**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(D) OF**
**THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **November 17, 2026**

# NORWOOD FINANCIAL CORP

(Exact Name of Registrant as Specified in its Charter)

| **Pennsylvania** | **0-28364** | **23-2828306** |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (I.R.S. Employer Identification Number) |

| **717 Main Street, Honesdale, Pennsylvania** | **18431** |
|---|---|
| (Address of Principal Executive Offices) | (Zip Code) |

Registrant's telephone number, including area code: **(570) 253-1455**

**Not Applicable**
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of class | Trading symbol(s) | Name of exchange on which registered |
|---|---|---|
| **Common Stock, $0.10 par value** | **NWFL** | **The Nasdaq Stock Market LLC** |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 5.02** **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

***Amended and Restated Employment Agreements.*** On November 17, 2026, Norwood Financial Corp (the "Company") and Wayne Bank (the "Bank") entered into amended and restated employment agreements (the "Amended Agreements") with James O. Donnelly, President and Chief Executive Officer and John M. McCaffery, Executive Vice President and Chief Financial Officer. The Amended Agreements are effective as of November 17, 2026 and replace the prior employment agreements with the Company and the Bank.

The term of each Amended Agreement ends on November 17, 2029, and the term will extend for an additional twelve months on each anniversary of November 17, such that the remaining term is always between twenty-four (24) to thirty-six (36) months, unless either party gives written notice of non-renewal at least ninety (90) days before the anniversary date. Under the Amended Agreements, Messrs. Donnelly and McCaffery will be paid an annual base salary and will be provided with certain benefits applicable to executive personnel.

The Amended Agreements provide disability benefits, death benefits and severance in the event of a qualifying termination of employment. In the event Mr. Donnelly's employment is terminated without Just Cause or for "good reason" (as defined in the Amended Agreements), Mr. Donnelly would be paid an amount equal to his Base Salary (as defined in the Amended Agreements) that would have been paid out to the executive up to the expiration date of the Amended Agreement, with a minimum payment of eighteen (18) months and a maximum payment of twenty-four (24) months of his Base Salary. In addition, Mr. Donnelly and his dependents shall be entitled to continued medical and dental insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), and the Bank will reimburse the COBRA premium payments for up to eighteen (18) months. In the event Mr. McCaffery's employment is terminated without Just Cause or for "good reason", Mr. McCaffery would be paid an amount equal to one times his Base Salary. These payments will be payable in one lump sum within ten (10) days of such termination. As a condition to receive these payments and benefits, the executive must execute a release of claims in favor of the Bank and its affiliates.

If a qualifying termination event occurs during the Protected Period (as defined in the Amended Agreements), following a change in control, Mr. Donnelly would be entitled to (in lieu of the payments and benefits described in the previous paragraph) a severance payment equal to three times the sum of (i) his highest annual rate of Base Salary at any time under the Amended Agreements, plus (ii) the average bonus paid to the executive with respect to the three completed fiscal years prior to the change in control. In addition, the executive would receive a lump sum payment equal to the cost of eighteen (18) months of COBRA continuation coverage for the executive and his dependents. If a qualifying termination event occurs during the Protected Period, following a change in control, Mr. McCaffery would be entitled to (in lieu of the payments described in the previous paragraph) a severance payment equal to (i) 200% of his Base Salary as of the date of the change in control, plus (ii) a pro rata payout under the Annual Cash Bonus Plan to be calculated for the plan year containing such change in control calculated for the number of days from January 1 of such plan year through the effective date of the change in control. These payments will be payable in one lump sum within ten (10) days of the qualifying termination.

Under the Amended Agreements, "good reason" generally includes: (i) a diminution in the executive's base salary; (ii) a diminution in the executive's authority, duties or responsibilities; (iii) the relocation of the executive's principal place of employment to a location that is more than thirty (30) miles from the employer's principal executive offices as of the date of the Amended Agreement; and (iv) a material breach of the Amended Agreement by the Bank or the Company, in each case subject to notice and a thirty (30) day cure period.

***Supplemental Executive Retirement Plan Agreements.*** On November 17, 2026, the Bank entered into a supplemental executive retirement plan agreement, effective as of November 17, 2026 (the "SERP"), with each of Messrs. Donnelly and McCaffery. Under the terms of the SERP, upon attaining age sixty-five (65) (age sixty-seven (67) for Mr. McCaffery), the Bank will pay the executive the monthly amount that is paid from the annuity contracts (as defined in the SERP), with such amount payable in monthly installments for the remainder of the life of the executive commencing on the first day of the month following the date the executive attains normal retirement age. The executive's right to the benefit shall vest 20% each year for five years, with the executive 100% vested after five years. If the executive terminates employment before normal retirement age, the Bank will pay the executive an amount from the annuity contracts computed by determining (i) the percentage of normal retirement benefit vested, multiplied by (ii) the normal retirement benefit. Such payments will continue for the remainder of the executive's life, commencing at the executive's normal retirement age. The

SERP also provides a benefit in the event of the executive's disability, death or upon the occurrence of a change in control, regardless of whether there is a qualifying termination of employment.

***Amended and Restated Salary Continuation Agreement.*** On November 17, 2026, the Bank entered into an amended and restated salary continuation agreement (the "Salary Continuation Agreement") with James O. Donnelly, President and Chief Executive Officer. The Salary Continuation Agreement, which was originally effective as of May 10, 2022, provides for payment of certain supplemental retirement benefits if Mr. Donnelly separates from service on or after attaining age 65 ("Normal Retirement Age"). The Salary Continuation Agreement provides that the annual benefit provided under the agreement would not be less than $125,000, the amount of which will be determined from an Annuity Contract (as defined in the Salary Continuation Agreement), payable in monthly installments for the life of Mr. Donnelly following his Separation from Service. Mr. Donnelly's right to the annual Normal Retirement Benefit (as defined in the Salary Continuation Agreement), will vest in equal installments over a period of nine (9) years commencing on June 1, 2022. Mr. Donnelly will become one-hundred percent (100%) vested in the Normal Retirement Benefit in the event of a Disability, Change in Control, death or when Mr. Donnelly attains Normal Retirement Age.

In the event Mr. Donnelly terminates employment prior to Normal Retirement Age, Mr. Donnelly will be entitled to an early termination benefit in an amount equal to the Normal Retirement Benefit, multiplied by his vested percentage as of the date of separation from service, payable commencing on the first day of the month following the month in which he attains Normal Retirement Age. If Mr. Donnelly becomes disabled, the annual benefit will not be less than $125,000 and will be paid in monthly installments for the life of Mr. Donnelly. These payments will commence on the first day of the month following the month in which he reaches Normal Retirement Age.

If a Change in Control occurs prior to Mr. Donnelly's Separation from Service, Disability, Normal Retirement Age or death, Mr. Donnelly will receive the Normal Retirement Benefit, the amount of which will be determined from an Annuity Contract, payable in monthly installments for the life of Mr. Donnelly commencing on the first day of the month following the month in which Mr. Donnelly attains Normal Retirement Age. If the Change in Control occurs after Normal Retirement Age, the payments will commence on the first day of the month following the Change in Control. If a Change in Control occurs after Mr. Donnelly has reached age sixty-seven (67), the annual benefit will not be less than $135,200, the amount of which will be determined from an Annuity Contract, payable in monthly installments for the life of Mr. Donnelly commencing on the first day of the first month following the Change in Control.

If Mr. Donnelly dies prior to Separation from Service, Disability or a Change in Control his beneficiary will receive an annual benefit of $125,000. If Mr. Donnelly dies after Normal Retirement Age, for each full month between Normal Retirement Age and the date of death, up to a maximum of twenty-four (24) months, the annual benefit will increase by .3274%. If Mr. Donnelly's death occurs after he has reached age sixty-seven (67) the annual benefit will be $135,200. The annual benefit will be paid for fifteen (15) years in equal monthly installments commencing the month following Mr. Donnelly's death. If Mr. Donnelly dies while receiving payments but before receiving one hundred and eighty (180) monthly payments, his beneficiary will receive monthly payments until a total of one hundred and eighty (180) monthly payments have been made. If Mr. Donnelly dies after receiving one hundred and eighty (180) monthly payments, his beneficiary will not receive any payments. If Mr. Donnelly dies after a Separation from Service or Change in Control but before Normal Retirement Age, his beneficiary will receive the monthly benefit payments that would have been paid had Mr. Donnelly survived, commencing the month following his death. The annual benefit will be paid for fifteen (15) years in equal monthly installments.

