



Creating Success by Delivering Solutions

December 2022

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, 2021 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:

\$182.0 million (11/22/2022)

Headquarters:

Williamsport, Lycoming County,
PA

Branch Offices:

25

Total Assets:

\$1.9 billion

Total Loans:

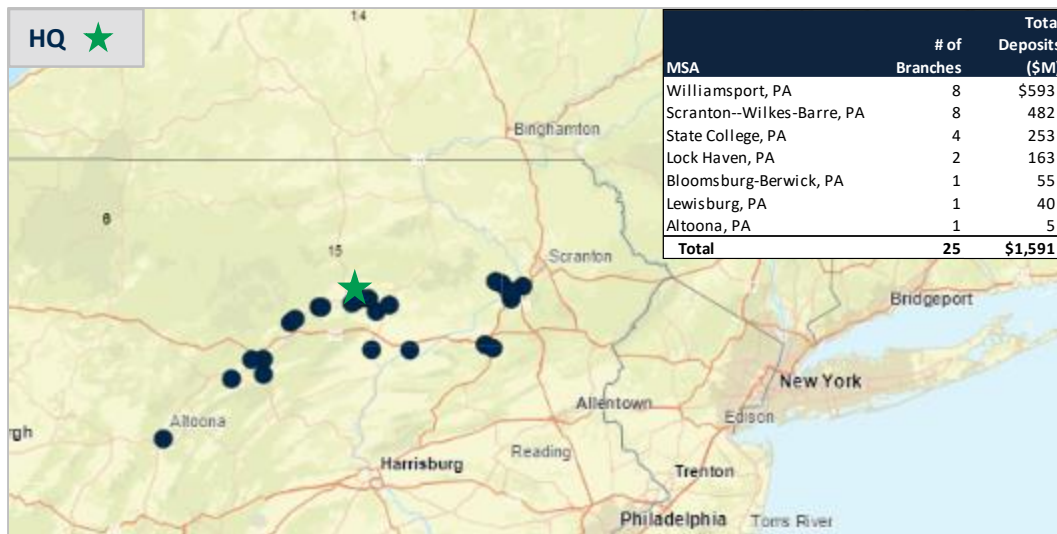
\$1.6 billion

Total Deposits:

\$1.6 billion

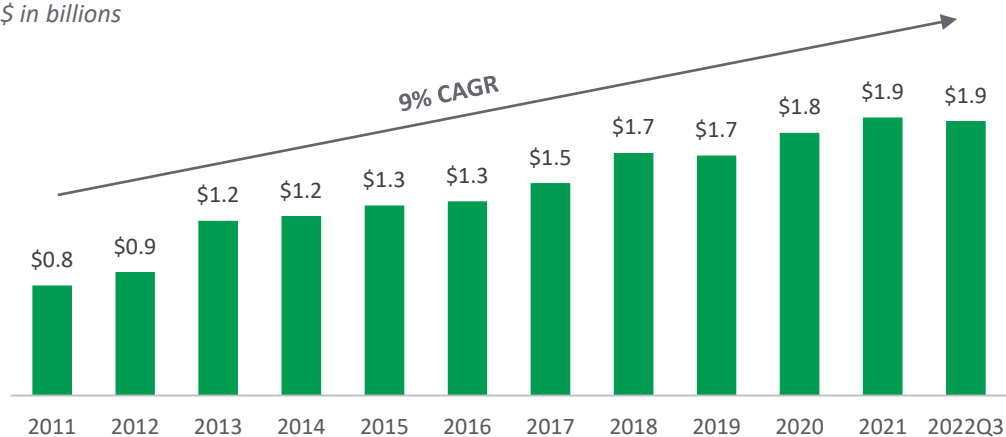
Total Equity:

\$164.5 million



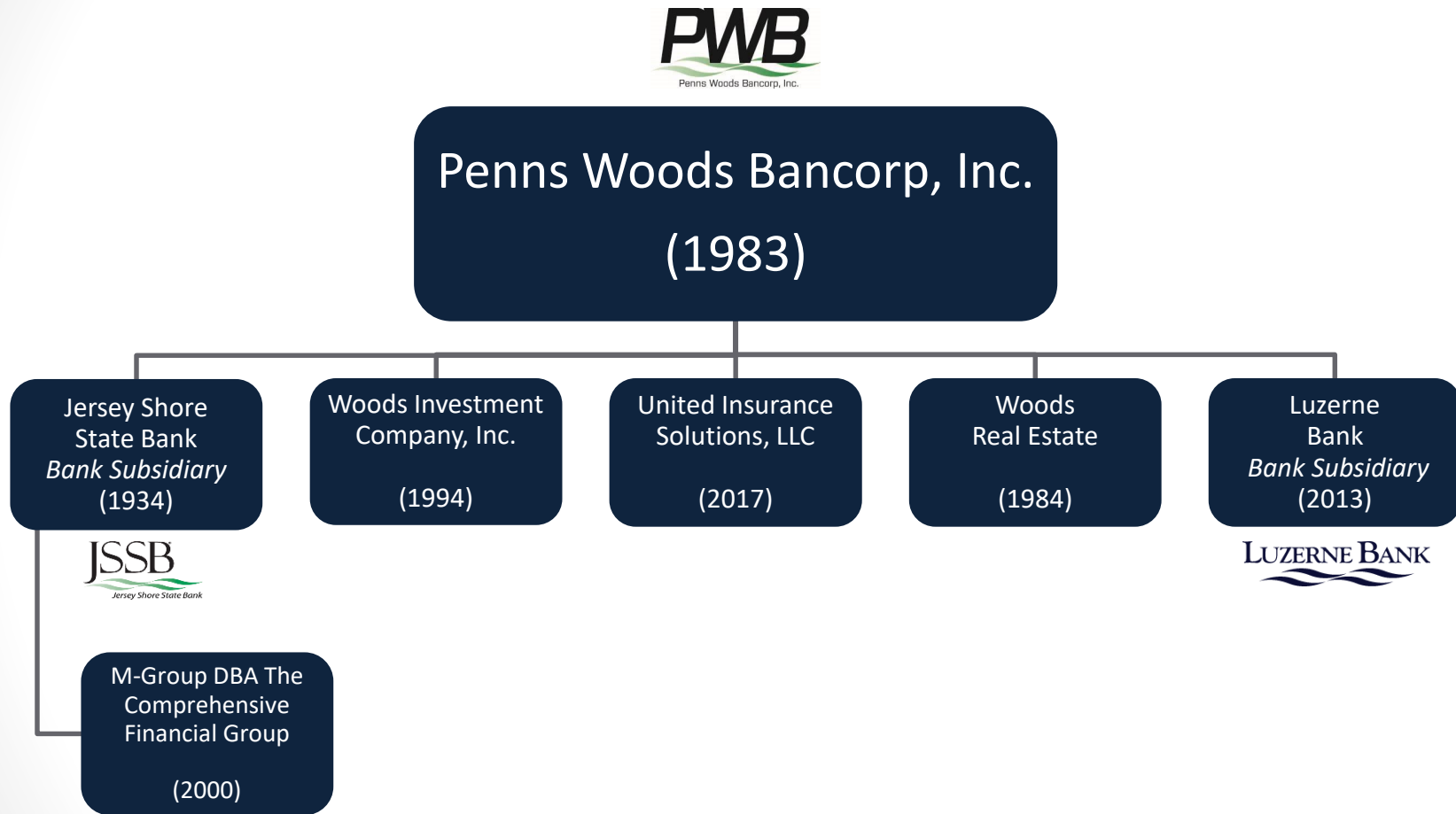
Total Assets

\$ in billions

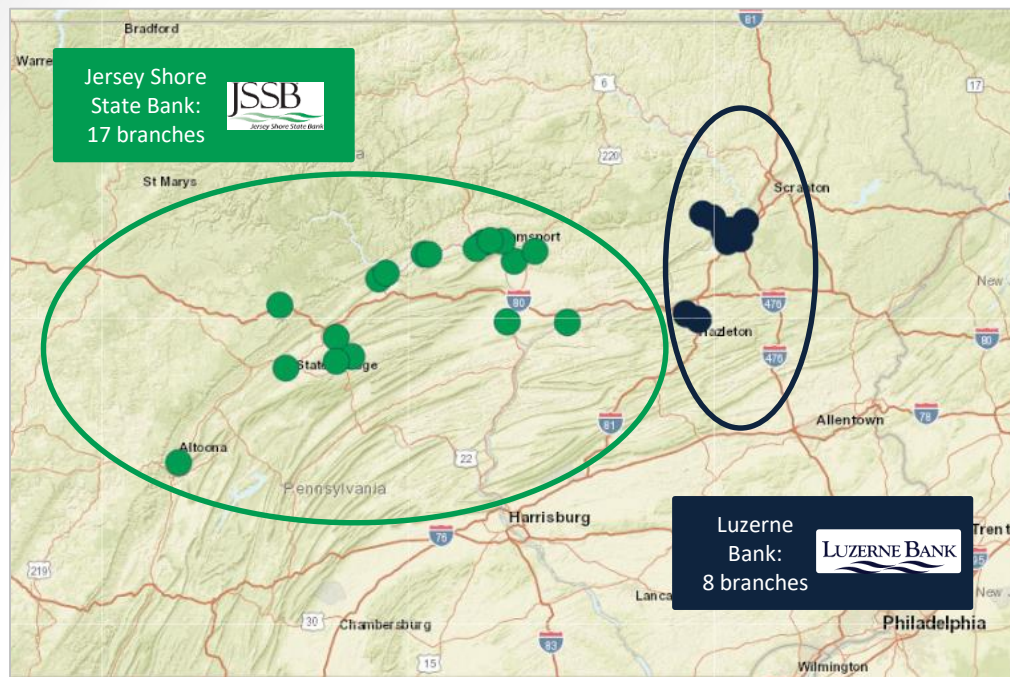


Source: S&P Global Market Intelligence, FDIC.
Note: FDIC deposit data as of 6/30/2022.

