



# Creating Success by Delivering Solutions

*May 2023*

# Forward-Looking Information

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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

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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:**

\$167.5 million (5/19/2023)

**Headquarters:**

Williamsport, Lycoming County,  
PA

**Branch Offices:**

25

**Total Assets:**

\$2.1 billion

**Total Loans:**

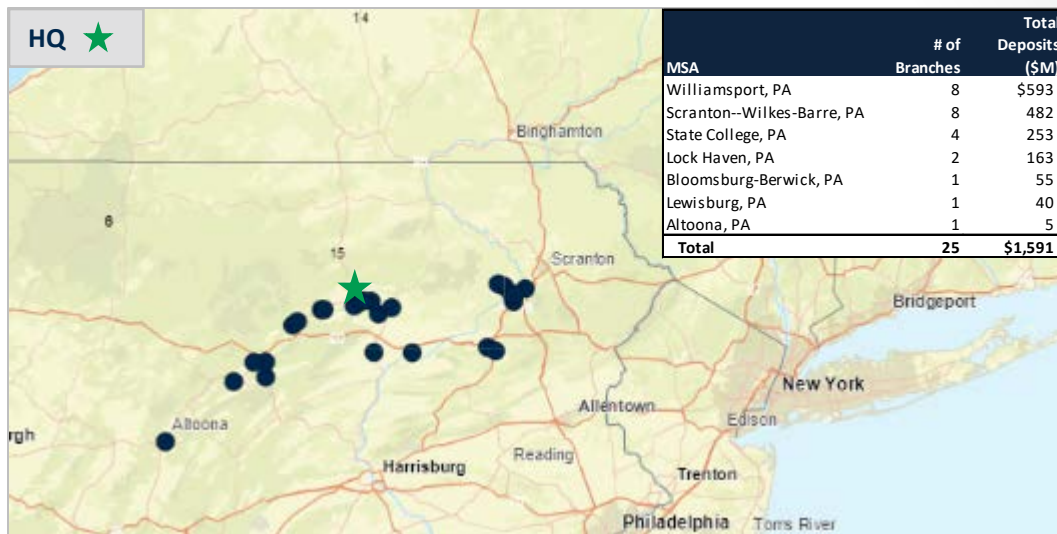
\$1.7 billion

**Total Deposits:**

\$1.6 billion

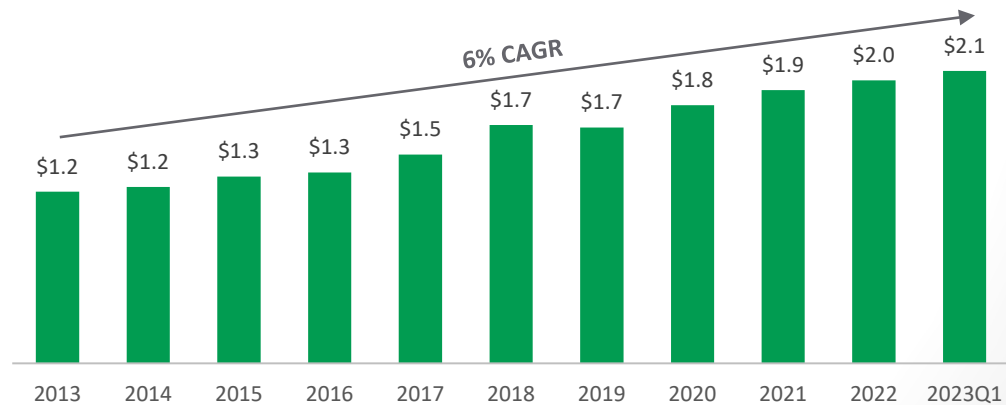