The foregoing descriptions of the Amended Agreements, the SERPs and the Salary Continuation Agreement do not purport to be complete and they are qualified in their entirety by reference to copies of the Amended Agreements, the SERPs and the Salary Continuation Agreement that are included as Exhibits 10.1, 10.2, 10.3, 10.4 and 10.5 to this Current Report on Form 8-K and incorporated by reference into this Item 5.02.

**Item 9.01** **Financial Statements and Exhibits**

(d) Exhibits:

| Exhibit No. | Description |
|---|---|
| 10.1 | Amended and Restated Employment Agreement by and among Wayne Bank, Norwood Financial Corp and James O. Donnelly, dated November 17, 2026 |
| 10.2 | Amended and Restated Employment Agreement by and among Wayne Bank, Norwood Financial Corp and John M. McCaffery, dated November 17, 2026 |
| 10.3 | Supplemental Executive Retirement Plan Agreement by and between Wayne Bank and James O. Donnelly, dated November 17, 2026 |
| 10.4 | Supplemental Executive Retirement Plan Agreement by and between Wayne Bank and John M. McCaffery, dated November 17, 2026 |
| 10.5 | Amended and Restated Salary Continuation Agreement by and between Wayne Bank and James O. Donnelly, dated November 17, 2026. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**NORWOOD FINANCIAL CORP**

DATE: November 23, 2026

By: /s/ John M. McCaffery
John M. McCaffery
Executive Vice President and Chief Financial Officer
(Duly Authorized Representative)

**AMENDED AND RESTATED**
**EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of this 17th day of November, 2026 (the "Effective Date"), by and among James O. Donnelly (the "Executive"), Wayne Bank (the "Bank"), and Norwood Financial Corp (the "Company"). Any reference to the "Employer" shall mean both the Company and the Bank.

WHEREAS, the Executive is currently employed as President and Chief Executive Officer of the Employer pursuant to an employment agreement dated as of May 9, 2022 (the "Prior Agreement"); and

WHEREAS, the Employer and the Executive desire to amend and restate the Prior Agreement to make certain changes to the Prior Agreement as set forth herein.

NOW THEREFORE, in consideration of the covenants and the mutual agreements herein contained, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Defined Terms

When used anywhere in this Agreement, the following terms shall have the meaning set forth herein.

(a) "*Change in Control*" shall be deemed to occur on the earliest of any of the following events:

(i) Merger: The Bank or the Company merges into or consolidates with another corporation, or merges another corporation into the Company or the Bank, and as a result, less than a majority of the combined voting power of the resulting corporation immediately after the merger or consolidation is held by persons who were stockholders of the Company or the Bank or is otherwise eligible to vote for the election of directors for the Company or the Bank immediately before the merger or consolidation;

(ii) Acquisition of Significant Share Ownership: There is filed or required to be filed a report on Schedule 13D or another form or schedule (other than Schedule 13G) required under Section 13(d) or 14(d) of the Securities Exchange Act of 1934, if the schedule discloses that the filing person or persons acting in concert has or have become the beneficial owner of 25% or more of a class of the Bank's or the Company's voting securities, but this clause (ii) shall not apply to beneficial ownership of such voting securities held in a fiduciary capacity by an entity of which the Company directly or indirectly beneficially owns fifty percent (50%) or more of its outstanding voting securities;

(iii) Change in Board Composition: Individuals who constitute the Company's or the Bank's Board of Directors on the Effective Date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the Effective Date whose election was approved by a vote of at least two-thirds of the directors comprising the Incumbent

Board shall be considered, for purposes of this clause (iii), as though he or she was a member of the Incumbent Board; or

(iv) Sale of Assets: The Bank and/or the Company sells to a third party all or substantially all of its, or their, assets.

The definition of Change in Control shall be construed to be consistent with the requirements of Section 409A of the Code and Treasury Regulations promulgated thereunder.

(b) "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time, and as interpreted through applicable rulings and regulations in effect from time to time.

(c) "*Good Reason* "with respect to the Executive's Termination of Employment initiated by the Executive shall exist if, without Executive's express written consent, any of the following occur:

(i) a diminution in the Executive's Base Salary (as defined in Section 3 of this Agreement);

(ii) a diminution in the Executive's authority, duties, or responsibilities, including a requirement that Executive no longer serve as the President and Chief Executive Officer of the Employer and/or no longer continues to report directly to the Boards of Directors of the Employer; or

(iii) a relocation of Executive's principal place of employment to a location that is more than thirty (30) miles from the location of the Employer's principal executive offices as of the date of this Agreement; or

(iv) a material breach of this Agreement by the Bank or the Company, or any successor entities.

Notwithstanding the foregoing, a Termination of Employment shall be deemed to be for Good Reason hereunder only if (a) the Executive provides written notice to the Bank or the Company of the occurrence of one or more of the Good Reason conditions described herein within 90 days following the initial existence of such condition, (b) the Bank and/or the Company fails to cure such condition constituting Good Reason during the 30-day period immediately following its receipt of such notice (the "Cure Period"), and (c) the Executive thereafter terminates employment within 60 days following the conclusion of the Cure Period. In the event that the Bank and/or the Company shall remedy in good faith the event or condition constituting Good Reason during the Cure Period, then the Executive's notice of termination shall be null and void, and the Bank and the Company shall not be required to pay the amount that would otherwise be due to the Executive upon Termination of Employment for Good Reason under Sections 10(d)(1) or 13(b).

(e) "*Protected Period*" shall mean the period that begins on the date of the Change in Control and ends on the second annual anniversary of the Change in Control.

2. Employment and Duties.

(a) As of the Effective Date, ("Employment Date"), the Executive will continue to

be employed as the President and Chief Executive Officer of the Bank and of the Company. In each capacity, the Executive shall render such administrative and management services for the Bank and the Company as are currently rendered and as are customarily performed by persons situated in a similar executive capacity. The Executive shall also promote, by entertainment or otherwise, as and to the extent permitted by law, the business of the Bank and the Company. The Executive's other duties shall be such as the Boards of Directors of the Bank and the Company may from time to time reasonably direct, including normal duties as an officer of the Bank and the Company. The Executive's employment shall be for no definite period of time, and the Executive, on one hand, and the Company and/or the Bank, on the other hand, may terminate such employment relationship at any time for any reason or no reason. The at-will employment relationship shall remain in full force and effect regardless of any statements to the contrary made by Company or Bank personnel or set forth in any documents other than those explicitly made to the contrary and signed by an authorized representative of the Company and the Bank.

(b) Description of Job Duties: The Executive shall continue to serve as the President and Chief Executive Officer of the Bank and the Company, reporting only to the Board of Directors of the Bank and the Company; shall have supervision and control over, and responsibility for, the general management and operation of the Bank and the Company; and shall have such other powers and duties as may from time to time be prescribed by the Boards of Directors, provided that such duties are consistent with the Executive's position as the President and Chief Executive Officer in charge of the general management of the Bank and the Company.

3. Base Salary. The Bank agrees to pay the Executive during the term of this Agreement a salary at the rate of $665,500.16 per annum or such higher amount as may be determined from time to time ("Base Salary"), payable in cash installments not less frequently than monthly. The Board of Directors of the Bank shall review, not less often than annually, the Executive's Base Salary and may increase, but not decrease, it in its sole discretion. The Company hereby agrees that it shall be jointly and severally liable with the Bank for the payment of all amounts due under this Agreement.