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

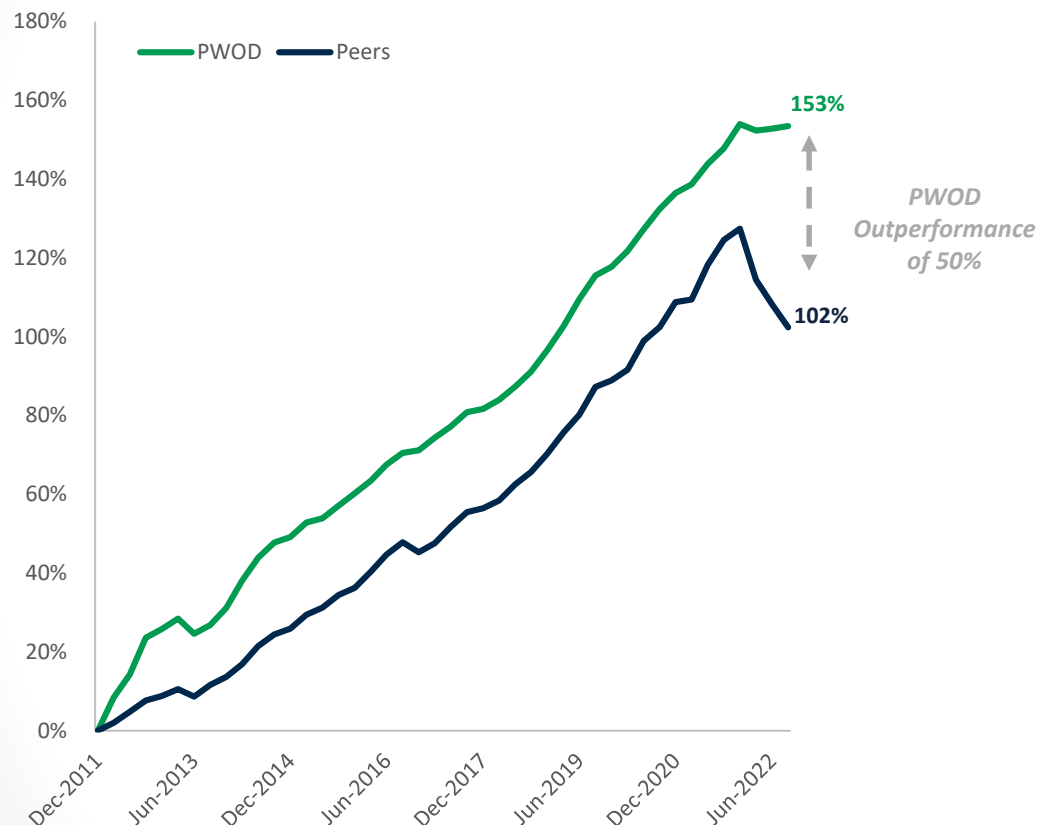


- 1 Remain a high performing regional community bank
- 2 Continue creating long-term shareholder value through a combination of Return on Equity and cash dividends to shareholders
- 3 Grow the bank in a safe, sound, diversified, and profitable manner
- 4 Be the “*best of the best*” in financial services
- 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

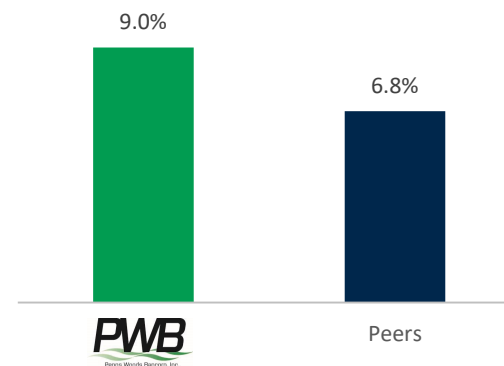
Growth in Economic Value – Since YE 2011

Tangible Book Value "TBV" + Dividends

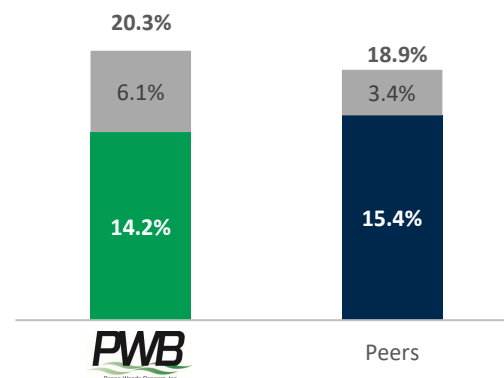


Annual Growth Rates

TBV + Dividends CAGR – Since YE 2011



2022Q3 ROATCE⁽¹⁾ + Dividends



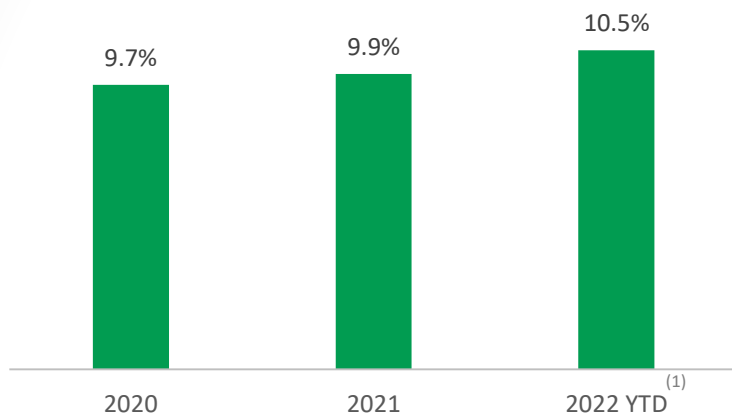
Source: S&P Global Market Intelligence.

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.

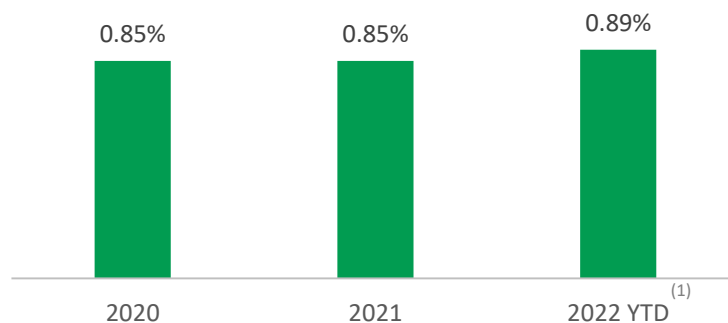
(1) ROATCE = Return on Average Tangible Common Equity.

