



Creating Success by Delivering Solutions

September 2023

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:

\$188.7 million (8/7/2023)

Headquarters:

Williamsport, Lycoming County,
PA

Branch Offices:

24

Total Assets:

\$2.1 billion

Total Loans:

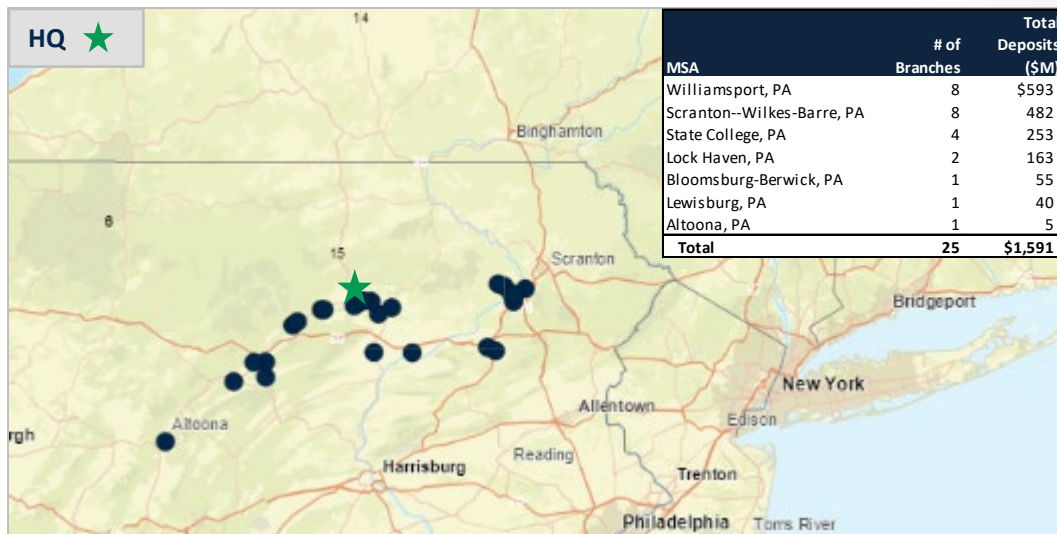
\$1.8 billion

Total Deposits:

\$1.6 billion

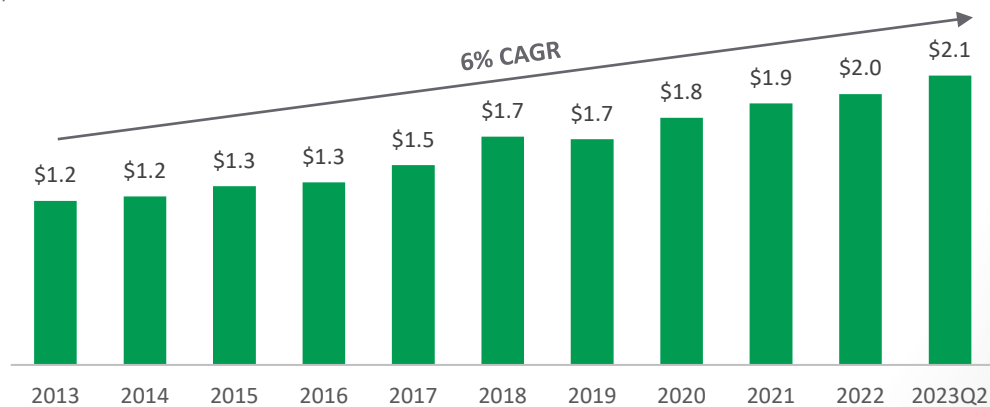
Total Equity:

\$174.4 million



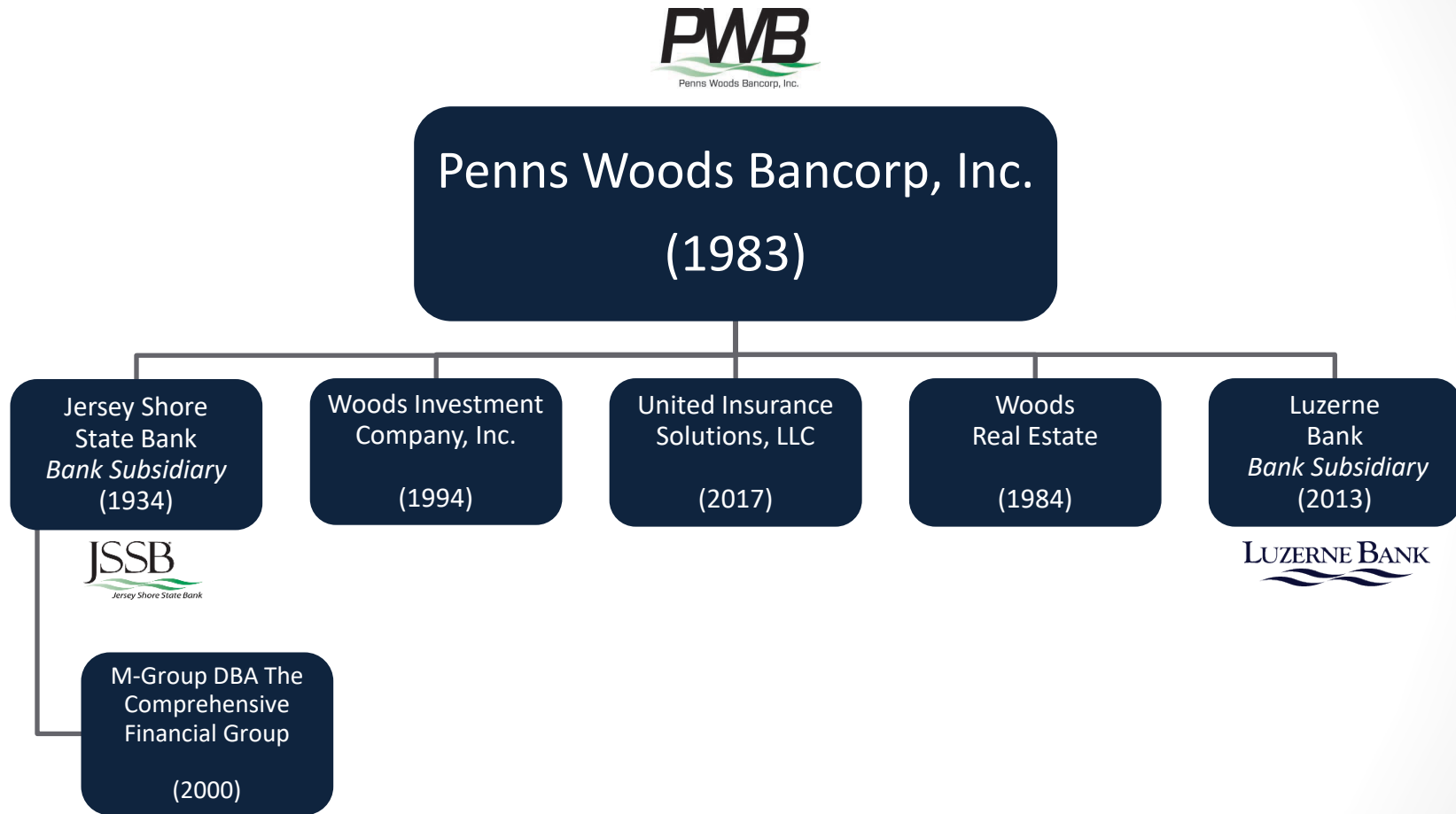
Total Assets

\$ in billions

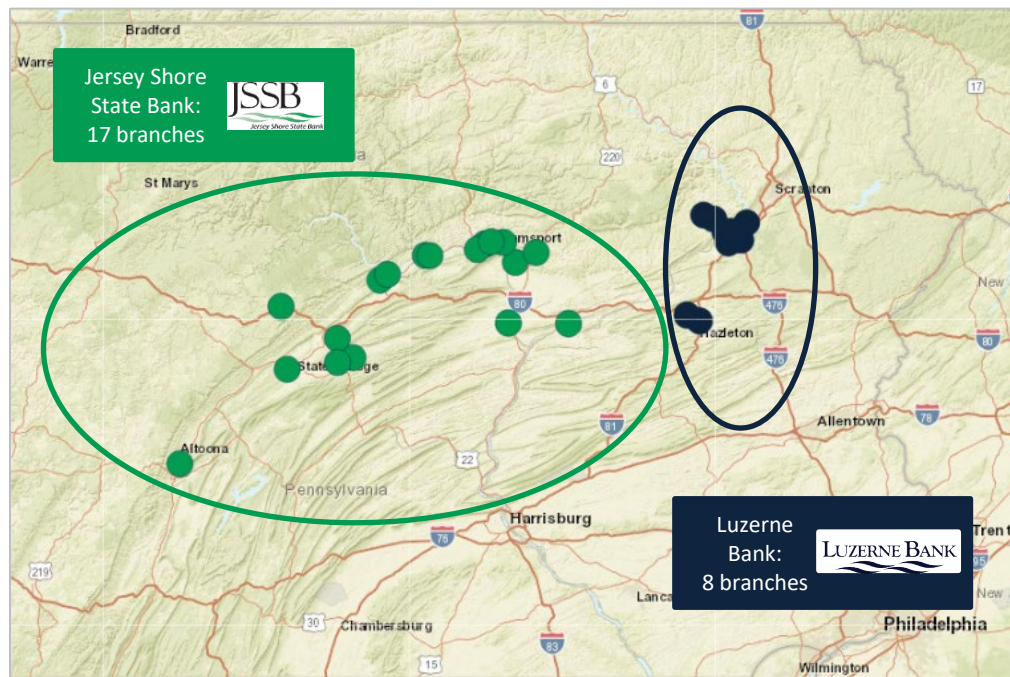


Source: S&P Global Market Intelligence, FDIC.
Note: FDIC deposit data as of 6/30/2022.

Company Structure



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



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

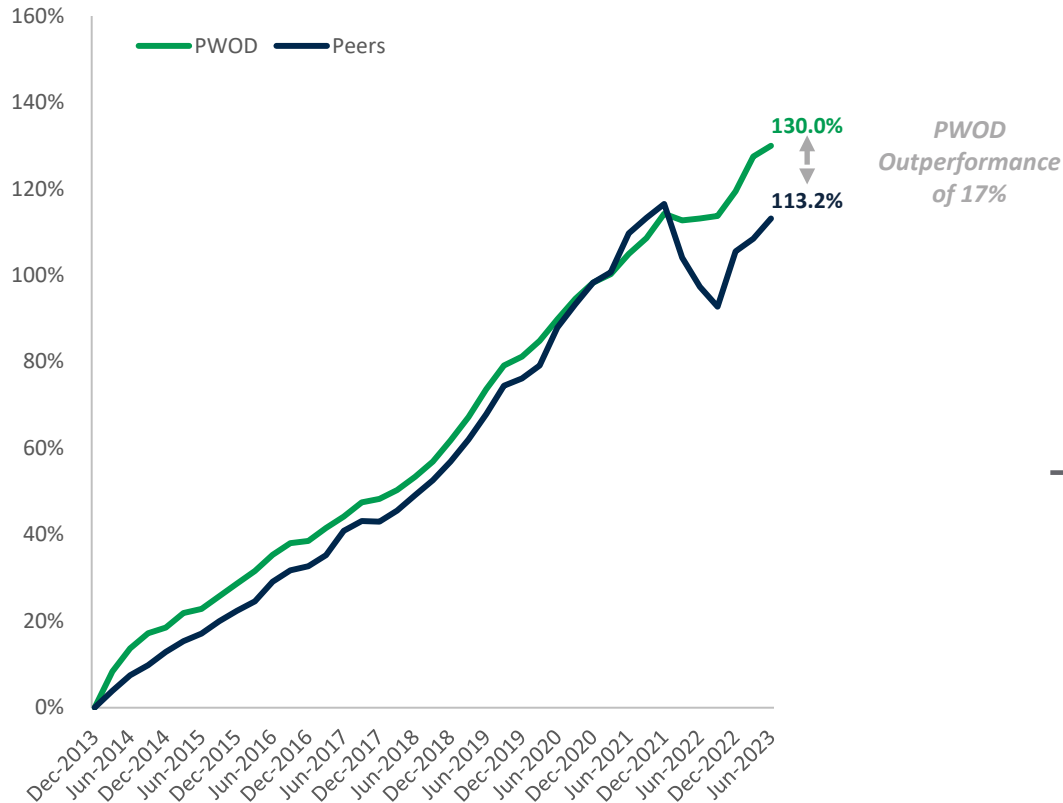
Employ the best by attracting and retaining highly motivated professionals



Tangible Book Value (+ Dividends) Growth Track Record

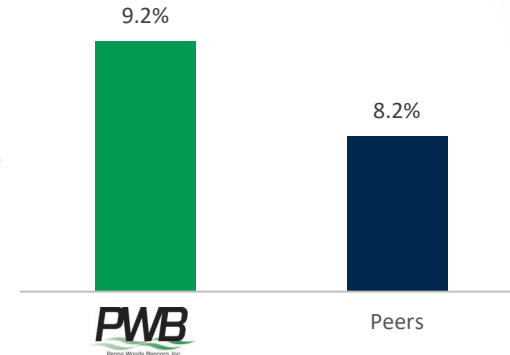
Growth in Economic Value – Since YE 2013

Tangible Book Value "TBV" + Dividends

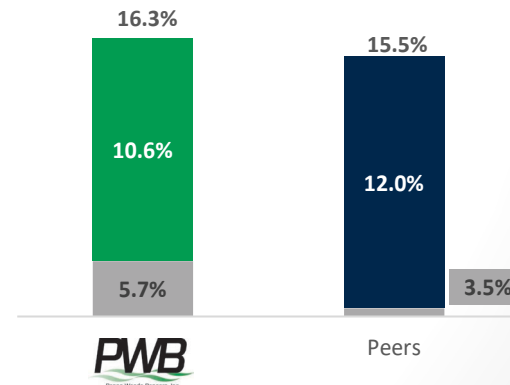


Annual Growth Rates

TBV + Dividends CAGR – Since YE 2013



2023Q2 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.