4. Incentive Compensation. The Executive shall participate in an equitable manner with all other senior management employees of the Bank and the Company in discretionary incentive compensation that the Boards of Directors of the Bank and the Company may award from time to time to their senior management employees, including:

(i) *Annual Incentive Plan*. Executive shall be entitled to equitable participation in incentive compensation and bonuses in any plan or arrangement of the Bank or the Company in which Executive is eligible to participate. Nothing paid to Executive under any such plan or arrangement will be deemed to be in lieu of other compensation to which Executive is entitled under this Agreement.

(ii) *Equity Awards*. Executive shall be entitled to equitable participation in grants of stock options and/or restricted stock award in any plan or arrangement of the Bank or the Company in which Executive is eligible to participate. Nothing paid to Executive under any such plan or arrangement will be deemed to be in lieu of other compensation to which Executive is entitled under this Agreement.

5. Participation in Retirement, Medical and Other Plans.

(a) Employee Benefits. The Bank shall provide Executive with employee benefit plans, arrangements and perquisites substantially equivalent to those in which Executive was participating or from which Executive was deriving benefit immediately prior to the commencement of the term of this Agreement, and the Bank shall not, without Executive's prior written consent, make any changes in such plans, arrangements or perquisites that would adversely affect Executive's rights or benefits thereunder, except as to any changes that are applicable to all participating employees. Without limiting the generality of the foregoing provisions of this Section 5(a), Executive will be entitled to participate in and receive benefits under any employee benefit plans including, but not limited to, retirement plans, supplemental retirement plans, pension plans, profit-sharing plans, health-and-accident insurance plans, medical coverage or any other employee benefit plan or arrangement made available by the Bank and/or the Company in the future to its senior executives, including any stock benefit plans, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

(b) SERP. The Bank agrees to maintain the amended and restated salary continuation agreement, originally effective as of May 10, 2022, and amended and restated as of November 17, 2026, entered into by and between Wayne Bank and the Executive ("SERP") pursuant to the terms of the SERP and to maintain the supplemental executive retirement plan agreement, dated as of November 17, 2026, entered into by and between Wayne Bank and the Executive ("Second SERP") pursuant to the terms of the Second SERP.

(c) Expense Reimbursements. The Bank shall also pay or reimburse Executive for all reasonable travel, entertainment and other reasonable expenses incurred by Executive during the course of performing his obligations under this Agreement, including, without limitation, fees for memberships in such clubs and organizations as Executive and the Board shall mutually agree are necessary and appropriate in connection with the performance of his duties under this Agreement, upon presentation to the Bank of an itemized account of such expenses in such form as the Bank may reasonably require, provided that such payment or reimbursement shall be made as soon as practicable but in no event later than March 15 of the year following the year in which such right to such payment or reimbursement occurred. Additionally, the Executive shall be entitled to:

(i) *Banking Industry Functions*. The Executive may devote reasonable time attending seminars and meetings sponsored by the Pennsylvania Bankers Association, the American Bankers Association and other banking or educational organizations at the expense of the Bank.

(ii) *Club Membership*. The Bank shall provide the Executive with application fees, bond costs and annual dues in connection with his membership at a local golfing and country club and such other private clubs, social, civic and community organizations that the Board of Directors of the Bank may reasonably determine during the term of employment hereunder.

(iii) *Automobile*. The Executive shall be provided with the use of an appropriate, executive quality automobile with insurance, maintenance, fuel and all fees and costs paid by the Bank. Said car to be replaced upon the sooner of three (3) years, 45,000 miles or projected excessive maintenance costs.

(iv) *Other Perquisites and Benefits*. The Executive shall be entitled to receive such other perquisites and fringe benefits as the Board of Directors of the Bank

reasonably deems appropriate in its sole discretion, including use of a company issued personal laptop computer and cell phone.

6. Term.

The Bank and the Company hereby employ the Executive, and the Executive hereby accepts such employment under this Agreement, for the period commencing on the Effective Date and ending thirty-six (36) months thereafter ("Term") (or such earlier date as is determined in accordance with Sections 10 or 12). On each annual anniversary date of the Effective Date (a "Renewal Date"), this Agreement shall automatically be extended for an additional 12 months, so that the remaining Term is always between twenty-four (24) to thirty-six (36) months, unless either party has, at least ninety (90) days prior to a Renewal Date, provided the other party with written notice that this Agreement shall not be extended. In such event, this Agreement will expire at the end of its then current term. Reference to the Term shall include the initial Term and as extended pursuant to this Section 6.

7. Loyalty; Noncompetition; Nondisclosure.

(a) *Loyalty*. During the period of his employment hereunder and except for periods of illnesses, reasonable vacation periods, and reasonable leaves of absence, the Executive shall devote substantially all his full business time, attention, skill, and efforts to the faithful performance of his duties hereunder; provided, however, from time to time, Executive may serve on the boards of directors of, and hold any other offices or positions in, companies or organizations, which will not present any conflict of interest with the Bank, the Company or any of their subsidiaries or affiliates or unfavorably affect the performance of Executive's duties pursuant to this Agreement, or will not violate any applicable statute or regulation. "Full business time" is hereby defined as that amount of time usually devoted to like companies by similarly situated executive officers. Except with the prior written approval of the Board of Directors of the Bank, the Executive shall not engage in any other business or commercial activities, duties or pursuits, during the term of this Agreement. Under no circumstances may the Executive engage in any business or commercial activities, duties or pursuits which compete with the business or commercial activities of the Bank or the Company, nor may the Executive serve as a director or officer or in any other capacity in a company or financial institution which competes with the Bank or the Company. Investments and personal activities not resulting in material compensation or a conflict of interest with the Bank or the Company shall not be deemed a breach of the restrictions of this paragraph. Participation in trade associations, charitable, civil or similar not-for-profit or philanthropic organizations, including service as an officer, trustee or director, shall not be deemed a breach of this Agreement, but the total amount of time spent by the Executive in such activities during normal working hours may be periodically reviewed by the Board of Directors of the Bank.

(b) *Noncompetition and Non-Solicitation*. The parties hereto agree as follows:

(i) if the Executive terminates his employment other than for Good Reason or if the Bank or the Company shall terminate the Executive's employment for Just Cause (as hereinafter defined, then for a period of one (1) year following the Executive's Termination of Employment ("Non-Compete Period"), the Executive shall not, without the prior written consent of the Bank, the Company or any successors thereto (collectively, the "Companies"), directly or indirectly, whether or not for compensation, engage or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing,

or control of, be employed by, associated with, or in any manner connected with, lend Executive's name or any similar name to, lend Executive's credit to, or render services or advice to, any business, including a savings bank, savings and loan association, savings and loan holding company, bank, bank holding company, mortgage company, credit union or similar type financial institution (including, without limitation, a de novo financial institution in its organizational phase), or any direct or indirect subsidiary or affiliate of such entity, whose products or activities compete or would compete in whole or in part with the products, services or activities of the Company or its subsidiaries in the market areas of the Commonwealth of Pennsylvania within the counties of Lackawanna, Luzerne, Monroe, Pike and Wayne, or within the State of New York within the counties of Delaware, Sullivan, Ontario, Otsego and Yates, or any future market areas of the Bank or the Company (defined as the geographic area within fifty (50) miles of any newly established branch office or loan production office opened during the period of Executive's employment) (the "Non-Compete Area"). The Executive agrees that this covenant and restriction is reasonable with respect to its duration, geographical area, and scope. For purposes of clarity, the Non-Compete Period will not apply if the Executive terminates his employment for Good Reason or if the Employer terminates the Executive's employment without Just Cause.