**Total Equity:**

\$174.0 million



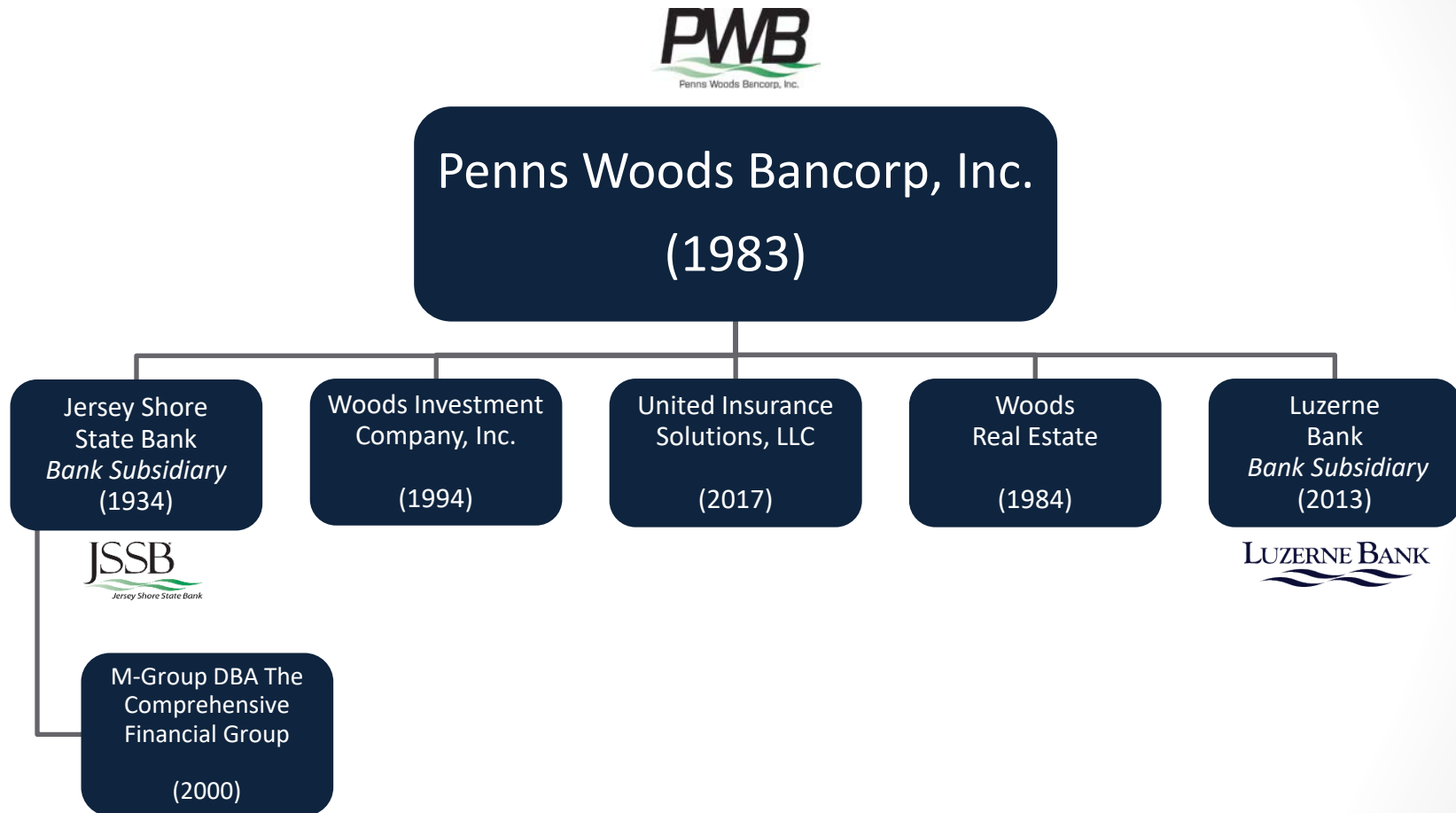
## Total Assets

\$ in billions

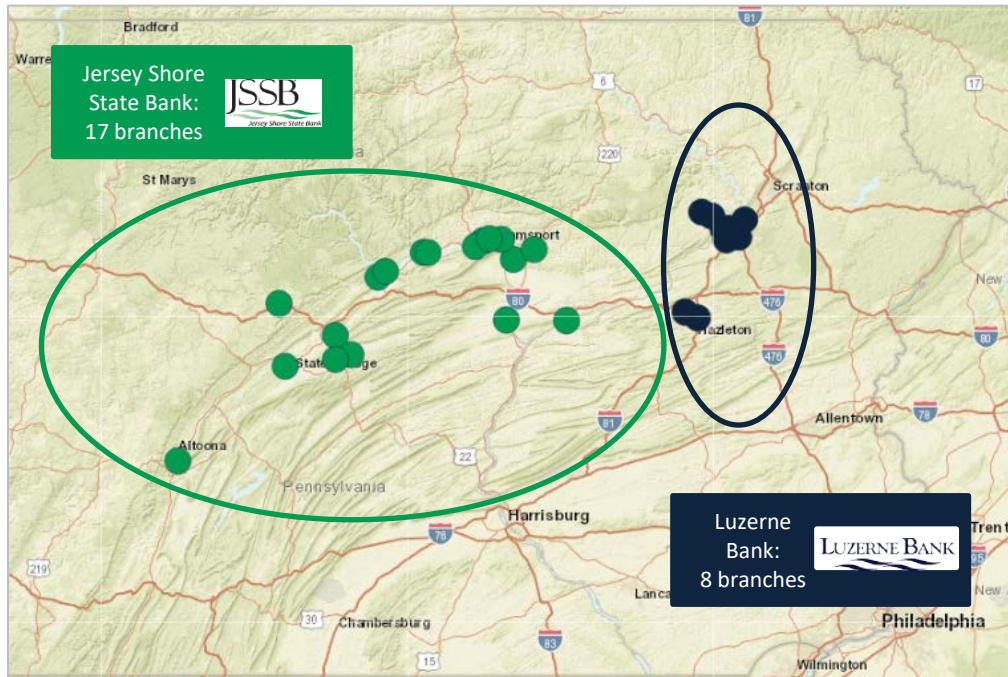


Source: S&P Global Market Intelligence, FDIC.  
Note: FDIC deposit data as of 6/30/2022.

# 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



Source: S&P Global Market Intelligence.

# Mission

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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

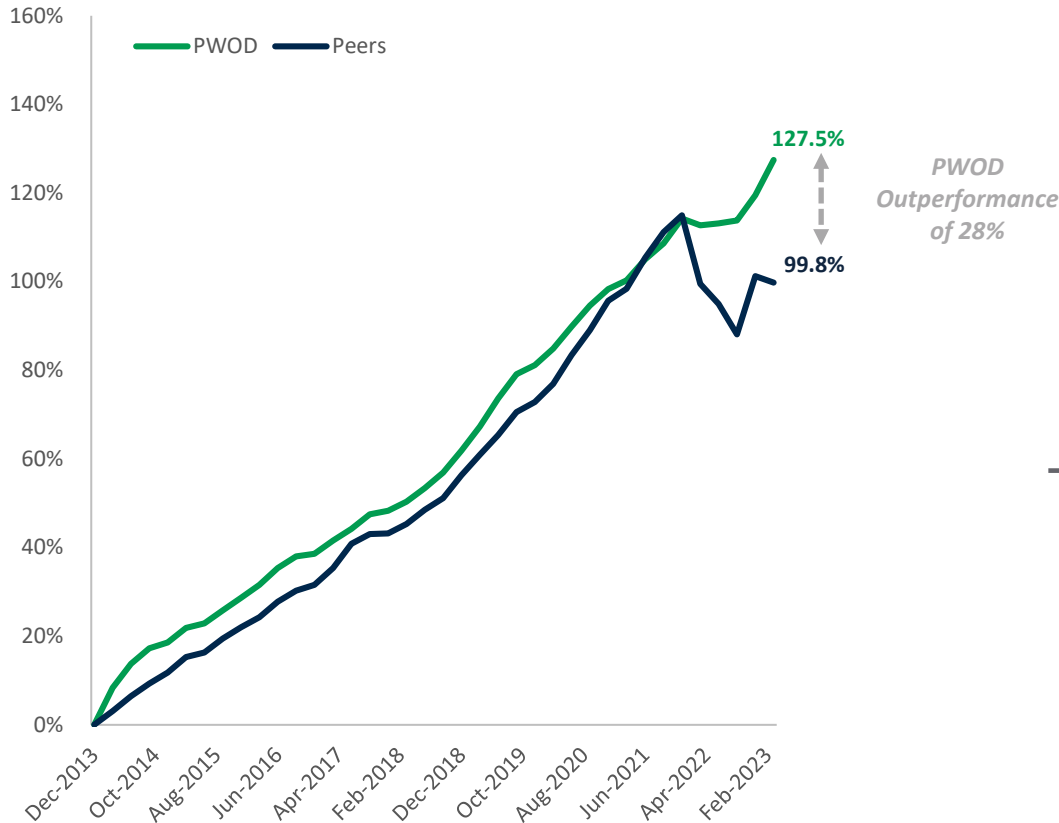
Employ the best by attracting and retaining highly motivated professionals