Financial Summary 2020 – 2022 YTD

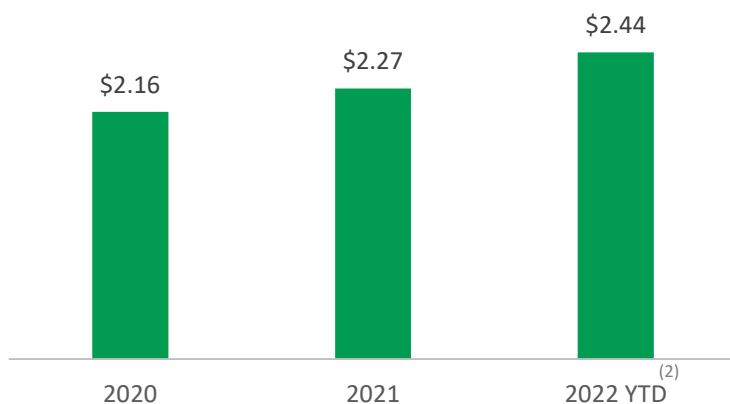
Return on Equity (%)



Return on Average Assets (%)



Earnings Per Share



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

(1) YTD = Year-to-date as of 9/30/2022.

(2) Year-to-date as of 9/30/2022 annualized.

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	Muncy Bank Financial	7	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.	4	253

Scranton--Wilkes-Barre

	Company	# of Branches	Total Deposits (\$M)
1	Fidelity D & D Bancorp Inc.	16	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.

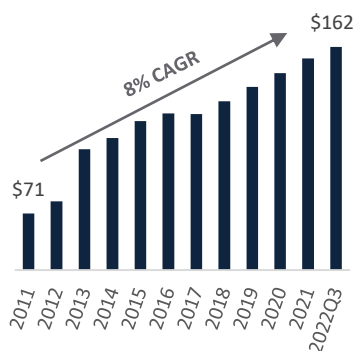
Value Proposition

2

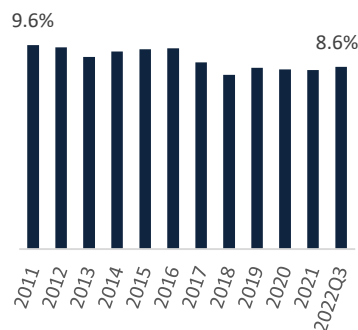
Capital

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

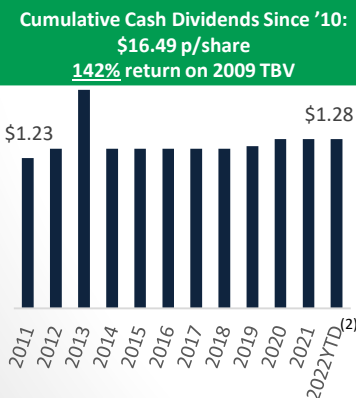
Tier 1 Capital (\$M)



Tier 1 Leverage Ratio



Cash Dividends per Share



Cash Dividend as a % of Tangible Capital⁽¹⁾

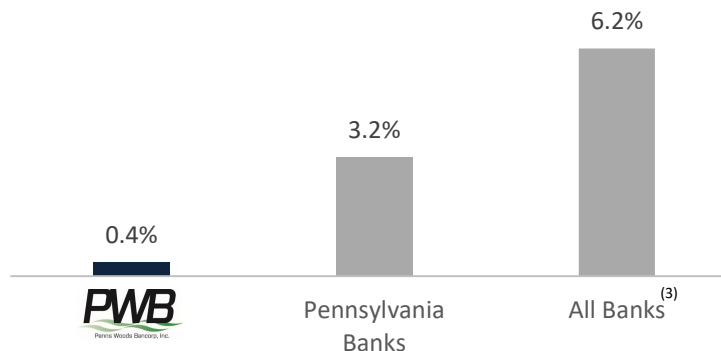


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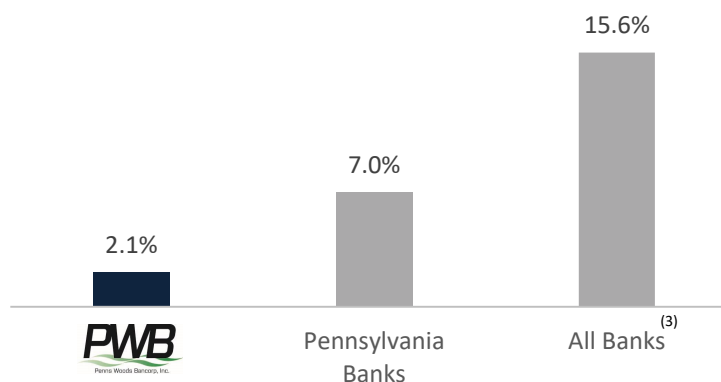
Balance Sheet Integrity

Cumulative Net Charge-offs / Avg. Loans

2008 - 2010



2008 - 2022 YTD



Source: S&P Global Market Intelligence, Company documents. Note: 2022 YTD shown through 9/30/2022.

(1) Cash Dividend as a % of Tangible Capital defined as Cash dividends per share / average tangible book value per share. (2) 2022 YTD annualized. (3) All banks currently operating, acquired, and defunct companies.