(ii) for a period of one (1) year following the Executive's Termination of Employment ("Non-Solicitation Period"), the Executive will not, directly or indirectly, either for himself or any other Person (as defined herein), (A) induce or attempt to induce any employee of the Company or its subsidiaries to leave the employ of the Company or its subsidiaries, (B) in any way interfere with the relationship between the Company or its subsidiaries and any employee of the Company or its subsidiaries, (C) employ, or otherwise engage as an employee, independent contractor, or otherwise, any employee of the Company or its subsidiaries, or (D) induce or attempt to induce any customer, supplier, licensee, or business relation of the Company or its subsidiaries to cease doing business with the Company or its subsidiaries, or in any way interfere with the relationship between any customer, supplier, licensee, or business relation of the Company or its subsidiaries. During the Non-Solicitation Period, the Executive will not, directly or indirectly, either for himself or any other Person, solicit the business of any Person known to the Executive to be a customer of the Company or its subsidiaries, whether or not the Executive had personal contact with such Person, with respect to products or activities which compete in whole or in part with the products or activities of the Company or its subsidiaries. For purposes of this Agreement, "Person" shall include an individual, trust, estate, corporation, limited liability company, savings bank, savings and loan association, savings and loan holding company, bank, bank holding company, mortgage company, credit union or similar type financial institution, including, without limitation, a de novo financial institution in its organizational phase.

(iii) The parties hereto, recognize that irreparable injury will result to the Companies and their business and property in the event of the Executive's breach of this Section 7(b) of the Agreement. Therefore, in the event of any alleged breach of the provisions of this Section 7(b) asserted by the Companies, the Executive hereby consents to an injunction in favor of the Companies, in addition to any other remedies and damages available, to restrain the violation hereof by the Executive, the

Executive's partners, agents, servants, employers, employees and all persons acting for or with the Executive. The Executive represents and admits that the Executive's experience and capabilities are such that the Executive can obtain employment in a business engaged in other industries and/or of a different nature than the Companies, and that the enforcement of a remedy by way of injunction will not prevent the Executive from earning a livelihood. Nothing herein will be construed as prohibiting the Companies from pursuing any other remedies available to the Companies for such breach or threatened breach, including the recovery of damages from the Executive.

(c) *Unauthorized Disclosure; Confidentiality*. Except as required by law, at no time during the period of his employment hereunder and thereafter, shall the Executive, without the written consent of the Boards of Directors of the Bank or the Company, or a person authorized thereby, knowingly disclose to any person, other than an employee of the Bank or the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of his duties as an executive of the Bank or the Company, any material confidential information obtained by him while in the employ of the Bank or the Company with respect to any of the Bank's or the Company's services, products, improvements, formulas, designs or styles, processes, customers, methods of distribution of any business practices the disclosure of which he knows will be materially damaging to the Bank or the Company; provided, however, that confidential information shall not include any information known generally to the public (other than as a result of unauthorized disclosure by the Executive) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Bank and the Company.

(d) Nothing contained in this Section 7 shall be deemed to prevent or limit the Executive's right to invest in the capital stock or other securities of (i) any business dissimilar from that of the Bank or the Company; or (ii) any other business if the Executive does not acquire an ownership interest of more than 5% in such business; provided that the Executive shall make full disclosure to the Company's Board of Directors of such ownership interests referenced at subparagraph d(ii) in advance of acquiring such interest.

(e) The provisions of this Section 7 shall survive the expiration or termination of this Agreement.

8. Standards. The Executive shall perform his duties under this Agreement in accordance with such reasonable standards as the Boards of Directors of the Bank and the Company may establish from time to time. The Bank and the Company will provide Executive with the working facilities and staff customary for similar executives and necessary for him to perform his duties. Without limiting the foregoing, the Bank and the Company shall make reasonable accommodations for the Executive to perform some of his services remotely (including working from home) to the extent that remote performance does not compromise Executive's ability to fulfill his obligations hereunder.

9. Paid Leave. The Executive shall be entitled to annual paid-time-off (PTO) leave in accordance with the policies that the Board periodically establishes for senior management employees of the Bank. In addition, the Executive shall be entitled to an annual sick leave benefit as established by the Board of Directors of the Bank.

10. Termination and Termination Pay. Subject to Section 13 hereof, the Executive's employment hereunder may be terminated under the following circumstances:

(a) *Death*. The Executive's employment under this Agreement shall terminate upon his death during the term of this Agreement, in which event the Executive's estate shall be entitled to receive the compensation due the Executive through the last day of the calendar month in which his death occurred.

(b) *Disability*. The Bank and the Company may terminate the Executive's employment due to Disability. "Disability" shall mean termination because of any permanent and total physical or mental impairment that restricts Executive from performing all, or substantially all, of the essential functions of the Executive's job duties and responsibilities. Such termination shall be without prejudice to any right the Executive may have to receive benefits under any short-term or long-term disability insurance plan maintained by the Bank or the Company.

(c) *Just Cause*. The Boards of Directors of the Bank or the Company may, acting in good faith, determine to terminate the Executive's employment for Just Cause at any time by furnishing written notice to the Executive. The Executive shall have no right to receive compensation or other benefits for any period after termination for Just Cause under this Agreement. Termination of employment for "Just Cause" by the Board of Directors of the Bank or the Company shall include termination upon:

(1) the Executive's conviction (including by a plea of guilty, no contest, or nolo contendere) of any felony;

(2) if the Executive shall have engaged in conduct involving fraud, deceit, personal dishonesty, breach of fiduciary duty or illegal conduct in his business or personal matters which, in the good faith and reasonable judgment of the Boards of Directors, has materially and adversely affected, or may materially and adversely affect, the business or reputation of the Company or the Bank;

(3) the Executive's willful failure to adequately perform his duties and responsibilities to the Bank or the Company, including material compliance with policies and procedures of the Bank or the Company, which failure continues after the Bank or the Company has provided to the Executive written notice of the failure;

(4) if the Executive shall have violated any banking law or regulation, memorandum of understanding, cease and desist order, or other agreement with any banking agency having jurisdiction over the Bank or the Company which, in the good faith and reasonable judgment of the Boards of Directors, has materially and adversely affected, or may materially and adversely affect, the business or reputation of the Company or the Bank;

(5) any misconduct by the Executive, that constitutes fraud, embezzlement or material dishonesty with respect to the Bank or the Company;

(6) any government banking regulatory agency's formal recommendation or order that the Bank or the Company terminate the employment of the Executive or relieve him of his duties;

(7) the Executive's willful failure to comply with any valid and legal directive of the Board of Directors of the Bank or the Company which (i) has a material adverse impact on the operations or causes substantial harm to the Bank or

the Company, and (ii) continues thirty (30) days after the Bank or the Company has provided to the Executive written notice of the failure;

(8) any gross negligence in the performance of his duties hereunder or material breach of this Agreement by the Executive which (i) has a material adverse impact on the operations or causes substantial harm to the Bank or the Company, and

(ii) continues thirty (30) days after the Bank or the Company has provided to the Executive written notice of the gross negligence or breach; or

(9) if the Executive shall have filed, or had filed against him, any petition under the federal bankruptcy laws or any state insolvency laws.

No act, or failure to act, on the Executive's part shall be considered "willful" unless he has acted, or failed to act, with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Bank and the Company.

The Bank or the Company may terminate the Executive's employment for Just Cause without notice and opportunity to cure upon receipt of a final written directive or order of any governmental body or entity having jurisdiction over the Bank or the Company requiring termination or removal of the Executive from the positions referenced in Section 2 of this Agreement.

(d) *Payments to Executive Upon a Termination of Employment Without Just Cause or for Good Reason*.

The Boards of Directors of the Bank or the Company may, by written notice to the Executive, terminate the Executive's employment at any time. Termination of employment of the Executive by one entity, whether by the Bank or the Company, shall also constitute simultaneous termination of employment by the other entity.

(1) In the event of the involuntary termination of employment of the Executive by the Boards of Directors of the Bank or the Company without Just Cause or the Executive's voluntary termination of employment for Good Reason (together, a "Qualifying Termination"), the Executive shall be entitled to receive the following compensation and benefits:

(i) a lump sum payment equal to the Base Salary that would have been paid to the Executive up to the date of expiration of the remaining term of this Agreement, subject to a minimum of eighteen (18) months of Base Salary and a maximum of twenty-four (24) months of Base Salary (the "Severance Period"), and

(ii) reimbursement to the Executive for the expense of maintaining in effect the medical and dental insurance coverages available to the Executive and his dependents in accordance with Section 4980B of the Code (commonly referred to as "COBRA") during such Severance Period, but in no event for a period exceeding eighteen months. All amounts payable to the Executive in accordance with Section 10(d)(i) shall be paid in one lump sum within ten (10) days of such termination of employment.

