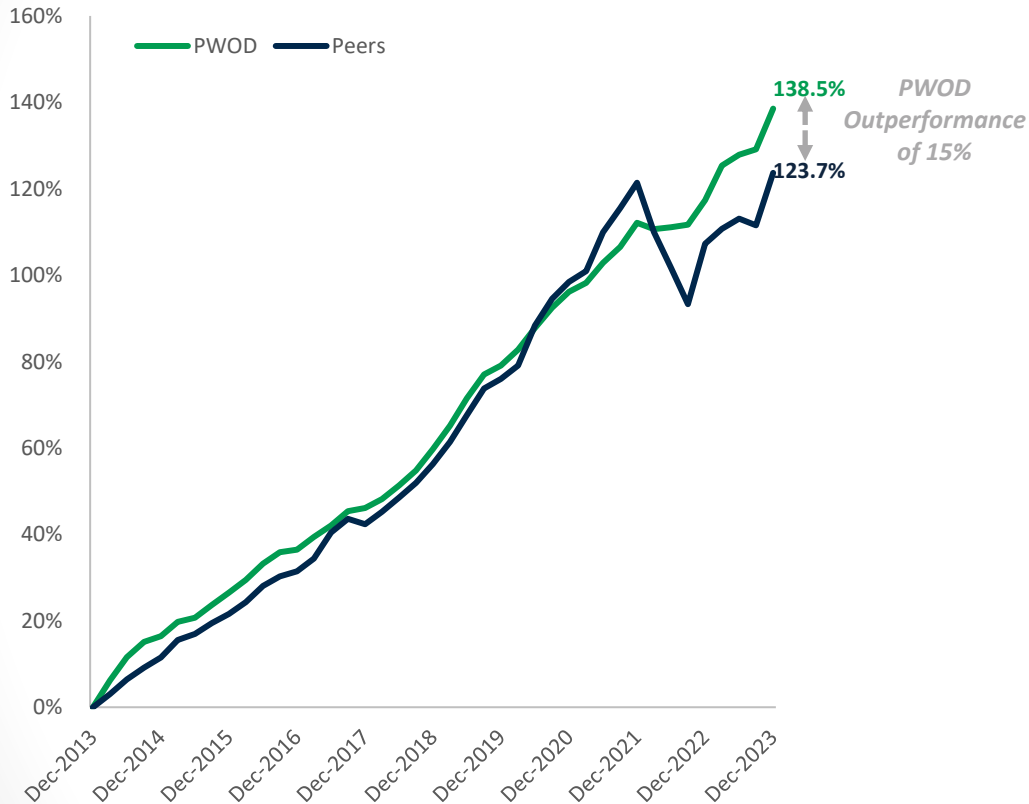
- 1 Remain a high performing regional community bank
- 2 Continue creating long-term shareholder value through a combination of Return on Equity and cash dividends to shareholders
- 3 Grow the bank in a safe, sound, diversified, and profitable manner
- 4 Be the “*best of the best*” in financial services
- 5 Be the “*best place to work*”
- 6 Provide exceptional service to our customers in a friendly way
- 7 Employ the best by attracting and retaining highly motivated professionals



Tangible Book Value (+ Dividends) Growth Track Record

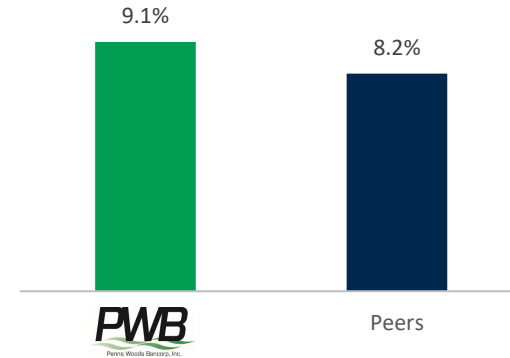
Growth in Economic Value – Since YE 2013

Tangible Book Value "TBV" + Dividends

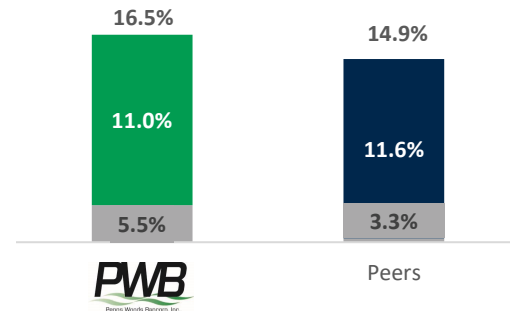


Annual Growth Rates

TBV + Dividends CAGR – Since YE 2013



2023 ROATCE⁽¹⁾ + Dividends



Source: S&P Global Market Intelligence.

Note: Peer group consists of major-exchange traded U.S. banks with total assets between \$1 billion and \$3 billion, excluding merger targets and mutuals.

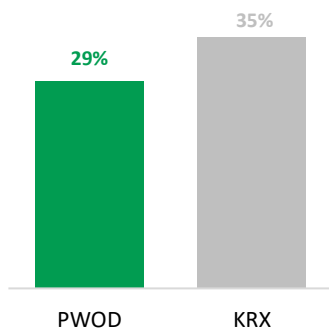
(1) ROATCE = Return on Average Tangible Common Equity.

High Quality Deposit Base

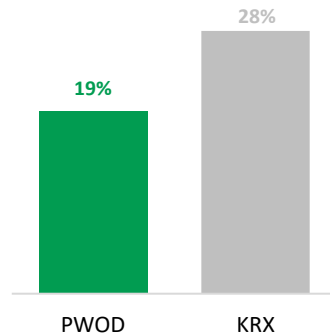
KRX = NASDAQ Regional Banking Index

Historically Consistent Deposit Base...