# Tangible Book Value (+ Dividends) Growth Track Record

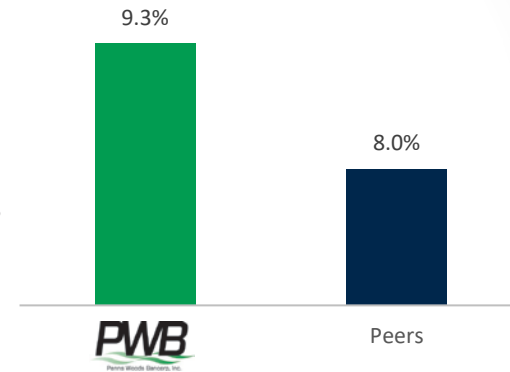
## Growth in Economic Value – Since YE 2013

Tangible Book Value "TBV" + Dividends

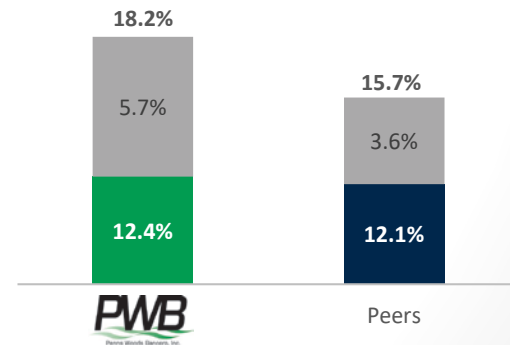


## Annual Growth Rates

TBV + Dividends CAGR – Since YE 2013



## 2023Q1 ROATCE<sup>(1)</sup> + Dividends



Source: S&P Global Market Intelligence.

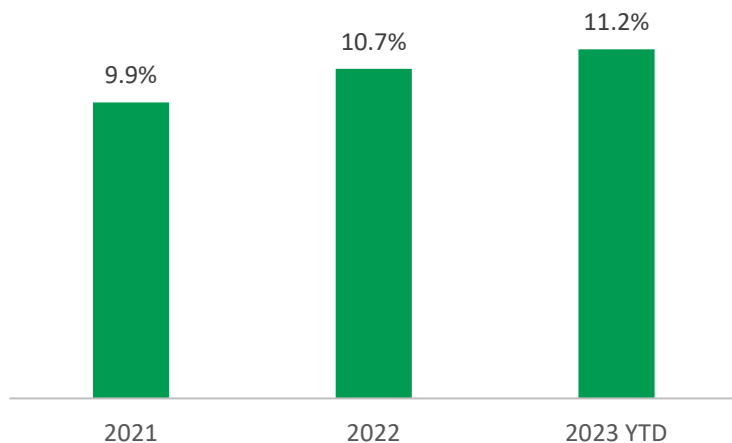
Note: Peer group consists of major-exchange traded U.S. banks with total assets between \$1 billion and \$3 billion, excluding merger targets and mutuals.

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

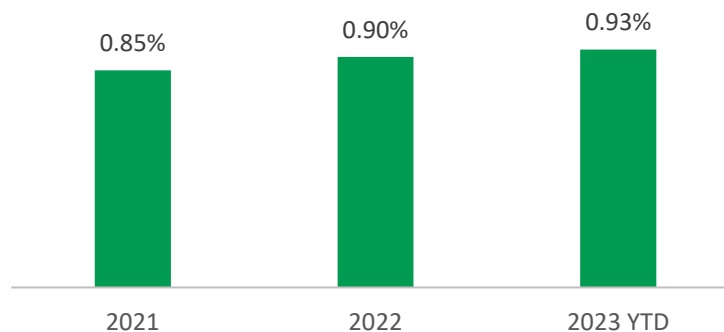


# Financial Summary 2021 – 2023

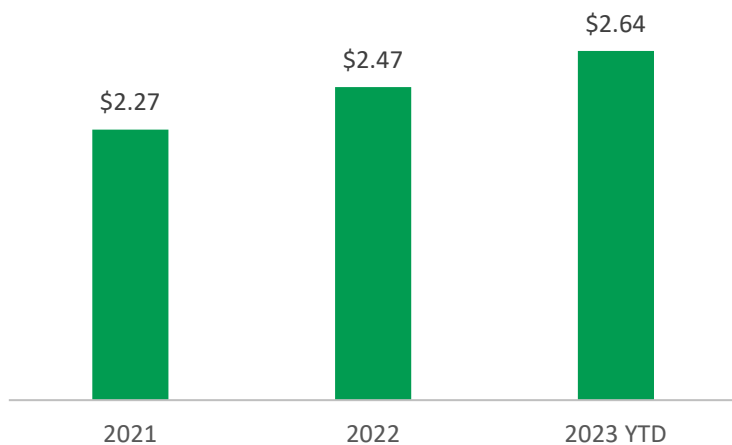
## Return on Equity (%)



## Return on Average Assets (%)



## Earnings Per Share



Source: S&P Global Market Intelligence, Company documents. Note: YTD = Year-to-date annualized as of 3/31/2023.