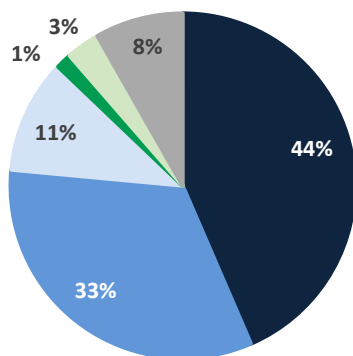
Value Proposition

4

Diversification

Total Revenue⁽¹⁾

2022Q3



- 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: 56%

Source: S&P Global Market Intelligence.

(1) Net Interest Income items estimated based on overall cost of funds for PWOD of 0.31%.

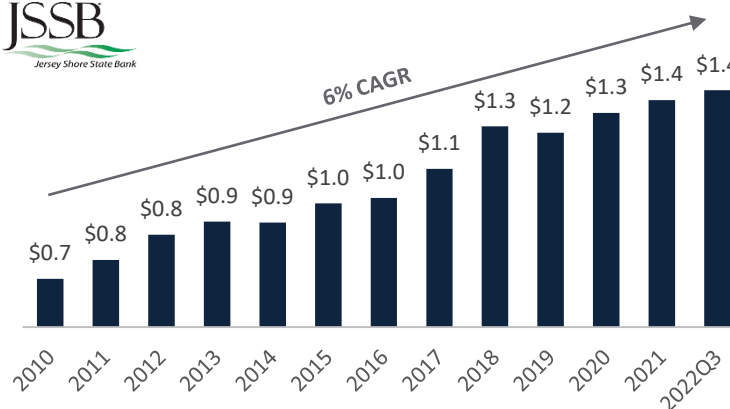
5

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

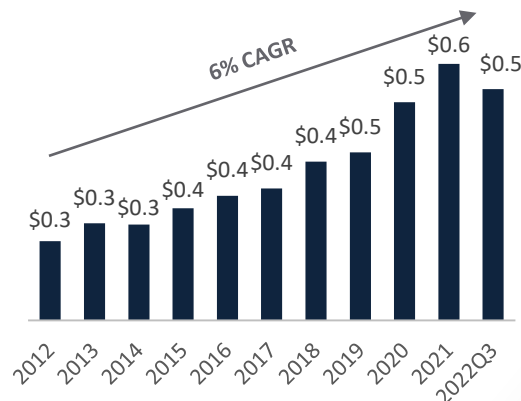
Total Assets (\$bn)

JSSB
Jersey Shore State Bank



LUZERNE BANK

- Acquisition completed mid-2013
- Increased Loan/Deposit ratio from 80% to 93% within two years