(iii) Notwithstanding the foregoing, Executive shall not be entitled to any

payments or benefits under this Section 10(d) unless and until Executive executes a general release of claims to be provided by the Employer (the "Release"), against the Bank and any affiliate, and their officers, directors, successors and assigns, releasing said persons from any and all claims, rights, demands, causes of action, suits, arbitrations or grievances relating to the employment relationship, including claims under the Age Discrimination in Employment Act ("ADEA"), but not including claims for benefits under tax-qualified plans or other benefit plans in which Executive is vested, claims for benefits required by applicable law or claims with respect to obligations set forth in this Agreement that survive the termination of this Agreement.

Notwithstanding anything herein to the contrary, in the event of a Qualifying Termination during the Protected Period, severance benefits will be determined in accordance with Section 13 hereinafter.

(e) *Termination or Suspension Under Federal Law*.

(1) If the Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Sections 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act ("FDIA") (12 U.S.C. 1818(e)(4) and (g)(1)), all obligations of the Bank and the Company under this Agreement shall terminate, as of the effective date of the order, but vested rights of the parties shall not be affected.

(2) If the Bank is in default (as defined in Section 3(x)(1) of FDIA), all obligations of the Bank and the Company under this Agreement shall terminate as of the date of default; however, this paragraph shall not affect the vested rights of the parties.

(f) *Voluntary Termination by Executive*. Subject to Section 13(a) hereof, the Executive may voluntarily terminate employment with the Bank and the Company during the Term, upon at least sixty (60) days' prior written notice to the Board of Directors, in which case the Executive shall receive only his compensation, vested rights and employee benefits up to the date of his termination of employment.

11. Service as a Director. During the Executive's employment, the Board of Directors of the Bank will appoint and re-appoint the Executive to serve as a member of the Board of Directors of the Bank, and the Company, as the sole stockholder of the Bank will vote in favor of the Executive as a nominee for Director of the Bank. The Executive will not receive any additional compensation for service as a director of any corporate entity during such time that the Executive is also an employee of the Bank or the Company. The Executive hereby agrees that upon his Termination of Employment with the Bank or the Company for any reason, this Agreement shall be deemed to constitute the Executive's letter of resignation as of such date of Termination of Employment as a member of the Boards of Directors of the Bank, the Company, if applicable, and any other affiliated entities for which Executive is serving as a member of the board of directors effective immediately. The Company intends to appoint the Executive to serve as a member of the Board of Directors of the Company at its next meeting following the Effective Date and to support the nomination and re-nomination of the Executive for successive terms of office, subject to a vote of stockholders at future Annual Meetings of Stockholders of the Company.

12. *No Mitigation*. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to the Executive in any subsequent employment.

13. Change in Control Severance Payments.

(a) *Trigger Events*. In lieu of the severance benefits provided under Section 10(d), the Executive shall be entitled to collect the severance benefits set forth in Section 13(b) hereof in the event of a Qualifying Termination during the Protected Period.

(b) *Amount of Severance Benefit*. If the Executive becomes entitled to collect severance benefits pursuant to Section 13(a) hereof, the Bank shall pay the Executive:

(i) a severance benefit equal to three times the sum of (i) Executive's highest annual rate of Base Salary paid to Executive at any time under this Agreement, plus (ii) the average bonus paid to Executive with respect to the three completed fiscal years prior to the Change in Control, and

(ii) a lump sum payment equal to the cost of COBRA continuation for the coverage for the Executive and his dependents in effect as of the date of such termination of employment for a period of eighteen (18) months.

Subject to Section 21 hereof, said sum shall be paid in one lump sum within ten (10) days following the date of the Qualifying Termination.

14. Indemnification. Except as may be limited in accordance with Section 22 herein, the Bank and the Company shall provide the Executive (including his heirs, executors and administrators) with coverage under a standard directors' and officers' liability insurance policy at its expense and shall indemnify the Executive (and his heirs, executors and administrators) to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of him having been an officer, director or employee of the Bank and/or the Company (whether or not he continues to be an officer, director or employee at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs, attorneys' fees and the cost of reasonable settlements.

15. Additional Offices. The Executive agrees to serve without additional compensation, if elected or appointed thereto, as an officer in one or more offices or as a director of any subsidiary of the Company or the Bank; provided, however, the Executive shall not be required to serve in such additional offices or as a director of any subsidiary, if such service would expose him, as an individual, to adverse financial conditions.

16. Reimbursement of Executive for Enforcement Proceedings. In the event that any dispute arises between the Executive and the Bank or the Company as to the terms or interpretation of this Agreement, whether instituted by formal legal proceedings or otherwise, including any action that the Executive takes to defend against any action taken by the Bank or the Company, the Executive shall be reimbursed for all costs and expenses, including reasonable attorneys' fees, arising from such dispute, proceedings or actions, provided that the Executive obtains either a written settlement or a final judgment by a court of competent jurisdiction in his favor. Such reimbursement shall be paid within ten (10) days of Executive's furnishing to the Bank written evidence, which may be in the form, among other things, of a canceled check or receipt, of any costs or expenses incurred by the Executive.

17. Federal Income Tax Withholding. The Bank and the Company may withhold all federal and state income or other taxes from any benefit payable under this Agreement as shall be required pursuant to any law or government regulation or ruling.

18. Successors and Assigns.

(a) *Bank and Company*. This Agreement shall not be assignable by the Bank and the Company, provided that this Agreement shall inure to the benefit of and be binding upon any corporate or other successor of the Bank and the Company which shall acquire, directly or indirectly, by merger, consolidation, purchase or otherwise, all or substantially all of the assets or stock of the Bank.

(b) *Executive*. Since the Bank and the Company are contracting for the unique and personal skills of the Executive, the Executive shall be precluded from assigning or delegating his rights or duties hereunder without first obtaining the written consent of the Bank and the Company; provided, however, that nothing in this paragraph shall preclude (i) the Executive from designating a beneficiary to receive any benefit payable hereunder upon his death, or (ii) the executors, administrators, or other legal representatives of the Executive or his estate from assigning any rights hereunder to the person or persons entitled thereunto.

(c) *Attachment*. Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or to exclusion, attachment, levy or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

19. Amendments. No amendments or additions to this Agreement shall be binding unless made in writing and signed by all of the parties, except as herein otherwise specifically provided.

20. Applicable Law. Except to the extent preempted by Federal law, the laws of the Commonwealth of Pennsylvania shall govern this Agreement in all respects, whether as to its validity, construction, capacity, performance or otherwise.

21. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

22. Tax Liabilities and Code Section 409A. The Executive is solely responsible for the satisfaction of any tax liability, including any taxes and penalties that may arise under Sections 409A ("Section 409A") or 4999 of the Code, that may result from any payments or benefits that the Executive receives pursuant to this Agreement. Any such payments or benefits shall be subject to reduction for any applicable employment or withholding taxes. Neither the Bank nor the Company shall have any obligation to pay, mitigate, or protect the Executive from any such tax liabilities. However, if the Bank or the Company determines in good faith in either of their sole discretion that the Executive is a key employee of a public company as defined in Section 416(i) of the Code (disregarding Section 416(i)(5)) at the time of his termination of employment, the Bank and the Company shall suspend paying the Executive any cash amounts that he is entitled to receive pursuant to Sections 6, 10, or 12 above during the six-month period following termination of the Executive's employment (the "409A Suspension Period"), unless the Bank and the Company reasonably determine

that paying such amounts in accordance with Sections 6, 10, or 12 will not result in the Executive's liability for additional tax under Section 409A. As soon as reasonably practical after the end of the 409A Suspension Period, the Executive shall receive a lump sum payment in cash for an amount equal to any cash payments that the Bank and the Company do not make during the 409A Suspension Period. Thereafter, the Executive will receive any remaining payments pursuant to Sections 6, 10 or 12 in accordance with the terms of those Sections (as if there had not been any suspension of payments).