# Value Proposition

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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<sup>(1)</sup>*

### 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.

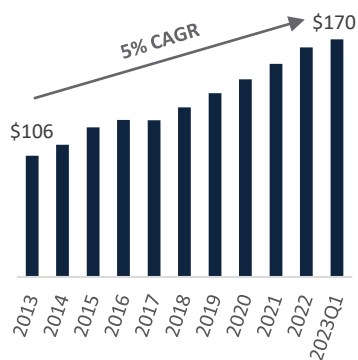
# Value Proposition

2

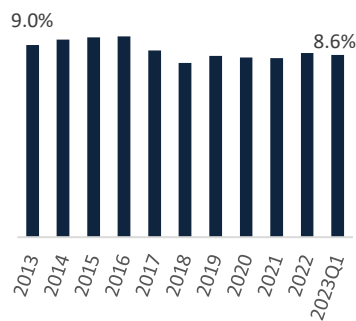
## Capital

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

### Tier 1 Capital (\$M)



### Tier 1 Leverage Ratio

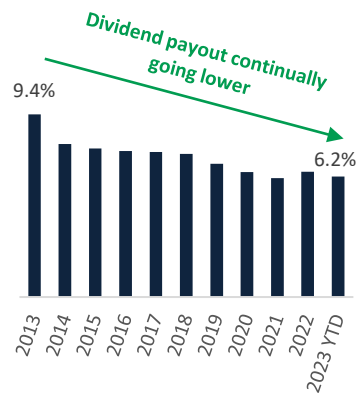


### Cash Dividends per Share

Cumulative Cash Dividends Since '13:  
\$14.07 p/share  
80% return on 2013 TBV



### Cash Dividend as a % of Tangible Capital<sup>(1)</sup>

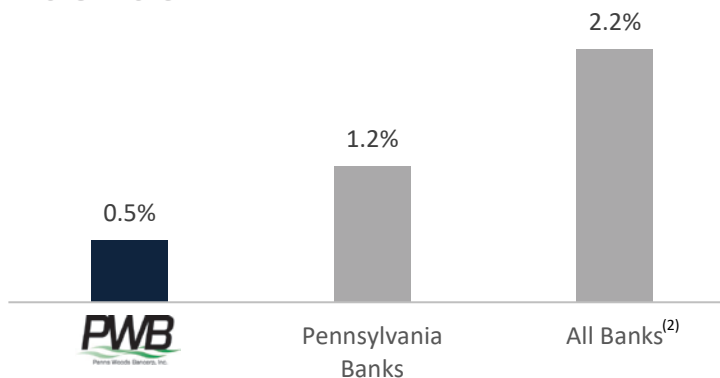


3

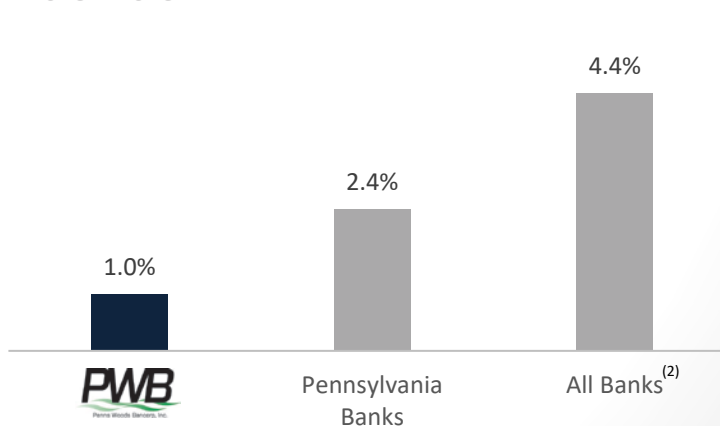
## Balance Sheet Integrity

### Cumulative Net Charge-offs / Avg. Loans

#### 2018 – 2023 YTD



#### 2013 – 2023 YTD



Source: S&P Global Market Intelligence, Company documents. Note: 2023 YTD annualized, shown through 3/31/2023.

(1) Cash Dividend as a % of Tangible Capital defined as Cash dividends per share / average tangible book value per share. (2) All banks currently operating, acquired, and defunct companies.

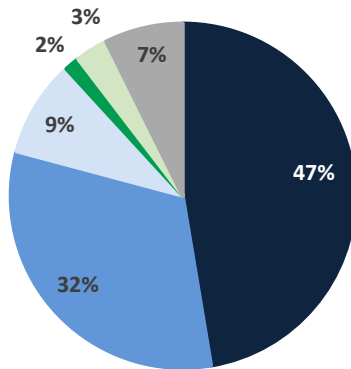
# Value Proposition

4

## Diversification

Total Revenue<sup>(1)</sup>

2023Q1



- 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: 12%**

**Fee Income + Consumer Income / Total Revenue: 59%**

Source: S&P Global Market Intelligence.