**Current Cycle
Deposit Beta**
(2022 – Now)

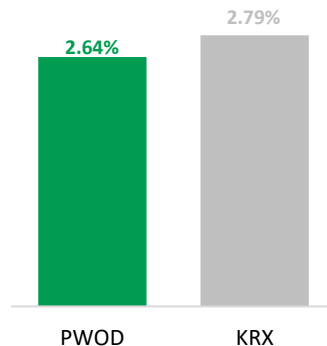


**Cumulative Cycle
Deposit Beta**
(2015 – Now)

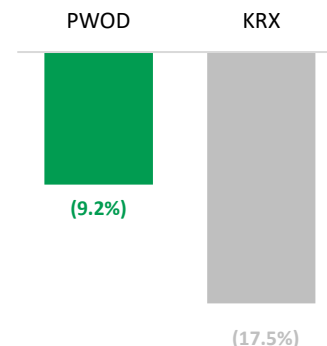


... Leads to Strength in Times of Turmoil

**Cost of Interest-Bearing
Deposits**
(2023Q4)

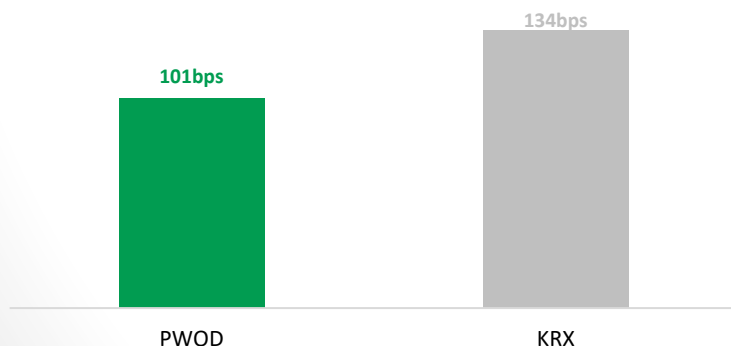


**Non-Interest Bearing
Deposit Growth⁽¹⁾**
(2022Q4 vs. 2023Q4)



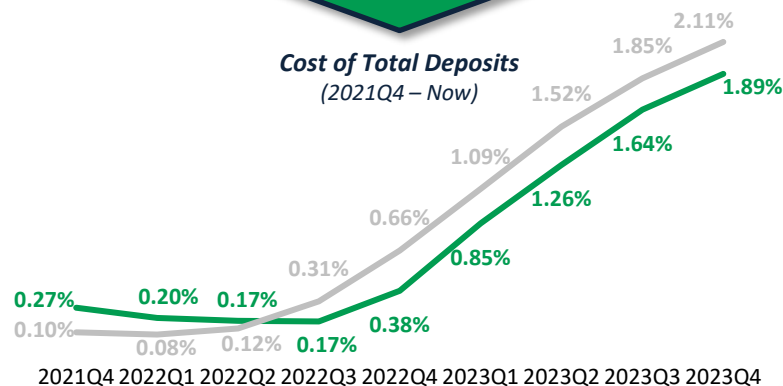
Proven Ability to Weather Storms

Pre/Post Covid – Cost of Deposits Δ
(2019 Year End vs. 2023Q4)



Stickier Core Deposits Lead to Cushion on Funding Costs in Tense Times

Cost of Total Deposits
(2021Q4 – Now)



Source: S&P Global Market Intelligence.

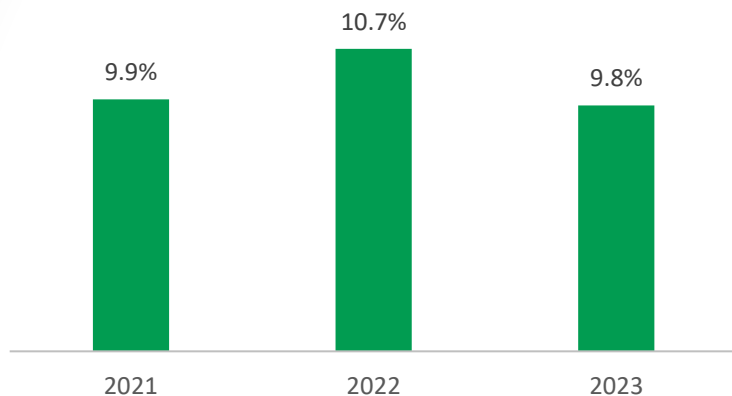
Note: Peer group consists of the NASDAQ Regional Bank index as of December 2023.

Note: Deposit Beta calculated as the change in the Company's deposit costs as a % of the change in the Fed Fund Rate.

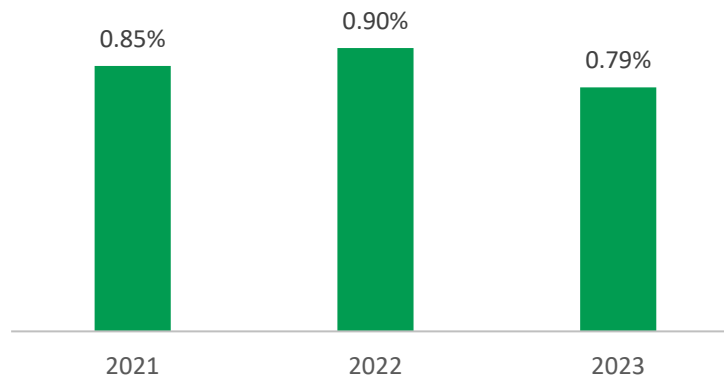
(1) Annualized growth figures shown.