23. Regulatory Exclusions.

(a) Notwithstanding anything herein to the contrary, any payments made or to be made to the Executive pursuant to the Agreement, or otherwise, shall be subject to and conditioned upon compliance with 12 USC Section 1828(k) and FDIC Regulation 12 CFR Part 359, Golden Parachute Indemnification Payments promulgated thereunder, to the extent such laws and regulations are applicable to the Company and the Bank.

(b) Section 280G

(i) Notwithstanding anything in this Agreement to the contrary, if Executive's employment is terminated on or following a Change in Control, the Non-Compete Period set forth in Section 7(b)(i) of this Agreement shall apply for the period of time mutually agreed to by Executive and the Employer, provided that in no event shall the time period be less than six months or more than two years. The Employer and Executive hereby recognize that: (i) the non-competition restriction under Section 7(b)(i) has value, and (ii) the value is intended to be recognized in any calculations the Employer and Executive perform with respect to determining the affect, if any, of the parachute payment provisions of Section 280G of the Code ("Section 280G"), by allocating a portion of any payments, benefits or distributions in the nature of compensation (within the meaning of Section 280G(b)(2)), including the payments under Section 13(b) of this Agreement, to the fair value of the non-competition restriction and non-interference restriction under Section 12(b) of this Agreement (the "Appraised Value"). The Employer, at the Employer's expense, shall obtain an independent appraisal to determine the Appraised Value after entering into an agreement, that if completed, would constitute a Change in Control. The parties intend that the Appraised Value be considered reasonable compensation for post-change in control services within the meaning of Q&A-40 of the regulations promulgated under Section 280G; and accordingly, the value of any aggregate parachute payments, as defined in Section 280G and for the purpose of determining the extent to which Section 280G applies, be reduced by the Appraised Value.

(ii) After taking into account the Appraised Value, as applicable, if any payment or distribution by the Employer to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement or the lapse or termination of any restriction on or the vesting or exercisability of any payment or benefit (each a "280G Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law (such tax or taxes are hereafter collectively referred to as the "Excise Tax"), then the aggregate amount of 280G Payments payable to Executive shall be reduced to the aggregate amount of 280G Payments that may be made to Executive without incurring an excise tax (the

"Safe-Harbor Amount") in accordance with the immediately following sentence; provided that such reduction shall only be imposed if the aggregate after-tax value of the 280G Payments retained by Executive (after giving effect to such reduction) is equal to or greater than the aggregate after-tax value (after giving effect to the Excise Tax) of the 280G Payments to Executive without any such reduction. Any such reduction shall be made in the following order: first, by reduction of cash payments; second, by cancellation of accelerated vesting of equity awards; and third, by reduction of other benefits payable to Executive, in each case, in reverse chronological order, beginning with payments or benefits that are to be paid latest.

(iii) All determinations required to be made under this Section 23(b) shall be made by a firm with appropriate expertise (the "Firm"), selected by the Employer. Such determinations shall be final and binding on all of the parties hereto. The Employer shall be responsible for all fees and expenses incurred by the Firm under this Section 23(b). The Employer and Executive shall provide the Firm with all information or documents it reasonably requests. If it is determined that any of the 280G Payments should be reduced as a result of the Section 280G calculations performed by the Firm, the Employer shall promptly give (or cause the Firm to give) Executive notice to that effect (and a copy of the detailed calculations thereof). All determinations made under this Section 23(b) shall be made as soon as reasonably practicable and in no event later than ten (10) days prior to the date of termination.

24. Entire Agreement. This Agreement, together with any modifications hereafter as agreed to in writing by the parties, shall constitute the entire agreement between the parties hereto with respect to the terms and conditions of employment of the Executive with the Bank and the Company, and supersede the Prior Agreement in its entirety.

25. Required Provisions.

(a) Notwithstanding anything else in this Agreement to the contrary, Executive's employment shall not be deemed to have been terminated unless and until Executive has a Separation from Service within the meaning of Code Section 409A. For purposes of this Agreement, a "Separation from Service" shall have occurred if the Bank and Executive reasonably anticipate that either no further services will be performed by Executive after the date of termination (whether as an employee or as an independent contractor) or the level of further services performed is less than 50 percent of the average level of bona fide services in the 36 months immediately preceding the termination. For all purposes hereunder, the definition of Separation from Service shall be interpreted consistent with Treasury Regulation Section 1.409A-1(h)(ii). Notwithstanding the foregoing, this Section 25(a) shall not apply in the event of the Executive's termination for Cause.

(b) Notwithstanding the foregoing, if Executive is a "specified employee" (i.e., a "key employee" of a publicly traded company within the meaning of Section 409A of the Code and the final regulations issued thereunder) and any payment under this Agreement is triggered due to Executive's Separation from Service, then solely to the extent necessary to avoid penalties under Section 409A of the Code, no payment shall be made during the first six (6) months following Executive's Separation from Service. Rather, any payment which would otherwise be paid to Executive during such period shall be accumulated and paid to Executive in a lump sum on the first day of the seventh month following such Separation from Service. All subsequent payments shall be paid in the manner specified in this

Agreement.

(c) To the extent not specifically provided in this Agreement, any compensation or reimbursements payable to Executive shall be paid or provided no later than two and one-half (2.5) months after the calendar year in which such compensation is no longer subject to a substantial risk of forfeiture within the meaning of Treasury Regulation Section 1.409A-1(d).

(d) Notwithstanding anything in this Agreement to the contrary, Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies") about a possible securities law violation without approval of the Bank (or any affiliate). Executive further understands that this Agreement does not limit Executive's ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Bank (or any affiliate) related to the possible securities law violation. This Agreement does not limit Executive's right to receive any resulting monetary award for information provided to any Government Agency.

(e) Clawback. Notwithstanding any other provision of this Agreement to the contrary, any incentive-based compensation or other compensation paid to the Executive pursuant to this Agreement or any other agreement or arrangement with the Employer shall be subject to clawback, forfeiture, or recoupment pursuant to any clawback or recoupment policy adopted by the Company, including any policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, or as otherwise required by applicable law or stock exchange listing standards.

IN Wl1NESS WHEREOF, the parties have executed this Agreement on the date first above written.

ATTEST:
Mackenzie L. Jackson
Secretary

By:

WAYNE BANK
Its: Chair of the Compensation Committee

Mackenzie L. Jackson
Secretary

By:

NORWOOD FINANCIAL CORP
Its: Chair of the Compensation Committee

WITNESS:

EXECUTIVE
James O. Donnelly

**AMENDED AND RESTATED**

**EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of this 17th day of November, 2026 (the "Effective Date"), b among John M. McCaffery (the "Executive"), Wayne Bank (the "Bank"), and Norwood Financial Corp (the "Company"). Any reference to the "Employer" shall mean both the Company and the Bank.

WHEREAS, the Executive is currently employed as Executive Vice President and Chief Financial Officer of the Employer pursuant to an employment agreement dated as of June 24, 2024 (the "Prior Agreement"); and

WHEREAS, the Employer and the Executive desire to amend and restate the Prior Agreement to make certain changes to the Prior Agreement as set forth herein.

NOW THEREFORE, in consideration of the covenants and the mutual agreements herein contained, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Defined Terms - When used anywhere in this Agreement, the following terms shall have the meaning set forth herein.

(a) "Change in Control" shall be deemed to occur on the earliest of any of the following events:

(i) Merger: The Bank or the Company merges into or consolidates with another corporation, or merges another corporation into the Company or the Bank, and as a result, less than a majority of the combined voting power of the resulting corporation immediately after the merger or consolidation is held by persons who were stockholders of the Company or the Bank or is otherwise eligible to vote for the election of directors for the Company or the Bank immediately before the merger or consolidation;

(ii) Acquisition of Significant Share Ownership: There is filed or required to be filed a report on Schedule 13D or another form or schedule (other than Schedule 13G) required under Section 13(d) or 14(d) of the Securities Exchange Act of 1934, if the schedule discloses that the filing person or persons acting in concert has or have become the beneficial owner of 25% or more of a class of the Bank's or the Company's voting securities, but this clause (ii) shall not apply to beneficial ownership of such voting securities held in a fiduciary capacity by an entity of which the Company directly or indirectly beneficially owns fifty percent (50%) or more of its outstanding voting securities;

(iii) Change in Board Composition: Individuals who constitute the Company's or the Bank's Board of Directors on the Effective Date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the Effective Date whose election was approved by a vote of at least two-thirds of the directors

comprising the Incumbent Board shall be considered, for purposes of this clause (ii), as though he or she was a member of the Incumbent Board; or

(iv) Sale of Assets: The Bank and/or the Company sells to a third party all or substantially all of its, or their, assets.