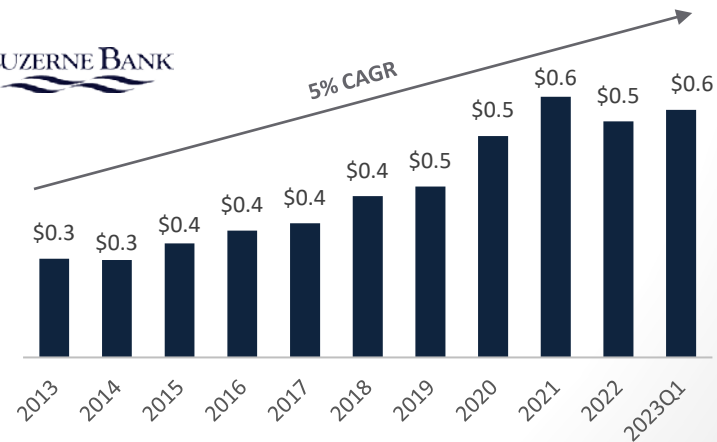
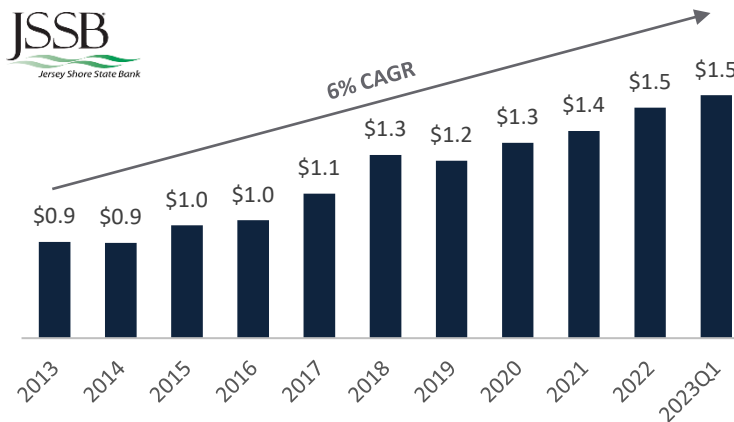
(1) Net Interest Income items estimated based on overall cost of funds for PWOD of 1.22%.

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

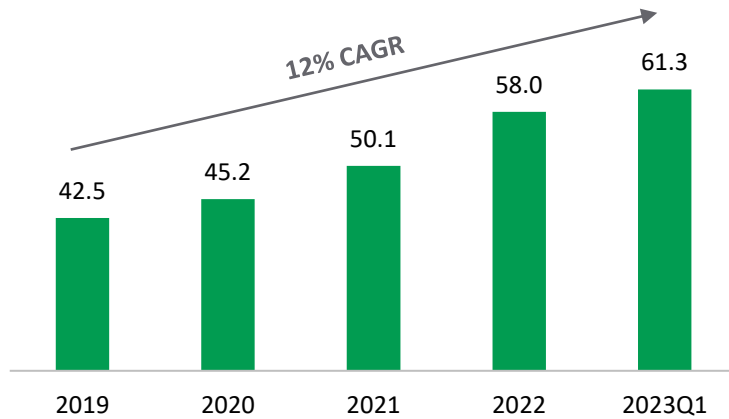
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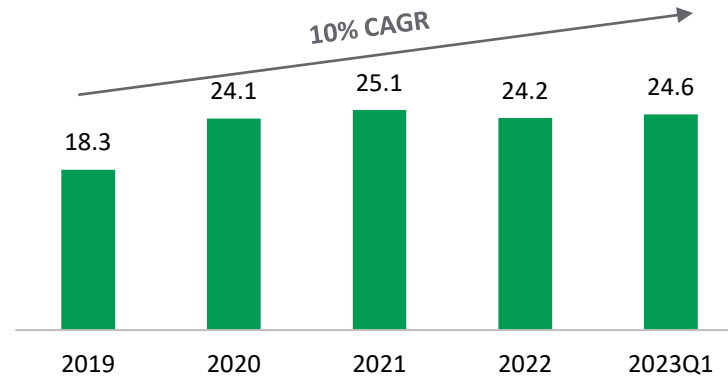
# Delivery Channel Changes