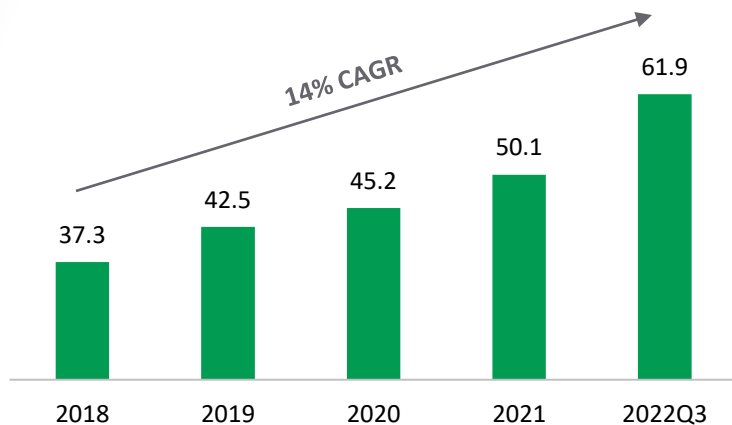
Strategies for a Successful Future



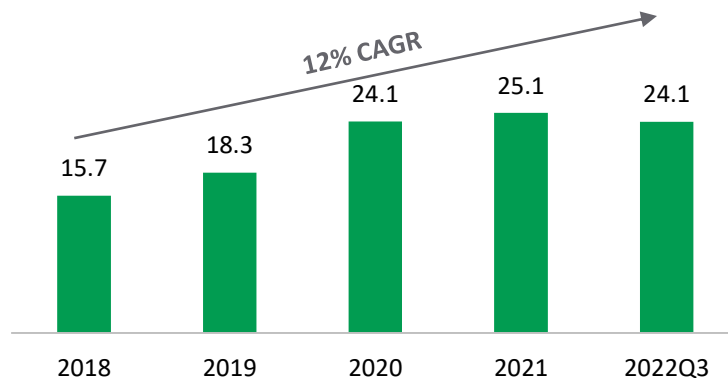
Delivery Channel Changes

Accounts in thousands

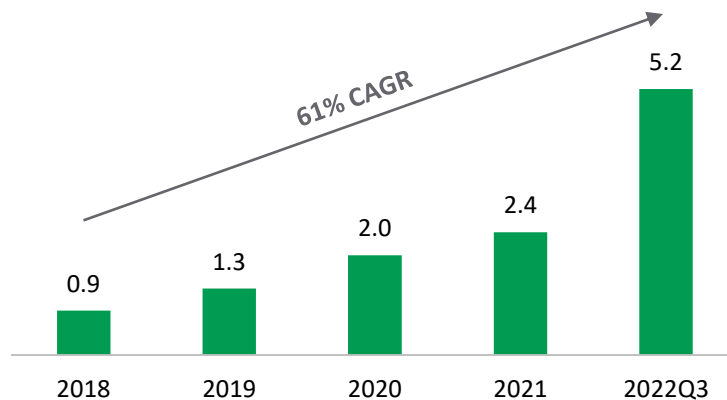
Estatement Accounts



Internet Banking Accounts

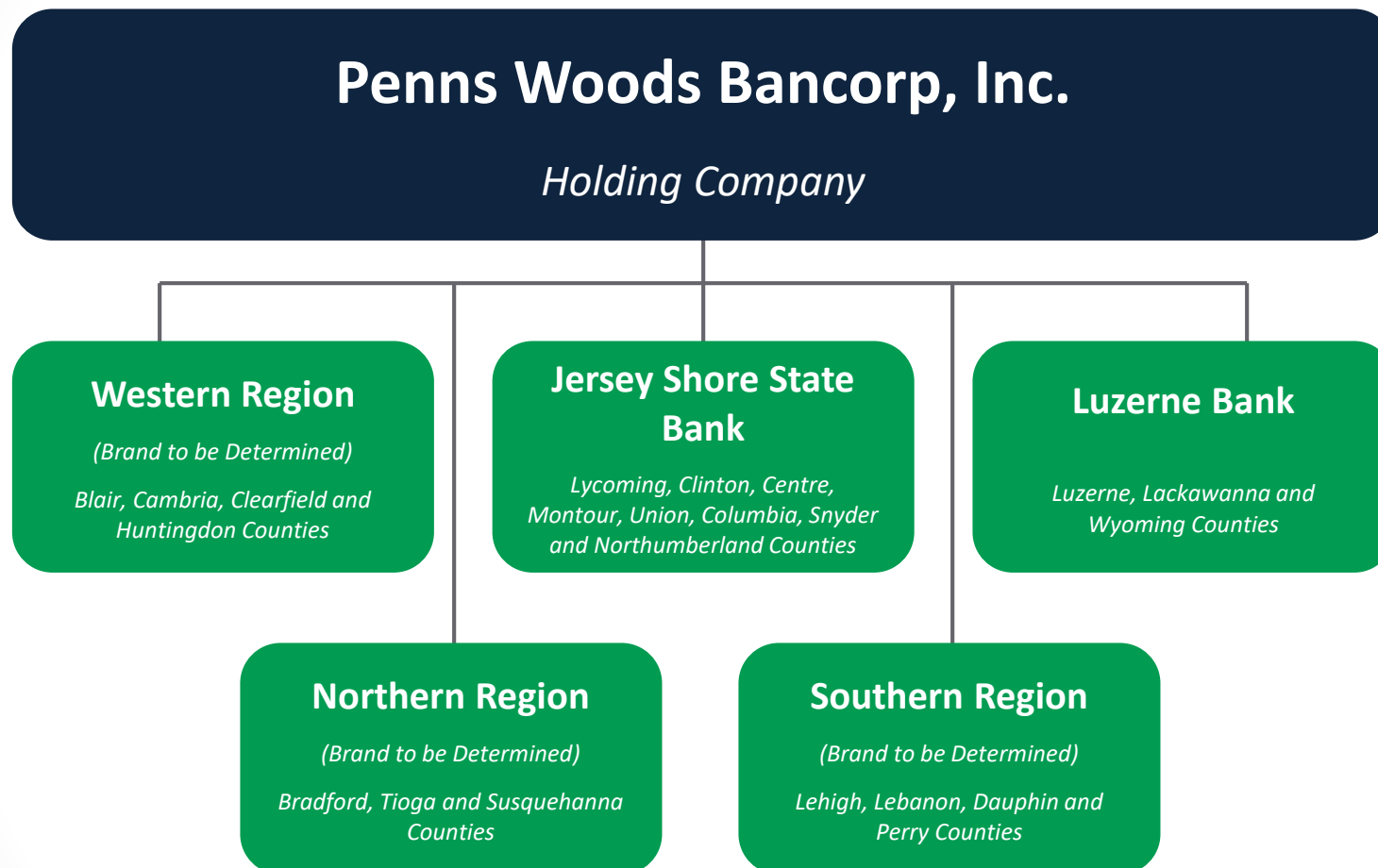


Mobile Banking Accounts



Source: Company documents.