Financial Summary 2020 – 2023

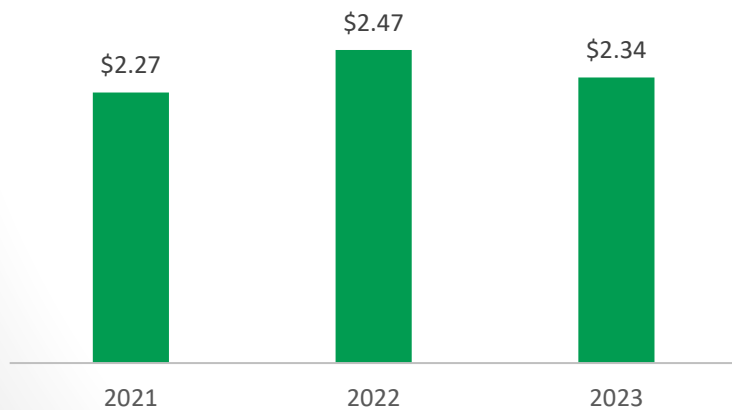
Return on Equity (%)



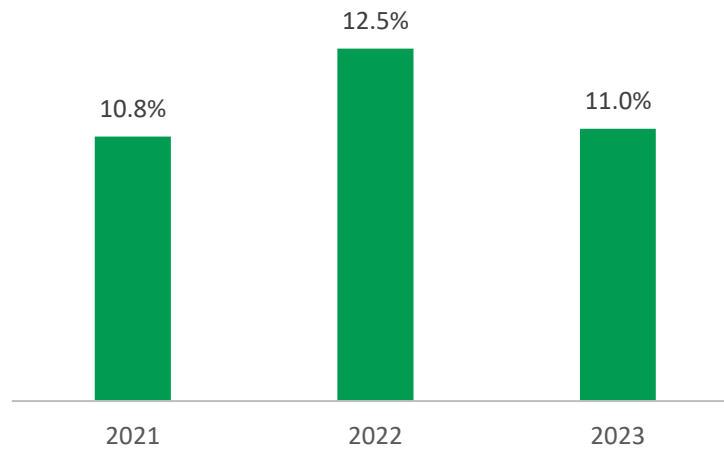
Return on Average Assets (%)



Earnings Per Share - Basic



Return on Average Tangible Common Equity (%)



Source: S&P Global Market Intelligence, Company documents.

Value Proposition

1

Franchise Value

2

Capital

3

Balance Sheet Integrity

4

Diversification

5

Expansion

Value Proposition

1

Franchise Value

PWOD Commands Excellent Market Share in the Four Major MSAs It Operates In⁽¹⁾

Williamsport

	Company	# of Branches	Total Deposits (\$M)
1	Penns Woods Bancorp Inc. (PA)	8	\$659
2	Woodlands Fnl Services Co (PA)	7	506
3	Muncy Columbia Financial Corp. (PA)	8	481

Scranton-Wilkes-Barre

	Company	# of Branches	Total Deposits (\$M)
1	Peoples Financial Services	28	\$2,669
2	Fidelity D & D Bancorp Inc.	16	1,628
3	Community Bank System Inc.	21	1,315
6	Penns Woods Bancorp Inc.	8	465

State College

	Company	# of Branches	Total Deposits (\$M)
1	F.N.B. Corp.	9	\$837
2	Kish Bancorp Inc.	5	441
3	Northwest Bancshares, Inc.	4	301
5	Penns Woods Bancorp Inc.	3	167

Lock Haven

	Company	# of Branches	Total Deposits (\$M)
1	Penns Woods Bancorp Inc.	2	\$166
2	First Commonwealth Financial	3	148
3	F.N.B. Corp.	2	126

Source: S&P Global Market Intelligence, FDIC.

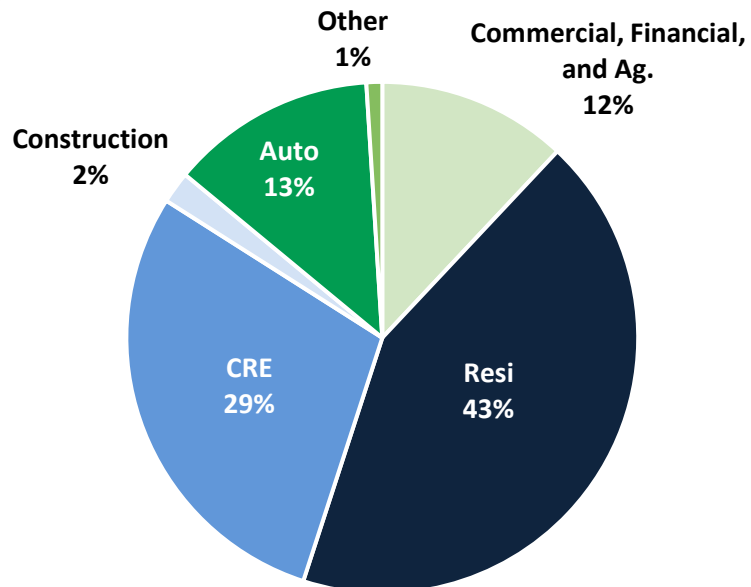
Note: FDIC deposit data as of 6/30/2023.

(1) Excludes banks over \$50 billion in most recent quarter total assets; MSA: Metropolitan Statistical Area.