Accounts in thousands

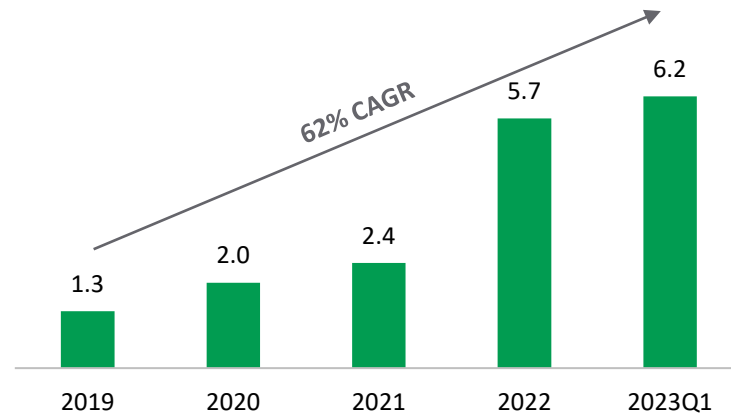
## Estatement Accounts



## Internet Banking Accounts

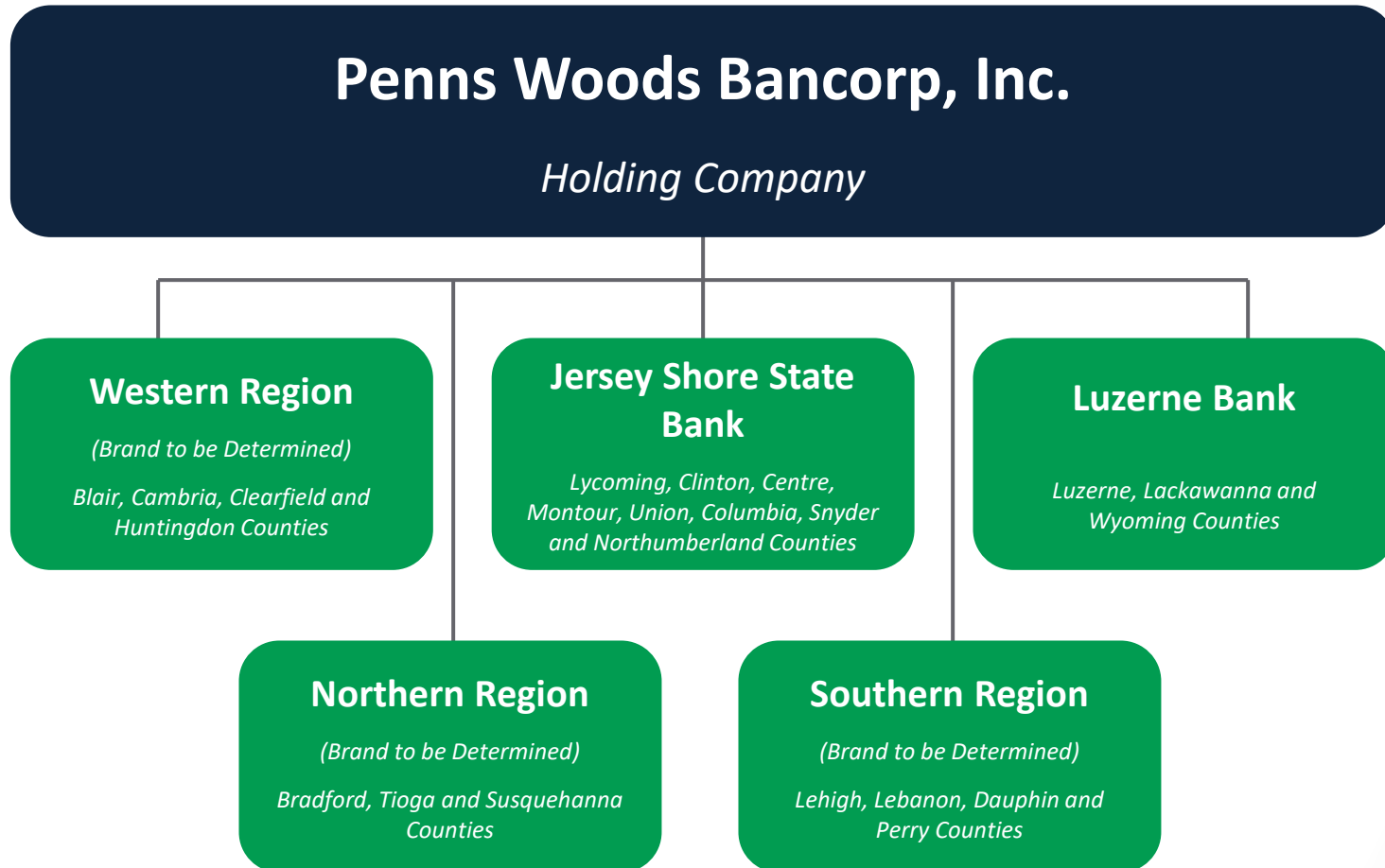


## Mobile Banking Accounts



Source: Company documents.

# Future Holding Company Structure





# *Appendix*

# Strong Financial Management

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# Selected Financial Data

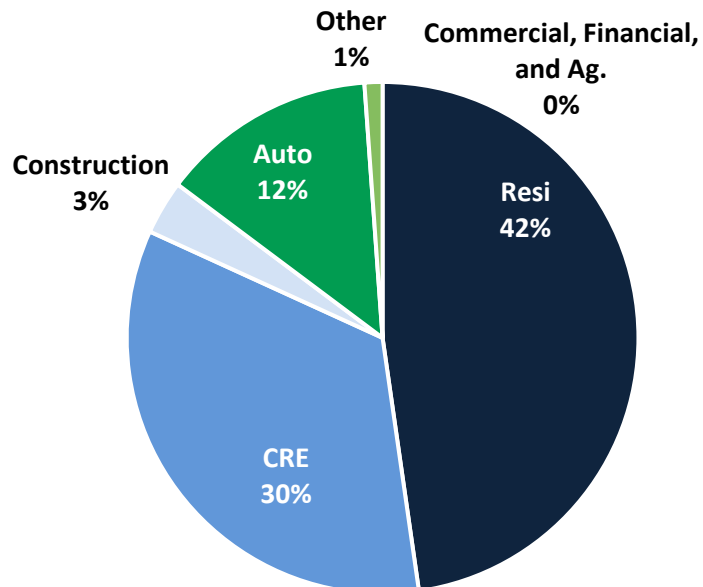
(In Thousands)	At or For the Three Months Ended March 31		At or For the Year Ended December 31				
	2023	2022	2022	2021	2020	2019	2018
<b>RESULTS OF OPERATIONS</b>							
Net interest income	\$ 14,298	\$ 12,853	\$ 57,780	\$ 49,718	\$ 48,223	\$ 50,815	\$ 47,810
Provision for credit losses	71	150	1,910	640	2,625	2,735	1,735
Non-interest income	2,257	2,412	8,713	11,669	12,168	10,452	9,461
Non-interest expense	10,898	11,007	42,998	40,905	39,068	39,708	38,007
Income before income taxes	5,586	4,108	21,585	19,842	18,698	18,824	17,529
Income tax expense	928	676	4,163	3,794	3,474	3,138	2,819
Consolidated net income	4,658	3,432	17,422	16,048	15,224	15,686	14,710
Earnings attributable to noncontrolling interest	-	-	-	15	18	14	6
Net income attributable to PWB	\$ 4,658	\$ 3,432	\$ 17,422	\$ 16,033	\$ 15,206	\$ 15,672	\$ 14,704
<b>FINANCIAL CONDITION</b>							
Assets	\$ 2,065,143	\$ 1,916,809	\$ 2,000,080	\$ 1,940,809	\$ 1,834,643	\$ 1,665,323	\$ 1,684,771
Liabilities	1,891,173	1,748,382	1,832,415	1,768,535	1,670,497	1,510,341	1,541,227
Shareholders' equity	173,970	168,427	167,665	172,274	164,146	154,982	143,544
Loans, gross	1,700,023	1,405,966	1,639,731	1,392,147	1,344,327	1,355,544	1,384,757
Allowance for loan losses	11,734	14,023	15,637	14,176	13,803	11,894	13,837
Investment securities	217,009	190,698	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	292	437	327	480	671	898	1,162
Non-interest bearing deposits	502,352	514,130	519,063	494,360	449,357	334,746	320,814
Interest bearing deposits	1,136,483	1,098,265	1,037,397	1,126,955	1,045,086	989,259	899,089
Borrowings	229,840	119,552	256,132	131,710	158,719	166,840	306,807