Future Holding Company Structure



Appendix

Strong Financial Management



Selected Financial Data

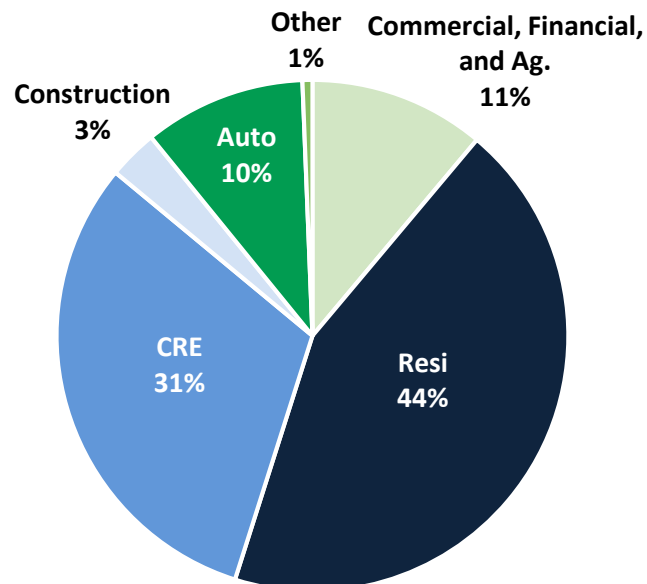
(In Thousands)	At or For the Nine Months Ended September 30		At or For the Year Ended December 31					
	2022	2021	2021	2020	2019	2018	2017	
RESULTS OF OPERATIONS								
Net interest income	\$ 42,232	\$ 36,797	\$ 49,718	\$ 48,223	\$ 50,815	\$ 47,810	\$ 44,080	
Provision for credit losses	1,335	940	640	2,625	2,735	1,735	730	
Non-interest income	6,632	8,474	11,669	12,168	10,452	9,461	10,744	
Non-interest expense	31,747	30,646	40,905	39,068	39,708	38,007	36,862	
Income before income taxes	15,782	13,685	19,842	18,698	18,824	17,529	17,232	
Income tax expense	2,869	2,516	3,794	3,474	3,138	2,819	7,459	
Consolidated net income	12,913	11,169	16,048	15,224	15,686	14,710	9,773	
Earnings attributable to noncontrolling interest	-	15	15	18	14	6	-	
Net income attributable to PWB	\$ 12,913	\$ 11,154	\$ 16,033	\$ 15,206	\$ 15,672	\$ 14,704	\$ 9,773	
FINANCIAL CONDITION								
Assets	\$ 1,905,116	\$ 1,910,791	\$ 1,940,809	\$ 1,834,643	\$ 1,665,323	\$ 1,684,771	\$ 1,474,492	
Liabilities	1,740,627	1,742,310	1,768,535	1,670,497	1,510,341	1,541,227	1,336,298	
Shareholders' equity	164,489	168,481	172,274	164,146	154,982	143,544	138,194	
Loans, gross	1,560,700	1,347,225	1,392,147	1,344,327	1,355,544	1,384,757	1,246,614	
Allowance for loan losses	15,211	14,557	14,176	13,803	11,894	13,837	12,858	
Investment securities	203,865	182,712	182,229	178,966	163,459	154,959	124,665	
Goodwill	17,104	17,104	17,104	17,104	17,104	17,104	17,104	
Intangible assets	361	524	480	671	898	1,162	1,462	
Non-interest bearing deposits	537,403	481,875	494,360	449,357	334,746	320,814	303,316	
Interest bearing deposits	1,053,012	1,111,144	1,126,955	1,045,086	989,259	899,089	843,004	
Borrowings	133,730	135,411	131,710	158,719	166,840	306,807	171,718	

Source: Company documents.

Loan and Deposit Portfolio Composition

Loan Composition

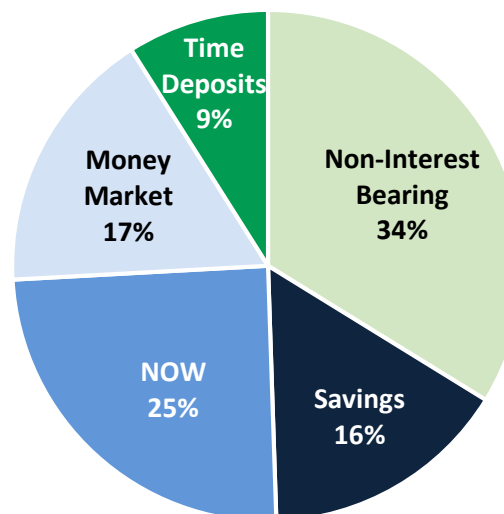
2022Q3



Yield on Total Loans:	3.94 %
CRE / TRBC:	264 %

Deposit Composition

2022Q3



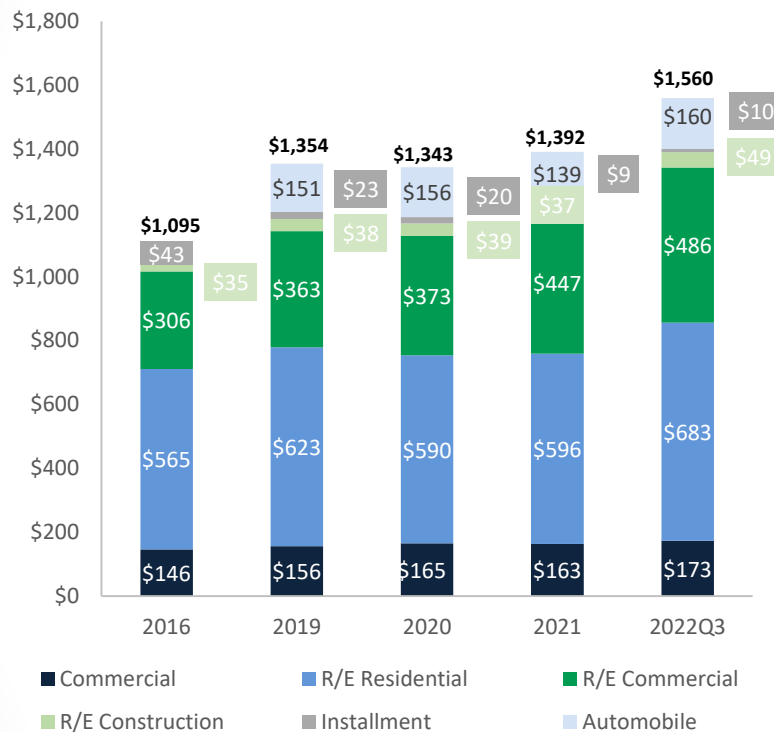
Cost of Interest Bearing Deposits:	0.25 %
Cost of Total Deposits:	0.17 %
Cost of Funds:	0.31 %

Source: Company documents.