Loan and Deposit Portfolio Composition

Loan Composition

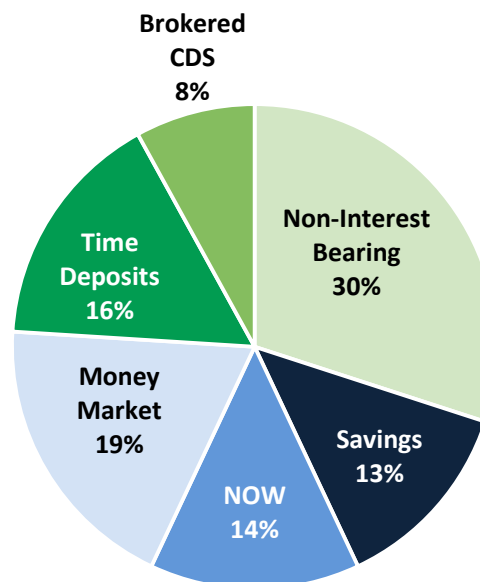
2023



Yield on Total Loans:	4.76 %
CRE / TRBC:	260 %

Deposit Composition

2023



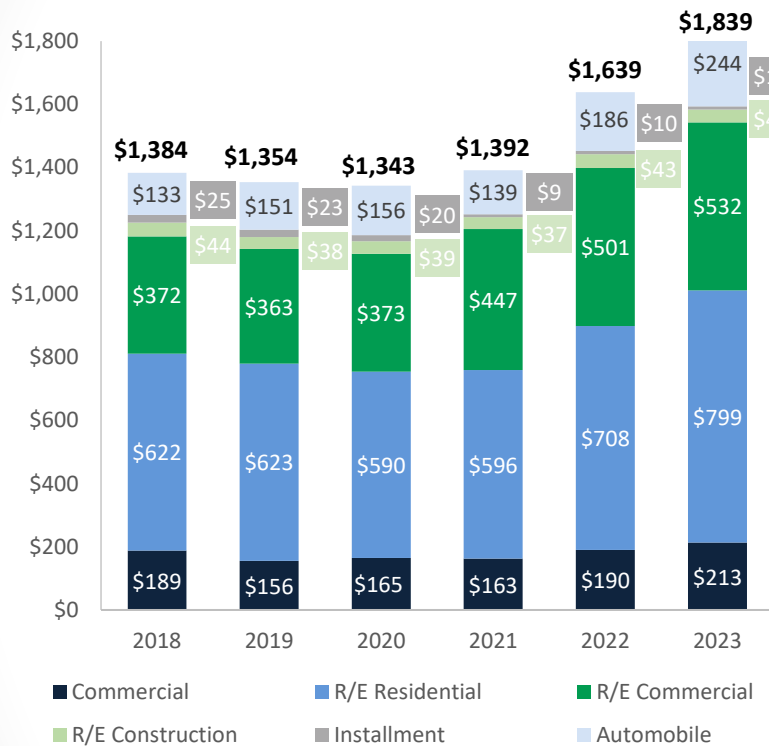
Cost of Interest Bearing Deposits:	2.02 %
Cost of Total Deposits:	1.41 %
Cost of Funds:	1.91 %

Source: Company documents.

Loan and Deposit Portfolio Composition, Continued

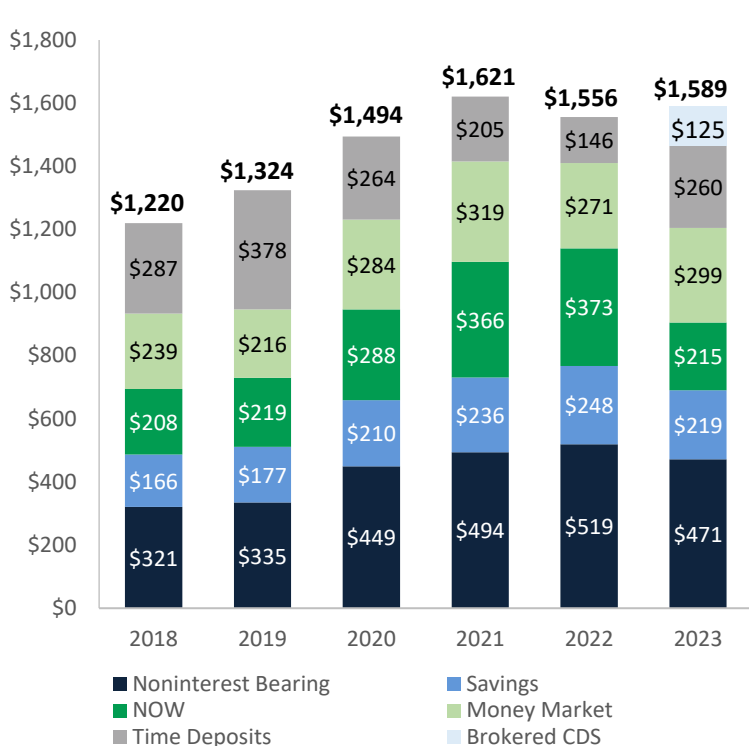
Total Loans

\$ in millions



Total Deposits

\$ in millions



Source: Company documents.

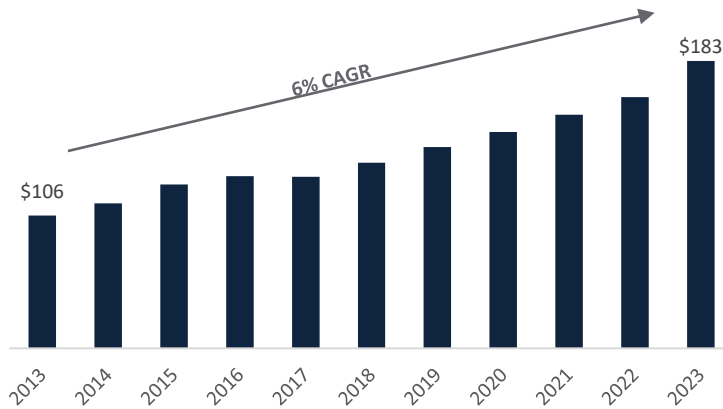
Value Proposition

2

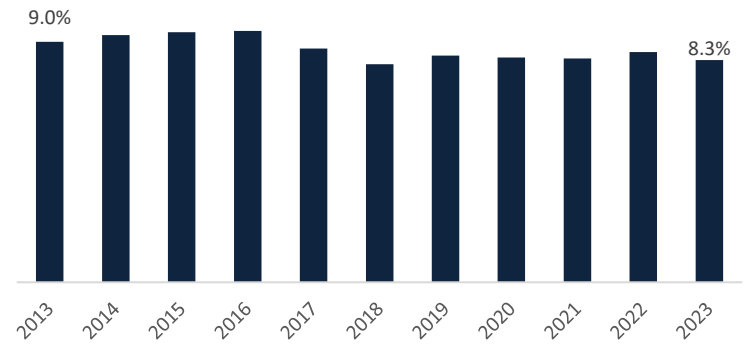
Capital

Long-term track record of building capital while providing strong shareholder returns