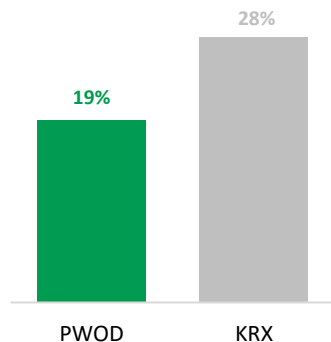
(1) ROATCE = Return on Average Tangible Common Equity.

High Quality Deposit Base

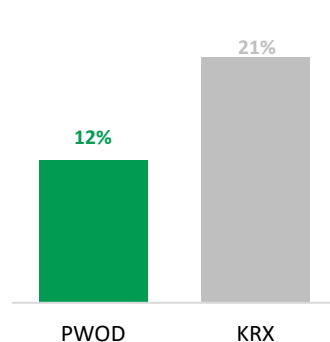
KRX = NASDAQ Regional Banking Index

Historically Consistent Deposit Base...

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

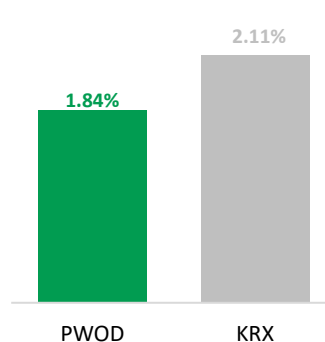


**Cumulative Cycle
Deposit Beta**
(2015 – Now)

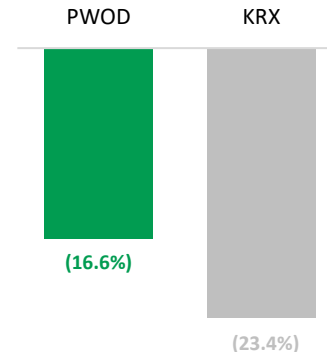


... Leads to Strength in Times of Turmoil

**Cost of Interest-Bearing
Deposits**
(2023Q2)

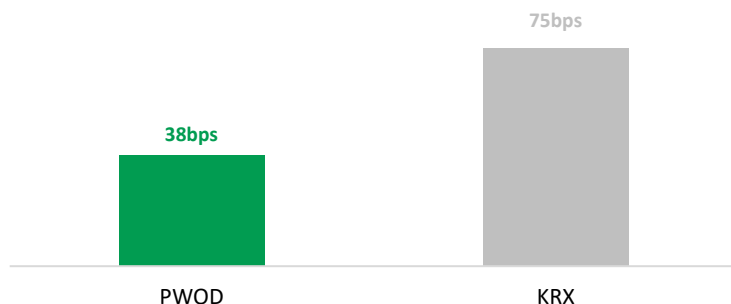


**Non-Interest Bearing
Deposit Growth⁽¹⁾**
(2022Q4 vs. 2023Q2)



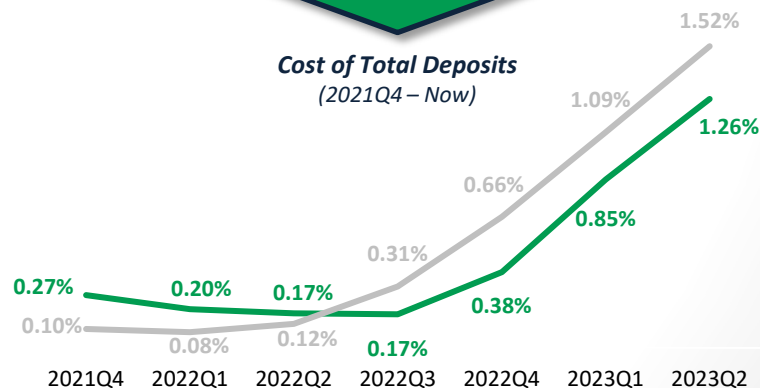
Proven Ability to Weather Storms

Pre/Post Covid – Cost of Deposits Δ
(2019 Year End vs. 2023Q2)



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

Cost of Total Deposits
(2021Q4 – Now)



Source: S&P Global Market Intelligence.

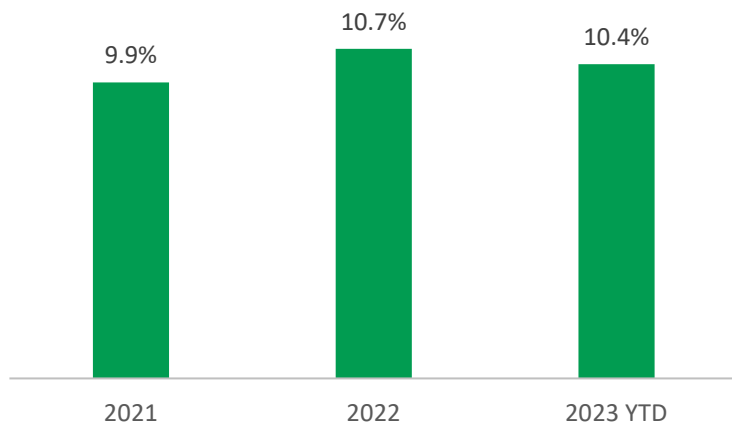
Note: Peer group consists of the NASDAQ Regional Bank index as of July 2023.

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

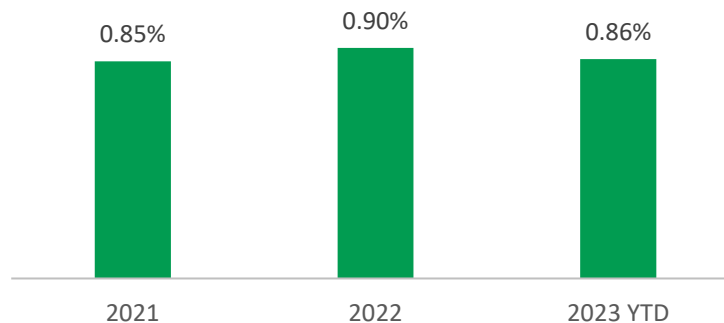
(1) Annualized growth figures shown.