Source: Company documents.

# Loan and Deposit Portfolio Composition

## Loan Composition

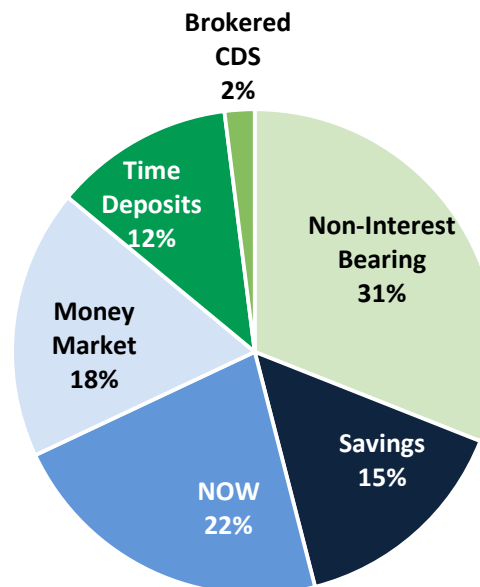
2023 Q1



<b>Yield on Total Loans:</b>	4.41 %
<b>CRE / TRBC:</b>	267 %

## Deposit Composition

2023 Q1



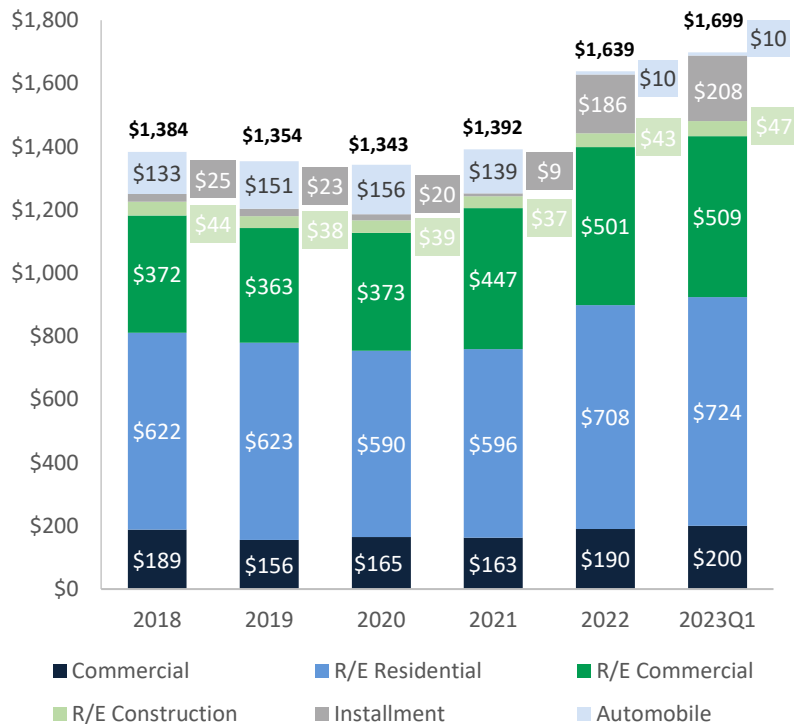
<b>Cost of Interest Bearing Deposits:</b>	1.26 %
<b>Cost of Total Deposits:</b>	0.85 %
<b>Cost of Funds:</b>	1.22 %

Source: Company documents.