The definition of Change in Control shall be construed to be consistent with the requirements of Section 409A of the Code and Treasury Regulations promulgated thereunder.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and as interpreted through applicable rulings and regulations in effect from time to time.

(c) "Good Reason" with respect to the Executive's Termination of Employment initiated by the Executive shall exist if, without Executive's express written consent, any of the following occur:

(i) a diminution in the Executive's Base Salary (as defined in Section 3 of this Agreement);

(ii) a diminution in the Executive's authority, duties, or responsibilities, including a requirement that Executive no longer serve as the Executive Vice President and Chief Financial Officer of the Employer and/or no longer continues to report directly to the President and Chief Executive Officer of the Employer; or

(iii) a relocation of Executive's principal place of employment to a location that is more than thirty (30) miles from the location of the Employer's principal executive offices as of the date of this Agreement; or

(iv) a material breach of this Agreement by the Bank or the Company, or any successor entities.

Notwithstanding the foregoing, a Termination of Employment shall be deemed to be for Good Reason hereunder only if (a) the Executive provides written notice to the Bank or the Company of the occurrence of one or more of the Good Reason conditions described herein within 90 days following the initial existence of such condition, (b) the Bank and/or the Company fails to cure such condition constituting Good Reason during the 30-day period immediately following its receipt of such notice (the "Cure Period"), and (c) the Executive thereafter terminates employment within 60 days following the conclusion of the Cure Period. In the event that the Bank and/or the Company shall remedy in good faith the event or condition constituting Good Reason during the Cure Period, then the Executive's notice of termination shall be null and void, and the Bank and the Company shall not be required to pay the amount that would otherwise be due to the Executive upon Termination of Employment for Good Reason under Sections 10(d)(1) or 13(b).

(e) "Protected Period" shall mean the period that begins on the effective date of the Change in Control and ends on the second annual anniversary of the Change in Control.

2. Employment and Duties.

(a) As of the Effective Date or such other date agreed to by the parties ("Employment Date"), the Executive will continue to be employed as the Executive Vice President and Chief Financial Officer of the Bank and of the Company. In each capacity, the Executive shall render such administrative and management services for the Bank and the Company as are currently rendered and as are customarily performed by persons situated in a similar executive capacity. The Executive shall also promote, by entertainment or otherwise, as and to the extent permitted by law, the business of the Bank and the Company. The Executive's other duties shall be such as the President and Chief Executive Officer of the Bank and the Company may from time to time reasonably direct, including normal duties as an officer of the Bank and the Company. The Executive's employment shall be for no definite period of time, and the Executive, on one hand, and the President and Chief Executive Officer of the Company and/or the Bank, on the other hand, may terminate such employment relationship at any time for any reason or no reason. The at-will employment relationship shall remain in full force and effect regardless of any statements to the contrary made by Company or Bank personnel or set forth in any documents other than those explicitly made to the contrary and signed by an authorized representative of the Company and the Bank.

(b) Description of Job Duties: The Executive shall continue to serve as the Executive Vice President and Chief Financial Officer of the Bank and the Company, reporting directly to the President and Chief Executive Officer of the Bank and the Company; performing such duties as are consistent with the Executive's position as the Executive Vice President and Chief Financial Officer of the Bank and the Company and as are assigned from time to time by the President and Chief Executive Officer of the Bank and the Company or such Boards of Directors.

3. Base Salary. The Bank agrees to pay the Executive during the term of this Agreement a salary at the rate of $367,710.20 per annum or such higher amount as may be determined from time to time ("Base Salary"), payable in cash installments not less frequently than monthly. The President and Chief Executive Officer and the Compensation Committee of the Board of Directors of the Bank shall review the Executive's Base Salary and other components of compensation, not less often than annually, the Executive's Base Salary may increase, but not decrease, it in their sole discretion. The Company hereby agrees that it shall be jointly and severally liable with the Bank for the payment of all amounts due under this Agreement.

4. Incentive Compensation. The Executive shall participate in an equitable manner with all other senior management employees of the Bank and the Company in discretionary incentive compensation that the Boards of Directors of the Bank and the Company may award from time to time to their senior management employees, including:

(i) *Annual Incentive Plan*. The Annual Cash Bonus Plan provides a bonus payout of up to 35% of annual salary for the Executive's position as Executive Vice President and Chief Financial Officer based upon company and individual performance metrics. Annual Cash Bonus awards will be based upon established performance goals which will include both Company and individual goals. Executive shall be entitled to equitable participation in incentive compensation and bonuses in any plan or arrangement

of the Bank or the Company in which Executive is eligible to participate. Nothing paid to Executive under any such plan or arrangement will be deemed to be in lieu of other compensation to which Executive is entitled under this Agreement.

(ii) *Equity Awards*. Executive shall be entitled to equitable participation in grants of stock options and/or restricted stock award in any plan or arrangement of the Bank or the Company in which Executive is eligible to participate. Nothing paid to Executive under any such plan or arrangement will be deemed to be in lieu of other compensation to which Executive is entitled under this Agreement.

5. Participation in Retirement, Medical and Other Plans.

(a) Employee Benefits. The Bank shall provide Executive with employee benefit plans, arrangements and perquisites substantially equivalent to those in which Executive was participating or from which Executive was deriving benefit immediately prior to the commencement of the term of this Agreement, and the Bank shall not, without Executive's prior written consent, make any changes in such plans, arrangements or perquisites that would adversely affect Executive's rights or benefits thereunder, except as to any changes that are applicable to all participating employees. Without limiting the generality of the foregoing provisions of this Section 5(a), Executive will be entitled to participate in and receive benefits under any employee benefit plans including, but not limited to, retirement plans, supplemental retirement plans, pension plans, profit-sharing plans, health-and-accident insurance plans, medical coverage or any other employee benefit plan or arrangement made available by the Bank and/or the Company in the future to its senior executives, including any stock benefit plans, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

(b) SERP. The Bank agrees to maintain the supplemental executive retirement plan agreement, dated as of November 17, 2026, entered into by and between Wayne Bank and the Executive ("SERP") pursuant to the terms of the SERP.

(c) Expense Reimbursements. The Bank shall also pay or reimburse Executive for all reasonable travel, entertainment and other reasonable expenses incurred by Executive during the course of performing his obligations under this Agreement, including, without limitation, fees for memberships in such clubs and organizations as Executive and the Board shall mutually agree are necessary and appropriate in connection with the performance of his duties under this Agreement, upon presentation to the Bank of an itemized account of such expenses in such form as the Bank may reasonably require, provided that such payment or reimbursement shall be made as soon as practicable but in no event later than March 15 of the year following the year in which such right to such payment or reimbursement occurred.. Additionally, the Executive shall be entitled to:

(i) *Banking Industry Functions*. The Executive may devote reasonable time attending seminars and meetings sponsored by the Pennsylvania Bankers Association, the American Bankers Association and other banking or educational organizations at the expense of the Bank upon the approval of the President and Chief Executive Officer of the Bank.

(ii) *Automobile*. The Executive shall be provided with an automobile allowance equal to $600 per month.

(iii) *Other Perquisites and Benefits*. The Executive shall be entitled to receive such other perquisites and fringe benefits as the President and Chief Executive Officer of the Bank reasonably deems appropriate in his sole discretion, including use of a company issued personal laptop computer and an appropriate cell phone and cell phone service.