Tier 1 Capital (\$M)

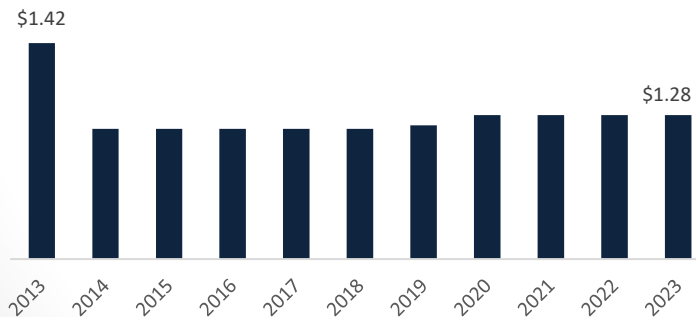


Tier 1 Leverage Ratio

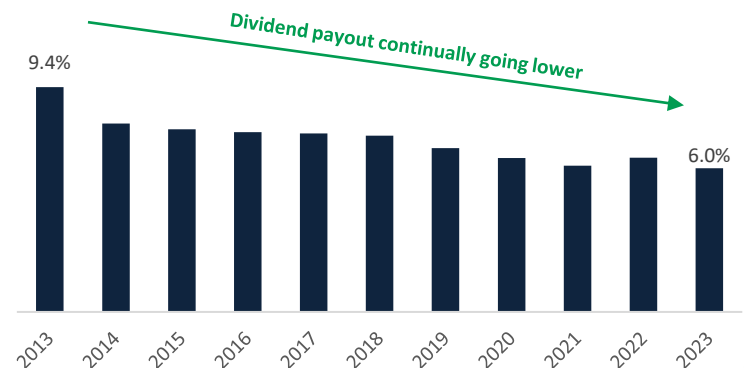


Cash Dividends per Share

Cumulative Cash Dividends Since '13: \$14.07 p/share 93% return on 2013 TBV



Cash Dividend as a % of Tangible Capital⁽¹⁾



Source: S&P Global Market Intelligence, Company documents.

(1) Cash Dividend as a % of Tangible Capital defined as Cash dividends per share / average tangible book value per share.

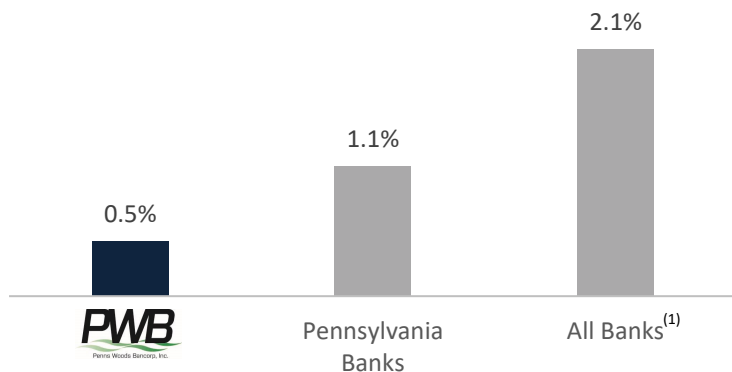
Value Proposition

3

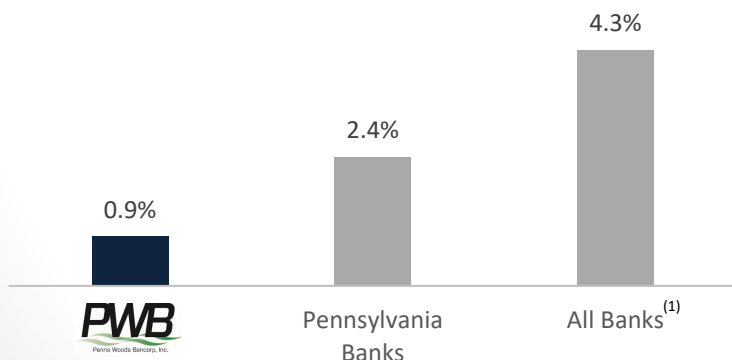
Balance Sheet Integrity

Cumulative Net Charge-offs / Avg. Loans

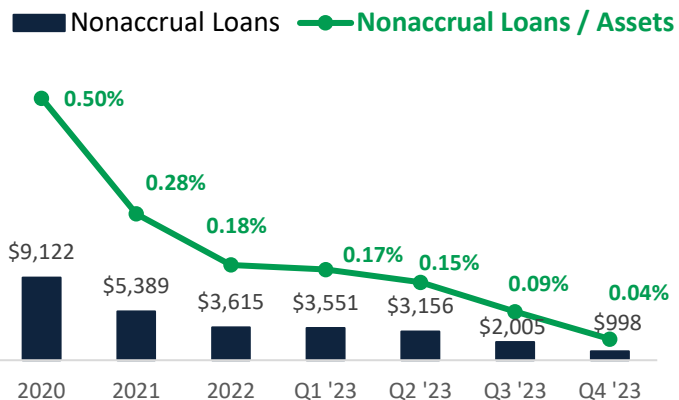
2018 – 2023



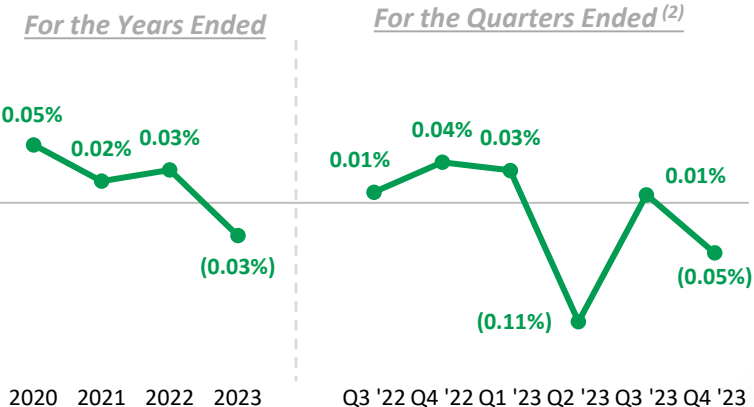
2013 – 2023



Nonaccrual Loans (\$'000)



Net Charge-offs (Recoveries) / Avg. Loans



Source: S&P Global Market Intelligence, Company documents.