# Loan and Deposit Portfolio Composition, Continued

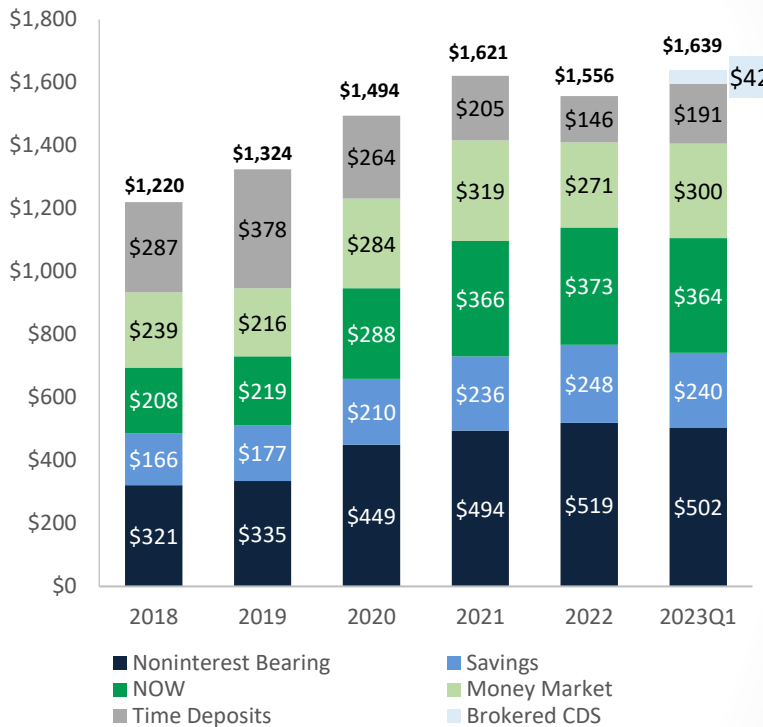
## Total Loans

\$ in millions



## Total Deposits

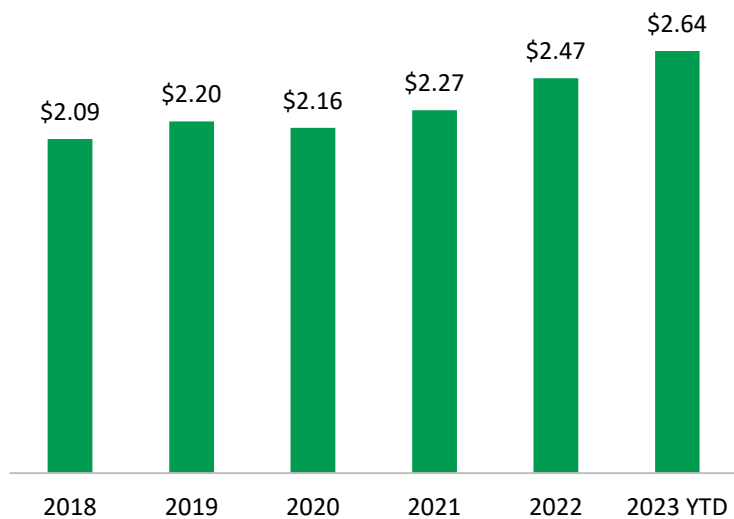
\$ in millions



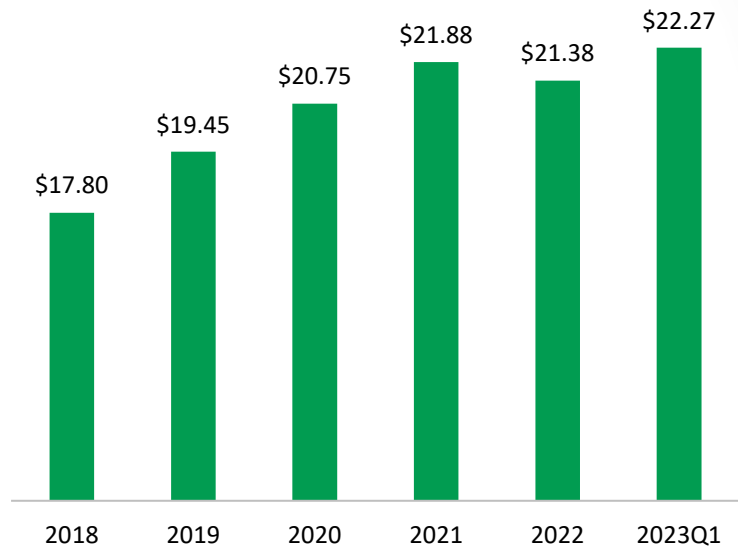
Source: Company documents.

# Per Share Metrics

## Earnings Per Share



## Tangible Book Value per Share



Source: Company documents. Note: 2023 YTD annualized, shown through 3/31/2023.

# Non-GAAP Reconciliation

	As of December 31,						As of March 31,	
	2018	2019	2020	2021	2022	2023	2023	
Total Common Equity	\$143,536	\$154,960	\$164,142	\$172,274	\$167,665	\$173,970		
Goodwill	17,104	17,104	17,104	17,104	16,450	16,450		
Other Intangibles	1,162	898	671	480	327	292		
Less: Total Intangible Assets	18,266	18,002	17,775	17,584	16,777	16,742		
<b>Tangible Common Equity</b>	<b>\$125,270</b>	<b>\$136,958</b>	<b>\$146,367</b>	<b>\$154,690</b>	<b>\$150,888</b>	<b>\$157,228</b>		
Net Income	\$14,704	\$15,672	\$15,206	\$16,033	\$17,422	\$4,658		
Plus: Amortization of Intangibles & Goodwill Impairment <sup>(1)</sup>	\$237	\$209	\$179	\$151	\$638	\$28		
Average Tangible Common Equity	121,250	132,581	141,644	149,218	144,966	150,838		
<b>Return on Average Tangible Common Equity<sup>(2)</sup></b>	<b>12.32%</b>	<b>11.98%</b>	<b>10.86%</b>	<b>10.85%</b>	<b>12.46%</b>	<b>12.43%</b>		
Total Assets	\$1,684,771	\$1,665,323	\$1,834,643	\$1,940,809	\$2,000,080	\$1,940,809		
Goodwill	17,104	17,104	17,104	17,104	16,450	16,450		
Other Intangibles	1,162	898	671	480	327	292		
Less: Total Intangible Assets	18,266	18,002	17,775	17,584	16,777	16,742		
<b>Tangible Assets</b>	<b>\$1,666,505</b>	<b>\$1,647,321</b>	<b>\$1,816,868</b>	<b>\$1,923,225</b>	<b>\$1,983,303</b>	<b>\$1,924,067</b>		
<b>Tangible Common Equity / Tangible Assets</b>	<b>7.52%</b>	<b>8.31%</b>	<b>8.06%</b>	<b>8.04%</b>	<b>7.61%</b>	<b>8.17%</b>		
<b>Tangible Book Value Per Share</b>	<b>\$17.80</b>	<b>\$19.45</b>	<b>\$20.75</b>	<b>\$21.88</b>	<b>\$21.38</b>	<b>\$22.27</b>		
<b>Common Shares Outstanding</b>	<b>7,037,322</b>	<b>7,040,515</b>	<b>7,052,351</b>	<b>7,070,047</b>	<b>7,056,585</b>	<b>7,059,861</b>		

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

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

(2) 2023 Q1 annualized.