Loan and Deposit Portfolio Composition, Continued

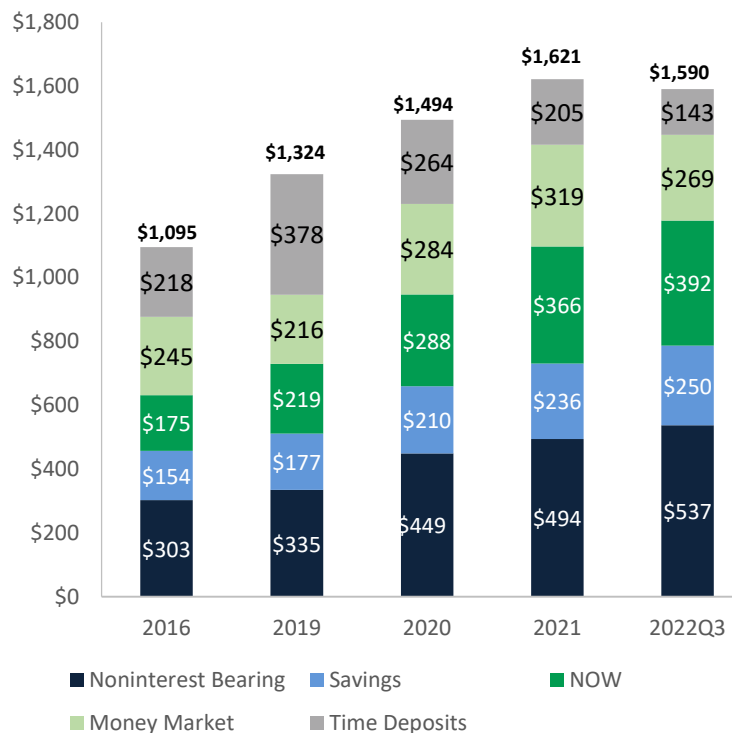
Total Loans

\$ in millions



Total Deposits

\$ in millions



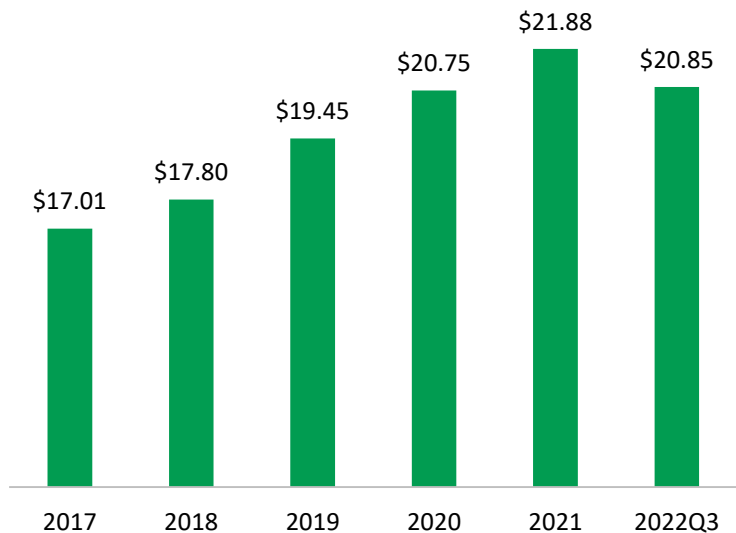
Source: Company documents.

Per Share Metrics

Earnings Per Share



Tangible Book Value per Share



Source: Company documents.

Note: YTD = Year-to-date as of 9/30/2022, annualized.

Non-GAAP Reconciliation

	As of December 31,				As of September 30,	
	2017	2018	2019	2020	2021	2022
Total Common Equity	\$138,192	\$143,536	\$154,960	\$164,142	\$172,274	\$164,489
Goodwill	17,104	17,104	17,104	17,104	17,104	17,104
Other Intangibles	1,462	1,162	898	671	480	361
Less: Total Intangible Assets	18,566	18,266	18,002	17,775	17,584	17,465
Tangible Common Equity	\$119,626	\$125,270	\$136,958	\$146,367	\$154,690	\$147,024
Net Income	\$9,773	\$14,704	\$15,672	\$15,206	\$16,033	\$5,250
Plus: Amortization of Intangibles & Goodwill Impairment ⁽¹⁾	\$219	\$237	\$209	\$179	\$151	\$27
Average Tangible Common Equity	120,824	121,250	132,581	141,644	149,218	148,996
Return on Average Tangible Common Equity⁽²⁾	8.27%	12.32%	11.98%	10.86%	10.85%	14.17%
Total Assets	\$1,474,492	\$1,684,771	\$1,665,323	\$1,834,643	\$1,940,809	\$1,905,116
Goodwill	17,104	17,104	17,104	17,104	17,104	17,104
Other Intangibles	1,462	1,162	898	671	480	361
Less: Total Intangible Assets	18,566	18,266	18,002	17,775	17,584	17,465
Tangible Assets	\$1,455,926	\$1,666,505	\$1,647,321	\$1,816,868	\$1,923,225	\$1,887,651
Tangible Common Equity / Tangible Assets	8.22%	7.52%	8.31%	8.06%	8.04%	7.79%
Tangible Book Value Per Share	\$17.01	\$17.80	\$19.45	\$20.75	\$21.88	\$20.85

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

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

(2) 2022Q3 Annualized.