(1) All banks currently operating, acquired, and defunct companies. (2) Annualized NCO data.

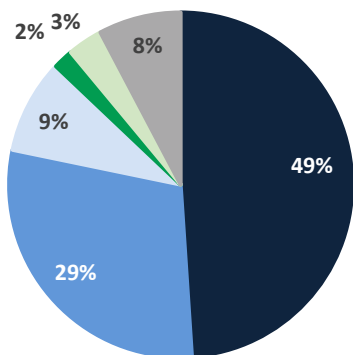
Value Proposition

4

Diversification

Total Revenue⁽¹⁾

2023



- Consumer Net Interest Income
- Commerical Net Interest Income
- Other Net Interest Income
- Mortgage Banking
- Service Charges on Deposits
- Insurance & Other Fee Income

Fee Income / Total Revenue: 13%

Fee Income + Consumer Income / Total Revenue: 62%

Source: S&P Global Market Intelligence.

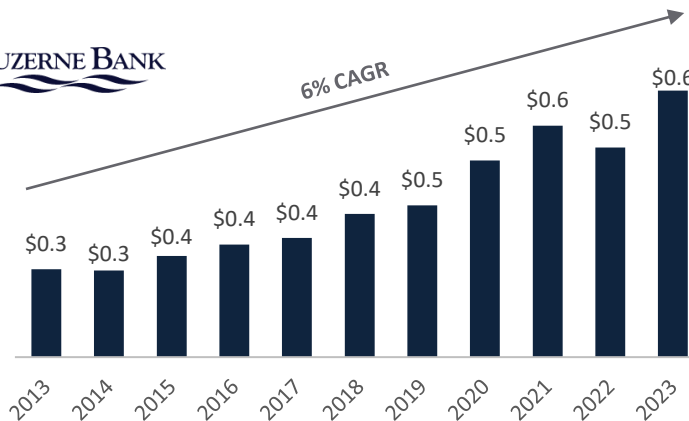
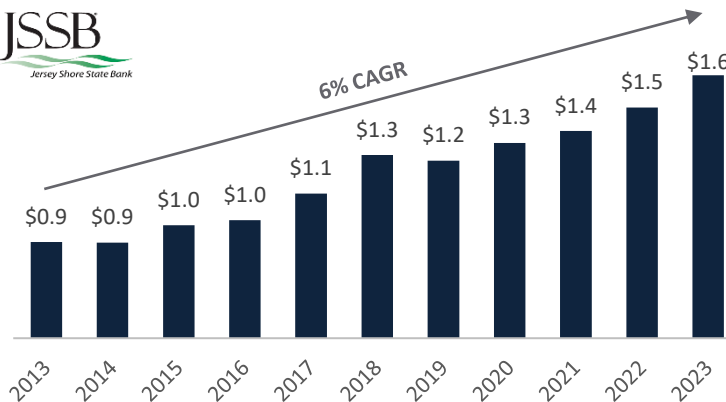
(1) Net Interest Income items estimated based on overall cost of funds for PWOD of 1.91%.

5

Expansion

PWOD has demonstrated successful execution of M&A and the ability to grow its bank subsidiaries organically while maintaining a low risk profile and high returns to shareholders

Total Assets (\$bn)