Financial Summary 2020 – 2023

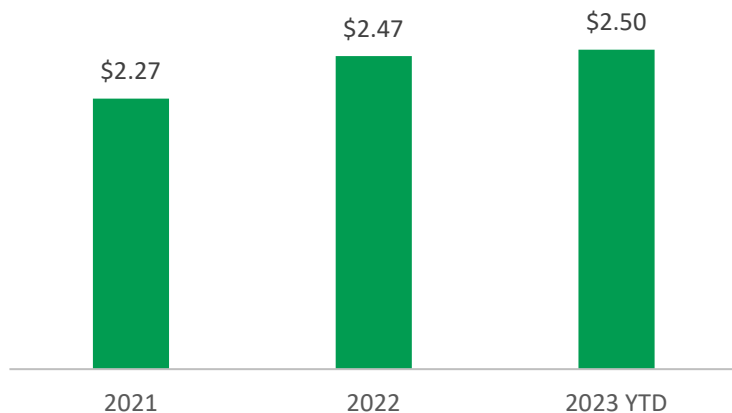
Return on Equity (%)



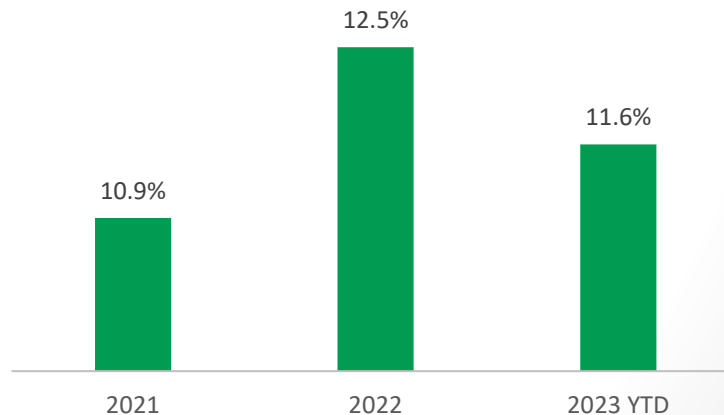
Return on Average Assets (%)



Earnings Per Share



Return on Average Tangible Common Equity (%)



Source: S&P Global Market Intelligence, Company documents. Note: YTD = Year-to-date annualized as of 6/30/2023.

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.	8	\$593
2	Woodlands Fnl Services Co	7	496
3	CCFNB Bancorp Inc.	8	496

State College

	Company	# of Branches	Total Deposits (\$M)
1	F.N.B. Corp.	9	\$881
2	Kish Bancorp Inc.	5	347
3	Northwest Bancshares, Inc.	4	317
4	Penns Woods Bancorp Inc.	3	253

Scranton--Wilkes-Barre

	Company	# of Branches	Total Deposits (\$M)
1	Fidelity D & D Bancorp Inc.	15	\$1,715
2	Peoples Financial Services	13	1,467
3	FNCB Bancorp Inc.	15	1,340
7	Penns Woods Bancorp Inc.	8	482

Lock Haven

	Company	# of Branches	Total Deposits (\$M)
1	Penns Woods Bancorp Inc.	2	\$163
2	First Commonwealth Financial	3	141
3	F.N.B. Corp.	2	121

Source: S&P Global Market Intelligence, FDIC.

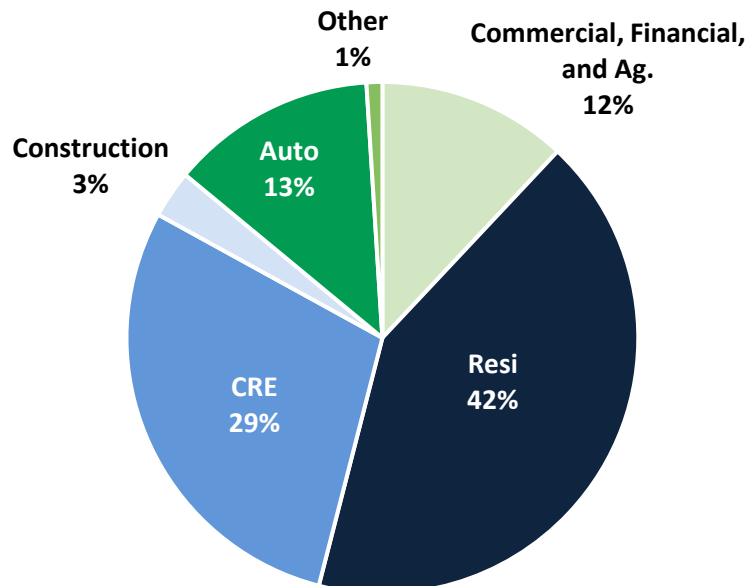
Note: FDIC deposit data as of 6/30/2022.

(1) Excludes banks over \$50 billion; MSA: Metropolitan Statistical Area.

Loan and Deposit Portfolio Composition

Loan Composition

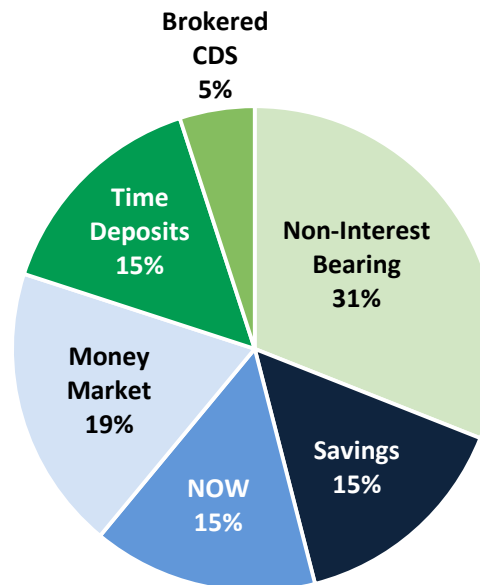
2023Q2



Yield on Total Loans:	4.60 %
CRE / TRBC:	273 %

Deposit Composition

2023Q2



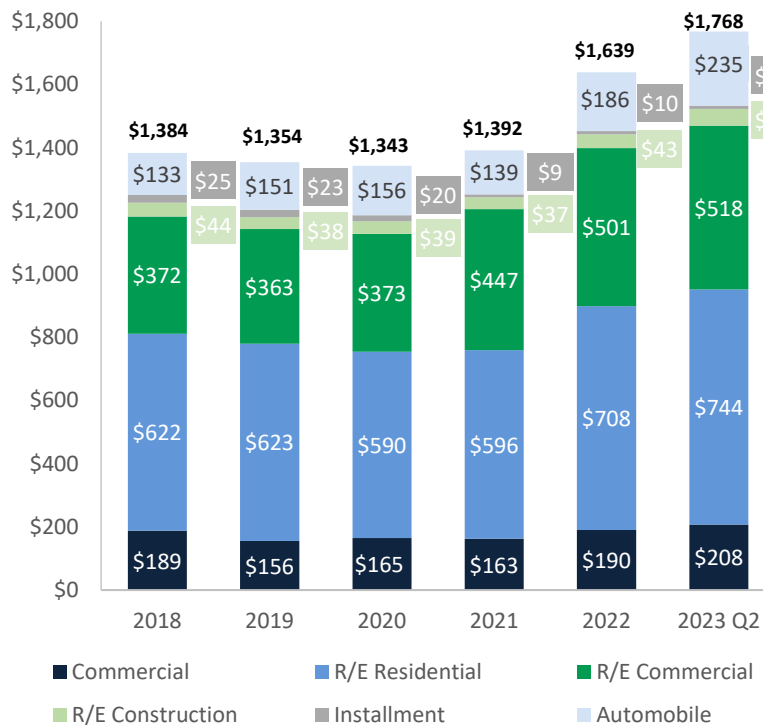
Cost of Interest Bearing Deposits:	1.84 %
Cost of Total Deposits:	1.26 %
Cost of Funds:	1.79 %

Source: Company documents.

Loan and Deposit Portfolio Composition, Continued

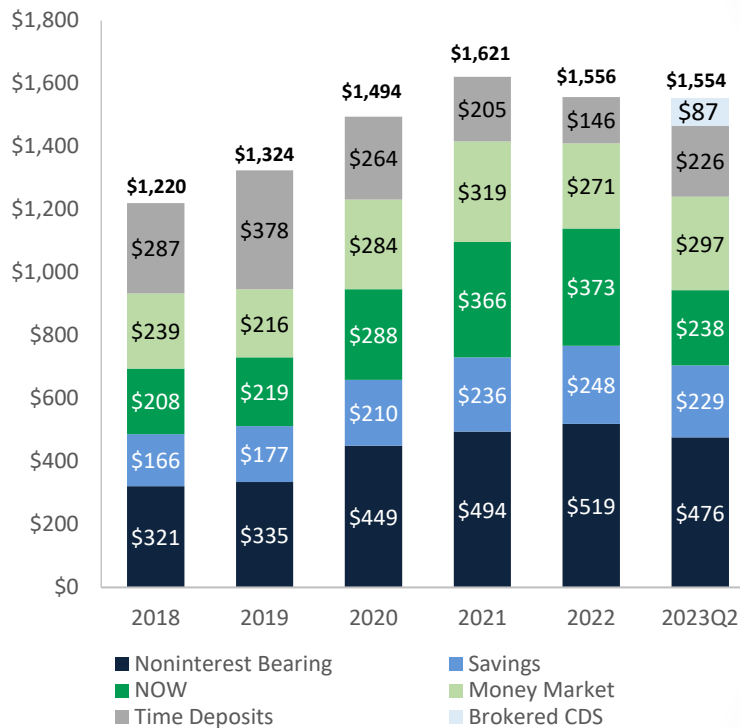
Total Loans

\$ in millions



Total Deposits

\$ in millions



Source: Company documents.

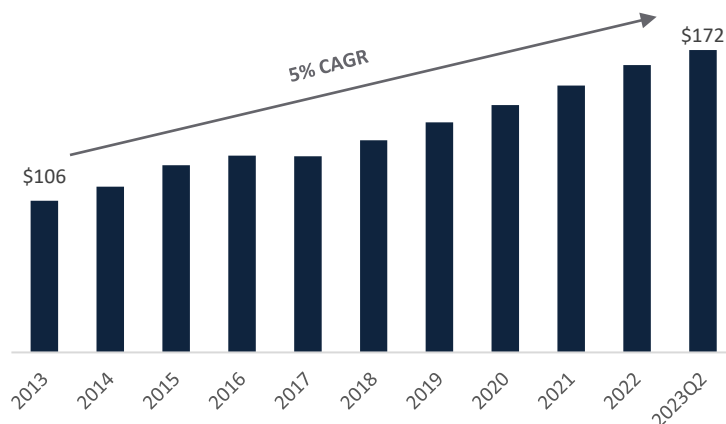
Value Proposition

2

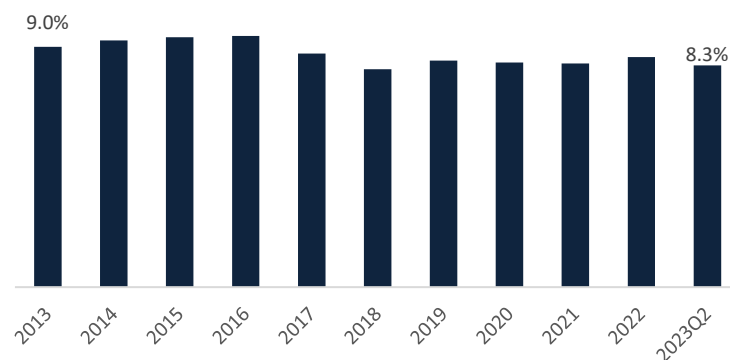
Capital

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

Tier 1 Capital (\$M)

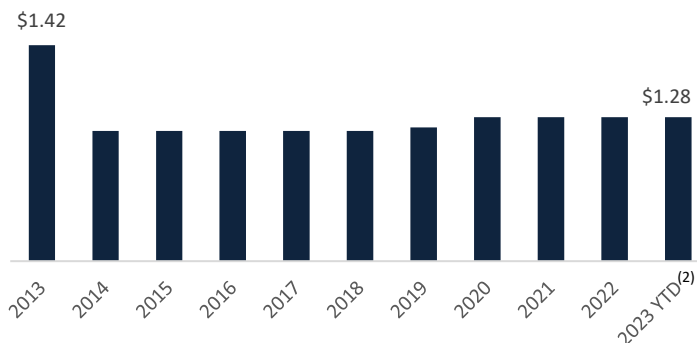


Tier 1 Leverage Ratio

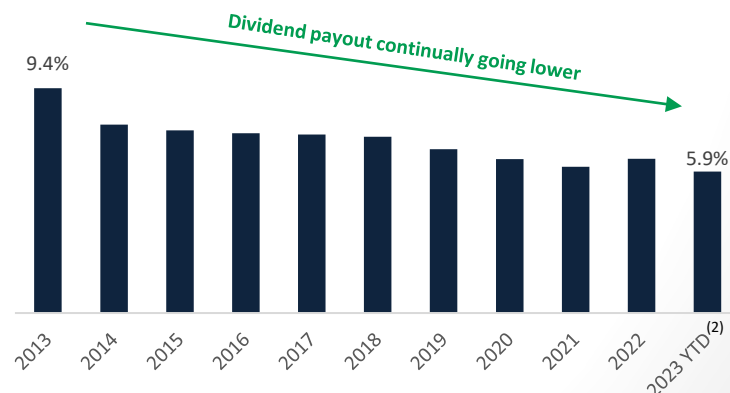


Cash Dividends per Share

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. Note: 2023 YTD annualized, shown through 6/30/2023.

(1) Cash Dividend as a % of Tangible Capital defined as Cash dividends per share / average tangible book value per share. (2) 2023 YTD is annualized.