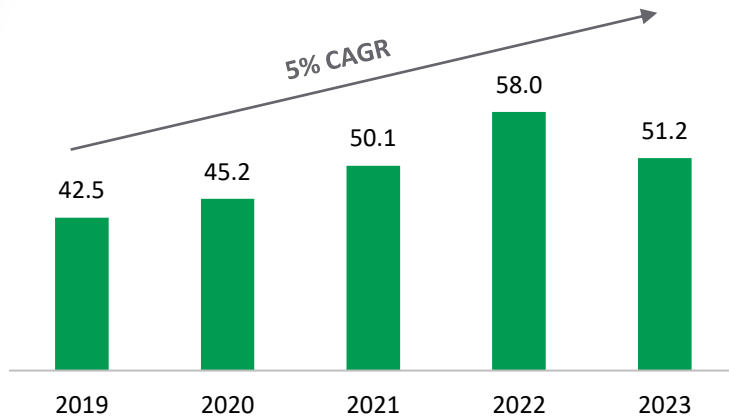
Strategies for a Successful Future



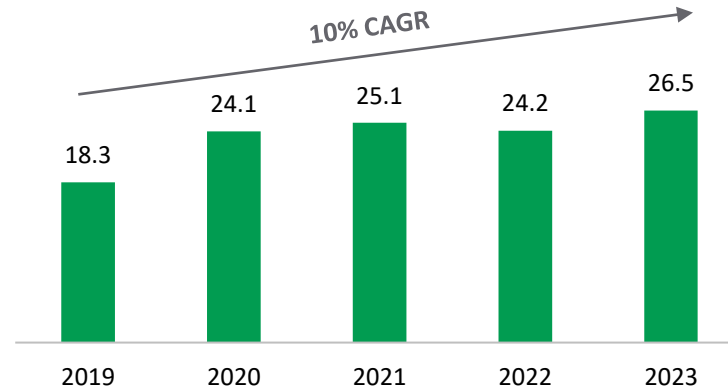
Delivery Channel Changes

Accounts in thousands

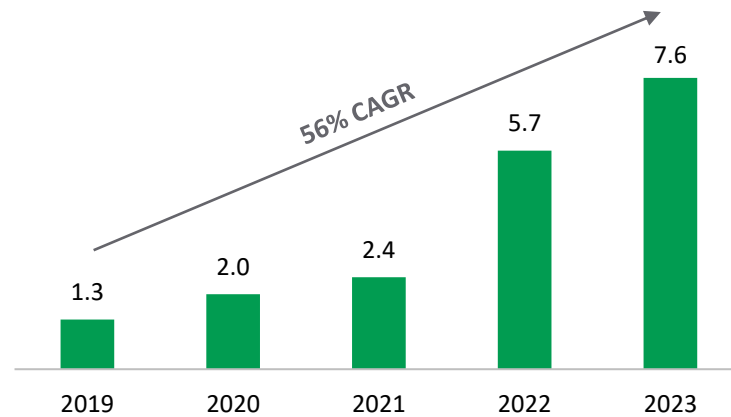
Estatement Accounts



Internet Banking Accounts

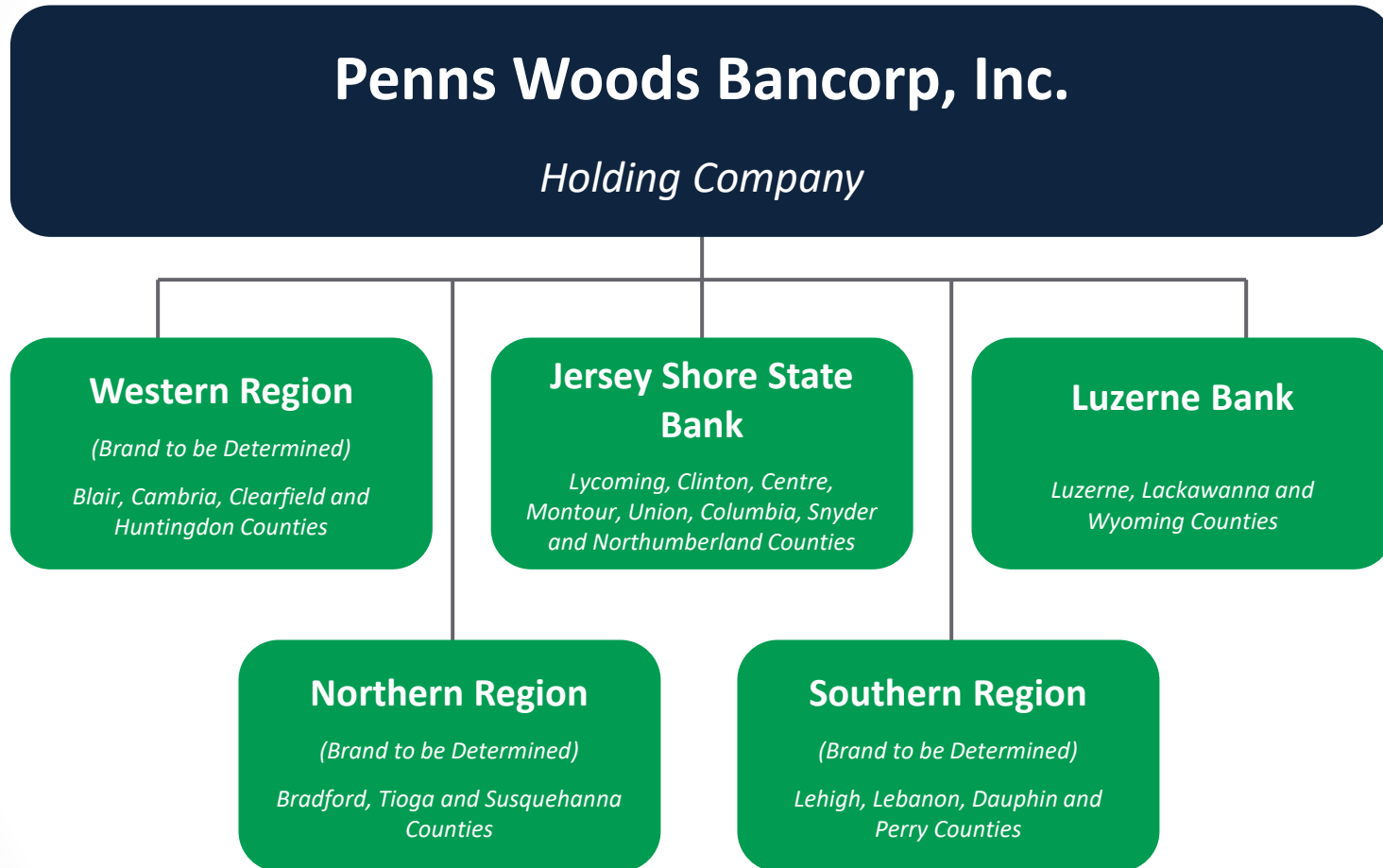


Mobile Banking Accounts



Source: Company documents.