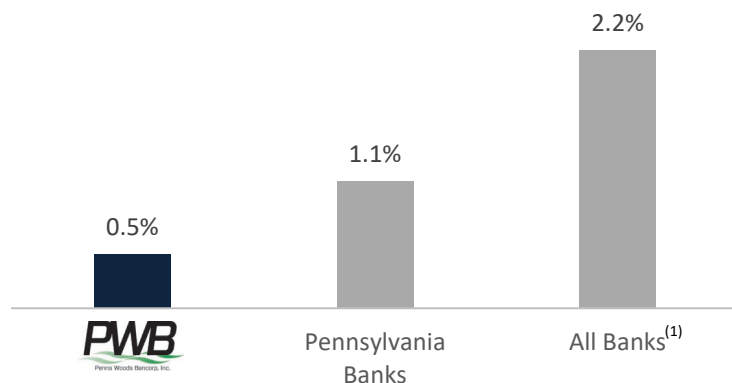
Value Proposition

3

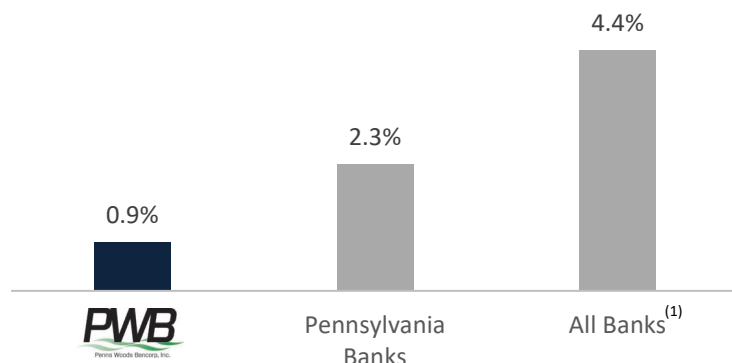
Balance Sheet Integrity

Cumulative Net Charge-offs / Avg. Loans

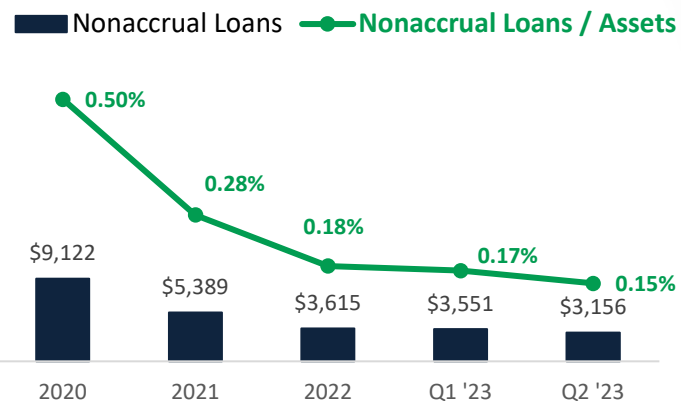
2018 – 2023 YTD



2013 – 2023 YTD

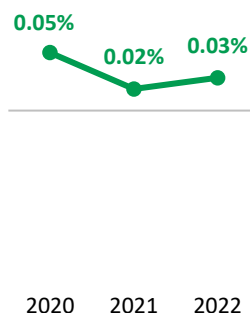


Nonaccrual Loans (\$'000)

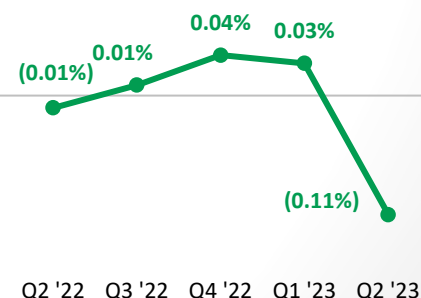


Net Charge-offs (Recoveries) / Avg. Loans

For the Years Ended



For the Quarters Ended⁽²⁾



Source: S&P Global Market Intelligence, Company documents. Note: 2023 YTD annualized, shown through 6/30/2023.

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

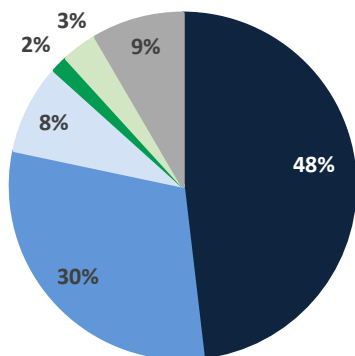
Value Proposition

4

Diversification

Total Revenue⁽¹⁾

2023Q2



- Consumer Net Interest Income
- Commercial 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: 61%

Source: S&P Global Market Intelligence.

(1) Net Interest Income items estimated based on overall cost of funds for PWOD of 1.79%.

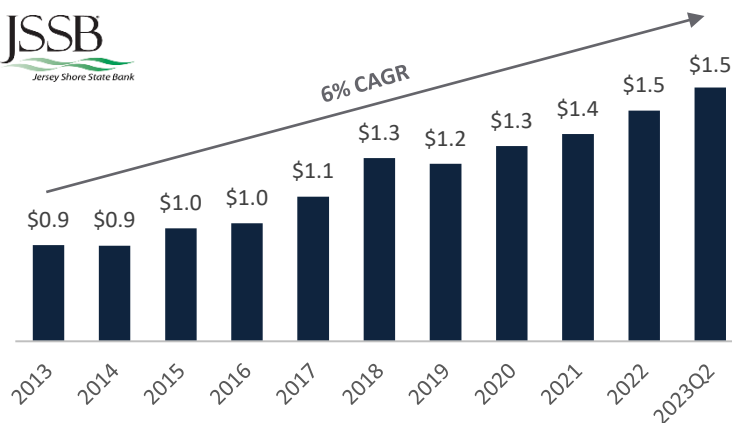
5

Expansion

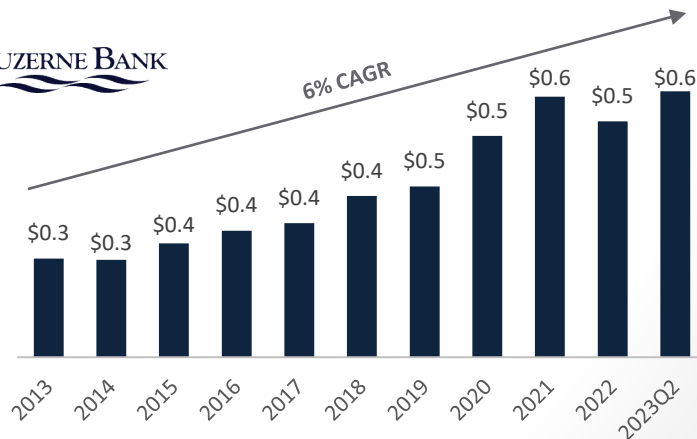
PWOD has demonstrated successful execution of M&A and the ability to grow its bank subsidiaries organically while maintaining a low risk profile and high returns to shareholders

Total Assets (\$bn)