Future Holding Company Structure



Strong Financial Management



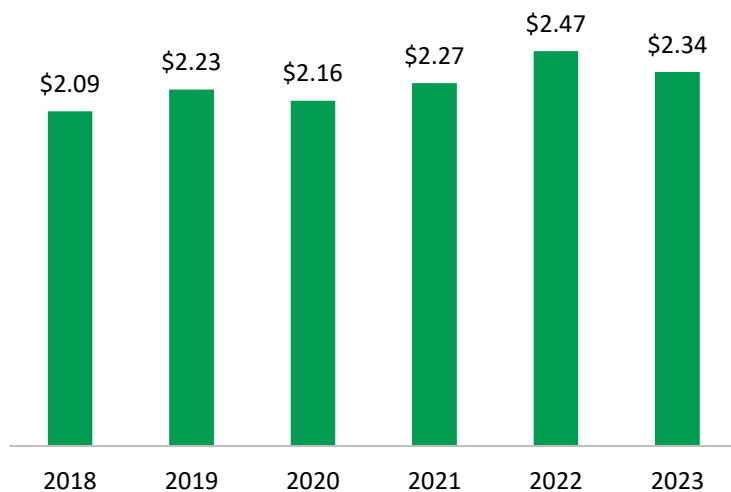
Selected Financial Data

(In Thousands)	At or For the Year Ended December 31					
	2023	2022	2021	2020	2019	2018
RESULTS OF OPERATIONS						
Net interest income	\$ 54,964	\$ 57,780	\$ 49,718	\$ 48,223	\$ 50,815	\$ 47,810
(Recovery) provision for credit losses	(1,479)	1,910	640	2,625	2,735	1,735
Non-interest income	8,375	8,713	11,669	12,168	10,452	9,461
Non-interest expense	44,496	42,998	40,905	39,068	39,708	38,007
Income before income taxes	20,322	21,585	19,842	18,698	18,824	17,529
Income tax expense	3,714	4,163	3,794	3,474	3,138	2,819
Consolidated net income	16,608	17,422	16,048	15,224	15,686	14,710
Earnings attributable to noncontrolling interest	-	-	15	18	14	6
Net income attributable to PWB	\$ 16,608	\$ 17,422	\$ 16,033	\$ 15,206	\$ 15,672	\$ 14,704
FINANCIAL CONDITION						
Assets	\$ 2,204,809	\$ 2,000,080	\$ 1,940,809	\$ 1,834,643	\$ 1,665,323	\$ 1,684,771
Liabilities	2,013,253	1,832,415	1,768,535	1,670,497	1,510,341	1,541,227
Shareholders' equity	191,556	167,665	172,274	164,146	154,982	143,544
Loans, gross	1,839,764	1,639,731	1,392,147	1,344,327	1,355,544	1,384,757
Allowance for credit losses	11,446	15,637	14,176	13,803	11,894	13,837
Investment securities	216,390	213,986	182,229	178,966	163,459	154,959
Goodwill	16,450	16,450	17,104	17,104	17,104	17,104
Intangible assets	210	327	480	671	898	1,162
Non-interest bearing deposits	471,173	519,063	494,360	449,357	334,746	320,814
Interest bearing deposits	1,118,320	1,037,397	1,126,955	1,045,086	989,259	899,089
Borrowings	398,524	256,132	131,710	158,719	166,840	306,807

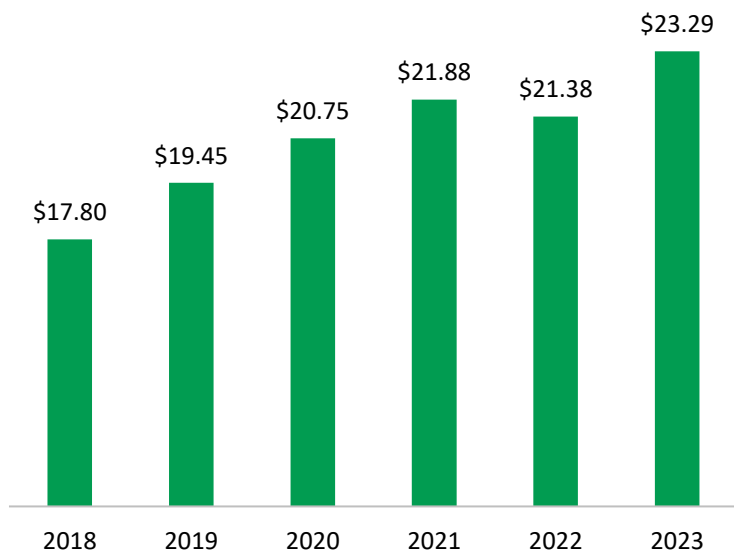
Source: Company documents.

Per Share Metrics

Earnings Per Share - Basic



Tangible Book Value per Share



Source: Company documents.

Non-GAAP Reconciliation

	At or For the Fiscal Year					
	Ended December 31,					
	2018	2019	2020	2021	2022	2023
Total Common Equity	\$143,536	\$154,960	\$164,142	\$172,274	\$167,665	\$191,556
Goodwill	17,104	17,104	17,104	17,104	16,450	16,450
Other Intangibles	1,162	898	671	480	327	210
Less: Total Intangible Assets	18,266	18,002	17,775	17,584	16,777	16,660
Tangible Common Equity	\$125,270	\$136,958	\$146,367	\$154,690	\$150,888	\$174,896
Net Income	\$14,704	\$15,672	\$15,206	\$16,033	\$17,422	\$16,608
Plus: Amortization of Intangibles & Goodwill Impairment ⁽¹⁾	237	209	179	151	638	92
Average Tangible Common Equity	121,250	132,581	141,644	149,218	144,966	152,007
Return on Average Tangible Common Equity	12.32%	11.98%	10.86%	10.85%	12.46%	10.99%
Total Assets	\$1,684,771	\$1,665,323	\$1,834,643	\$1,940,809	\$2,000,080	\$2,204,809
Goodwill	17,104	17,104	17,104	17,104	16,450	16,450
Other Intangibles	1,162	898	671	480	327	210
Less: Total Intangible Assets	18,266	18,002	17,775	17,584	16,777	16,660
Tangible Assets	\$1,666,505	\$1,647,321	\$1,816,868	\$1,923,225	\$1,983,303	\$2,188,149
Tangible Common Equity / Tangible Assets	7.52%	8.31%	8.06%	8.04%	7.61%	7.99%
Tangible Book Value Per Share	\$17.80	\$19.45	\$20.75	\$21.88	\$21.38	\$23.29
Common Shares Outstanding	7,037,322	7,040,515	7,052,351	7,070,047	7,056,585	7,508,994

Source: S&P Global Market Intelligence, Company documents.

(1) Tax affected with each respective year's statutory corporate tax rate.