JSSB
Jersey Shore State Bank



LUZERNE BANK



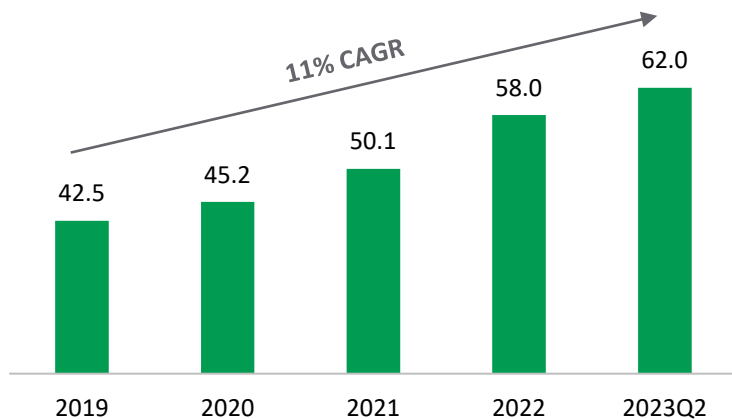
Strategies for a Successful Future



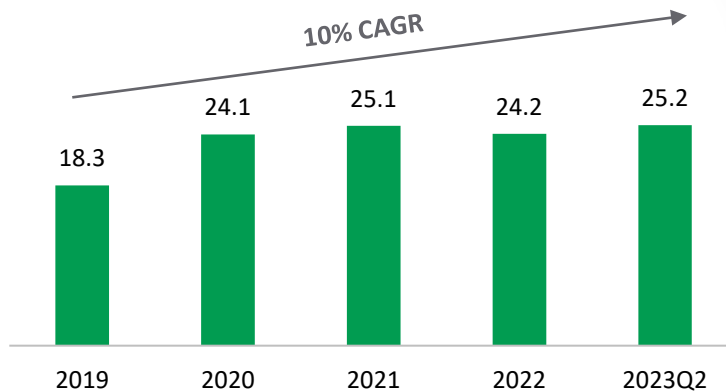
Delivery Channel Changes

Accounts in thousands

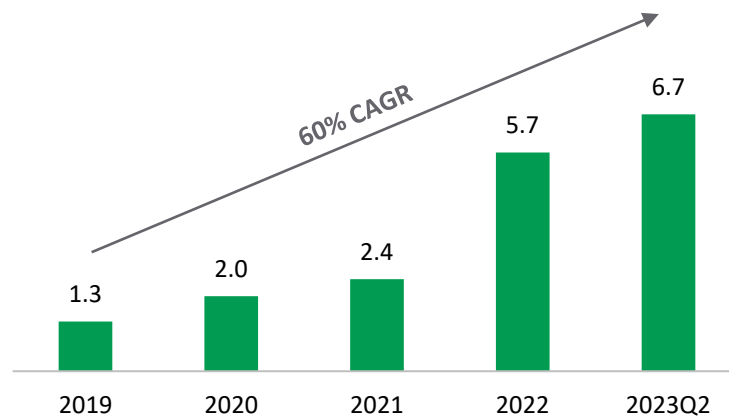
Estatement Accounts



Internet Banking Accounts

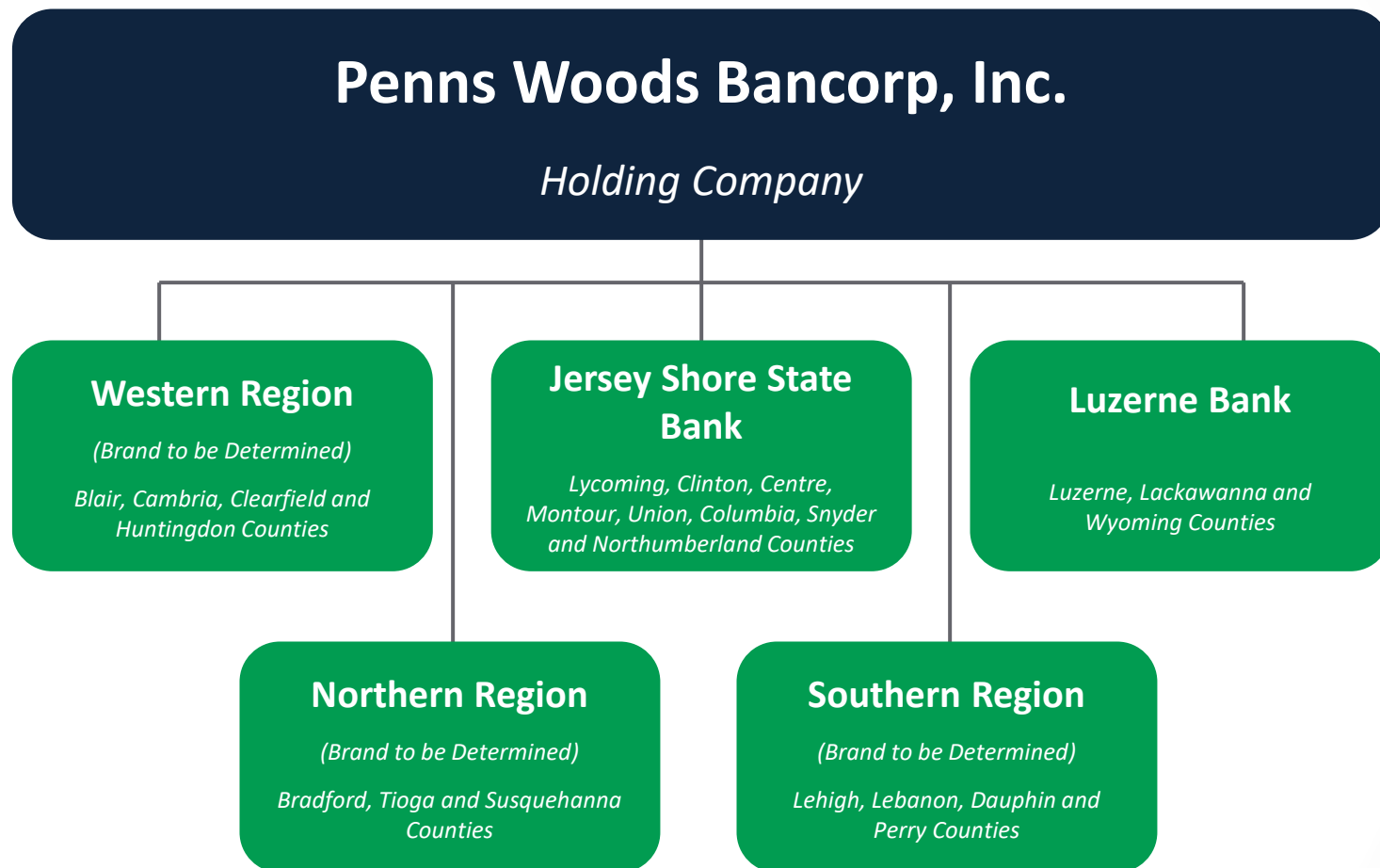


Mobile Banking Accounts



Source: Company documents.

Future Holding Company Structure



Strong Financial Management



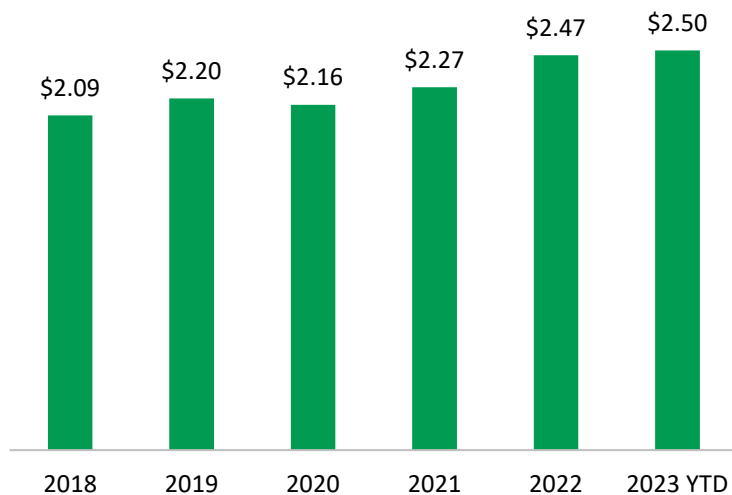
Selected Financial Data

(In Thousands)	At or For the Six Months Ended June 30		At or For the Year Ended December 31					
	2023	2022	2022	2021	2020	2019	2018	
RESULTS OF OPERATIONS								
Net interest income	\$ 27,684	\$ 26,700	\$ 57,780	\$ 49,718	\$ 48,223	\$ 50,815	\$ 47,810	
Provision for credit losses	(1,109)	480	1,910	640	2,625	2,735	1,735	
Non-interest income	4,279	4,549	8,713	11,669	12,168	10,452	9,461	
Non-interest expense	22,327	21,427	42,998	40,905	39,068	39,708	38,007	
Income before income taxes	10,745	9,342	21,585	19,842	18,698	18,824	17,529	
Income tax expense	1,916	1,679	4,163	3,794	3,474	3,138	2,819	
Consolidated net income	8,829	7,663	17,422	16,048	15,224	15,686	14,710	
Earnings attributable to noncontrolling interest	-	-	-	15	18	14	6	
Net income attributable to PWB	\$ 8,829	\$ 7,663	\$ 17,422	\$ 16,033	\$ 15,206	\$ 15,672	\$ 14,704	
FINANCIAL CONDITION								
Assets	\$ 2,135,319	\$ 1,891,806	\$ 2,000,080	\$ 1,940,809	\$ 1,834,643	\$ 1,665,323	\$ 1,684,771	
Liabilities	1,960,917	1,725,752	1,832,415	1,768,535	1,670,497	1,510,341	1,541,227	
Shareholders' equity	174,402	166,054	167,665	172,274	164,146	154,982	143,544	
Loans, gross	1,769,403	1,489,132	1,639,731	1,392,147	1,344,327	1,355,544	1,384,757	
Allowance for credit losses	11,592	14,393	15,637	14,176	13,803	11,894	13,837	
Investment securities	212,207	207,082	213,986	182,229	178,966	163,459	154,959	
Goodwill	16,450	17,104	16,450	17,104	17,104	17,104	17,104	
Intangible assets	260	396	327	480	671	898	1,162	
Non-interest bearing deposits	475,937	524,288	519,063	494,360	449,357	334,746	320,814	
Interest bearing deposits	1,077,820	1,065,291	1,037,397	1,126,955	1,045,086	989,259	899,089	
Borrowings	383,102	118,338	256,132	131,710	158,719	166,840	306,807	

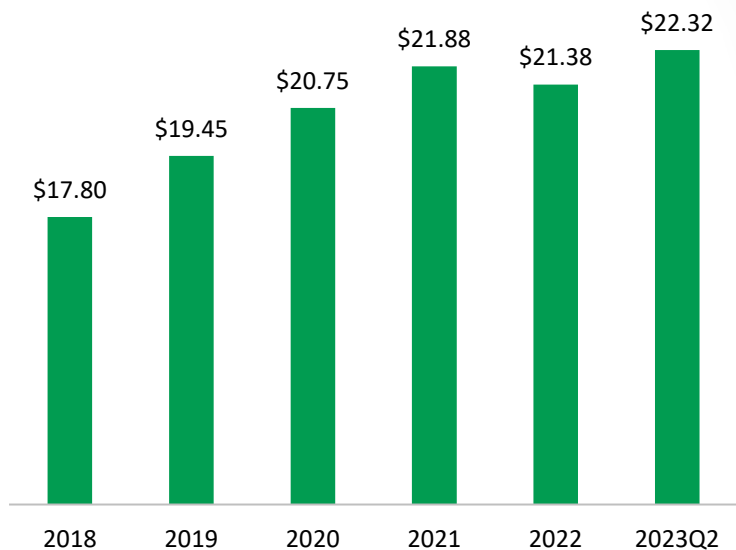
Source: Company documents.

Per Share Metrics

Earnings Per Share



Tangible Book Value per Share



Source: Company documents. Note: 2023 YTD annualized, shown through 6/30/2023.

Non-GAAP Reconciliation

	At or For the Fiscal Year Ended December 31,					At or For the 6 Months Ended As of June 30,	
	2018	2019	2020	2021	2022	2022	2023
Total Common Equity	\$143,536	\$154,960	\$164,142	\$172,274	\$167,665	\$166,054	\$174,402
Goodwill	17,104	17,104	17,104	17,104	16,450	17,104	16,450
Other Intangibles	1,162	898	671	480	327	396	260
Less: Total Intangible Assets	18,266	18,002	17,775	17,584	16,777	17,500	16,710
Tangible Common Equity	\$125,270	\$136,958	\$146,367	\$154,690	\$150,888	\$148,554	\$157,692
Net Income	\$14,704	\$15,672	\$15,206	\$16,033	\$17,422	\$7,663	\$8,829
Plus: Amortization of Intangibles & Goodwill Impairment ⁽¹⁾	\$237	\$209	\$179	\$151	\$638	\$67	\$53
Average Tangible Common Equity	121,250	132,581	141,644	149,218	144,966	149,075	153,532
Return on Average Tangible Common Equity⁽²⁾	12.32%	11.98%	10.86%	10.85%	12.46%	10.37%	11.57%
Total Assets	\$1,684,771	\$1,665,323	\$1,834,643	\$1,940,809	\$2,000,080	\$1,891,806	\$2,135,319
Goodwill	17,104	17,104	17,104	17,104	16,450	17,104	16,450
Other Intangibles	1,162	898	671	480	327	396	260
Less: Total Intangible Assets	18,266	18,002	17,775	17,584	16,777	17,500	16,710
Tangible Assets	\$1,666,505	\$1,647,321	\$1,816,868	\$1,923,225	\$1,983,303	\$1,874,306	\$2,118,609
Tangible Common Equity / Tangible Assets	7.52%	8.31%	8.06%	8.04%	7.61%	7.93%	7.44%
Tangible Book Value Per Share	\$17.80	\$19.45	\$20.75	\$21.88	\$21.38	\$21.07	\$22.32
Common Shares Outstanding	7,037,322	7,040,515	7,052,351	7,070,047	7,056,585	7,048,940	7,063,488

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

(1) Tax affected with each respective years statutory corporate tax rate.

(2) 2023 YTD annualized.