6. Term. The Bank and the Company hereby employ the Executive, and the Executive hereby accepts such employment in accordance with the terms set forth in this Agreement. This Agreement shall commence as of the Effective Date and shall expire thirty-six (36) months thereafter unless otherwise extended ("Term") (or such earlier date as is determined in accordance with Sections 10 or 12). On each annual anniversary date of the Effective Date (a "Renewal Date"), this Agreement shall automatically be extended for an additional 12 months, so that the remaining Term is always between twenty-four (24) to thirty-six (36) months, unless either party has, at least ninety (90) days prior to a Renewal Date, provided the other party with written notice that this Agreement shall not be extended. In such event, this Agreement will expire at the end of its then current term. Reference to the Term shall include the initial Term as extended pursuant to this Section 6.

7. Loyalty; Noncompetition; Nondisclosure.

(a) Loyalty. During the period of his employment hereunder and except for periods of illnesses, reasonable vacation periods, and reasonable and/or lawful leaves of absence, the Executive shall devote substantially all his full business time, attention, skill, and efforts to the faithful performance of his duties hereunder; provided, however, from time to time, Executive may serve on the boards of directors of, and hold any other offices or positions in, companies or organizations, which will not present any conflict of interest with the Bank, the Company or any of their subsidiaries or affiliates or unfavorably affect the performance of Executive's duties pursuant to this Agreement, or will not violate any applicable statute or regulation. "Full business time" is hereby defined as that amount of time usually devoted to like companies by similarly situated executive officers. Except with the prior written approval of the President and Chief Executive Officer of the Bank, the Executive shall not engage in any other business or commercial activities, duties or pursuits, during the term of this Agreement. Under no circumstances may the Executive engage in any business or commercial activities, duties or pursuits which compete with the business or commercial activities of the Bank or the Company, nor may the Executive serve as a director or officer or in any other capacity in a company or financial institution which competes with the Bank or the Company. Investments and personal activities not resulting in material compensation or a conflict of interest with the Bank or the Company shall not be deemed a breach of the restrictions of this paragraph. Participation in trade associations, charitable, civil or similar not-for-profit or philanthropic organizations, including service as an officer, trustee or director, shall not be deemed a breach of this Agreement, but the total amount of time spent by the Executive in such activities during normal working hours may be periodically reviewed by the Board of Directors of the Bank.

(b) Non-competition and Non-Solicitation. The parties hereto agree as follows:

(i) if the Executive terminates his employment other than for Good Reason or if the Bank or the Company shall terminate the Executive's employment for Just Cause (as hereinafter defined, then for a period of one (1) year following the Executive's Termination of Employment ("Non-Compete Period"), the Executive shall not, without the prior written consent of the Bank, the Company or any successors thereto (collectively, the "Companies"), directly or indirectly, whether or not for compensation, engage or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend Executive's name or any similar name to, lend Executive's credit to, or render services or advice to, any business, including a savings bank, savings and loan association, savings and loan holding company, bank, bank holding company, mortgage company, credit union or similar type financial institution (including, without limitation, a de novo financial institution in its organizational phase), or any direct or indirect subsidiary or affiliate of such entity, whose products or activities compete or would compete in whole or in part with the products, services or activities of the Company or its subsidiaries in the market areas of the Commonwealth of Pennsylvania within the counties of Lackawanna, Luzerne, Monroe, Pike and Wayne, or within the State of New York within the counties of Delaware, Sullivan, Ontario, Otsego and Yates, or any future market areas of the Bank or the Company (defined as the geographic area within fifty (50) miles of any newly established branch office or loan production office opened during the period of Executive's employment) (the "Non-Compete Area"). The Executive agrees that this covenant and restriction is reasonable with respect to its duration, geographical area, and scope. For purposes of clarity, the Non-Compete Period will not apply if the Executive terminates his employment for Good Reason or if the Employer terminates the Executive's employment without Just Cause.

(ii) for a period of one (1) year following the Executive's Termination of Employment ("Non-Solicitation Period"), the Executive will not, directly or indirectly, either for himself or any other Person (as defined herein), (A) induce or attempt to induce any employee of the Company or its subsidiaries to leave the employ of the Company or its subsidiaries, (B) in any way interfere with the relationship between the Company or its subsidiaries and any employee of the Company or its subsidiaries, (C) employ, or otherwise engage as an employee, independent contractor, or otherwise, any employee of the Company or its subsidiaries, or (D) induce or attempt to induce any customer, supplier, licensee, or business relation of the Company or its subsidiaries to cease doing business with the Company or its subsidiaries, or in any way interfere with the relationship between any customer, supplier, licensee, or business relation of the Company or its subsidiaries. During the Non-Solicitation Period, the Executive will not, directly or indirectly, either for himself or any other Person, solicit the business of any Person known to the Executive to be a customer of the Company or its subsidiaries, whether or not the Executive had personal contact with such Person, with respect to banking and financial services products or activities which compete in whole or in part with the banking and financial services products or activities of the Company or its subsidiaries. For purposes of this Agreement, "Person" shall include an

individual, trust, estate, corporation, limited liability company, savings bank, savings and loan association, savings and loan holding company, bank, bank holding company, mortgage company, credit union or similar type financial institution, including, without limitation, a de novo financial institution in its organizational phase.

(iii) The parties hereto, recognize that irreparable injury will result to the Companies and their business and property in the event of the Executive's breach of this Section 7(b) of the Agreement. Therefore, in the event of any alleged breach of the provisions of this Section 7(b) asserted by the Companies, the Executive hereby consents to an injunction in favor of the Companies with respect to such alleged breach and associated conduct, in addition to any other remedies and damages available, to restrain the violation hereof by the Executive, the Executive's partners, agents, servants, employers employees and all persons acting for or with the Executive. The Executive represents and admits that the Executive's experience and capabilities are such that the Executive can obtain employment in a business engaged in other industries and/or of a different nature than the Companies, and that the enforcement of a remedy by way of injunction will not prevent the Executive from earning a livelihood. Nothing herein will be construed as prohibiting the Companies from pursuing any other remedies available to the Companies for such breach or threatened breach, including the recovery of damages from the Executive.

(c) Unauthorized Disclosure; Confidentiality. Except as required by law, at no time during the period of his employment hereunder and thereafter, shall the Executive, without the written consent of the Boards of Directors of the Bank or the Company, or a person authorized thereby, knowingly disclose to any person, other than an employee of the Bank or the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of his duties as an executive of the Bank or the Company, any material confidential information obtained by him while in the employ of the Bank or the Company with respect to any of the Bank's or the Company's services, products, improvements, formulas, designs or styles, processes, customers, methods of distribution of any business practices the disclosure of which he knows will be materially damaging to the Bank or the Company; provided, however, that confidential information shall not include any information known generally to the public (other than as a result of unauthorized disclosure by the Executive) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Bank and the Company.

(d) Nothing contained in this Section 7 shall be deemed to prevent or limit the Executive's right to invest in the capital stock or other securities of (i) any business dissimilar from that of the Bank or the Company; or (ii) any other business if the Executive does not acquire an ownership interest of more than 2% in such business; provided that the Executive shall make full disclosure to the President and Chief Executive Officer of the Company and its Board of Directors of such ownership interests referenced at subparagraph d(ii) in advance of acquiring such interest.

(e) The provisions of this Section 7 shall survive the expiration or termination of

this Agreement.

8. Standards. The Executive shall perform his duties under this Agreement in accordance with such reasonable standards as the President and Chief Executive Officer and the Boards of Directors of the Bank and the Company may establish from time to time. The Bank and the Company will provide Executive with the working facilities and staff customary for similar executives and necessary for him to perform his duties. Without limiting the foregoing, the Bank and the Company shall make reasonable accommodations for the Executive to perform some of his services remotely (including working from home) to the extent that remote performance does not compromise Executive's ability to fulfill his obligations hereunder.

9. Paid Leave. The Executive shall be entitled to annual paid-time-off (PTO) leave in accordance with the policies that the Board periodically establishes for senior management employees of the Bank, which provides for 27 calendar days of PTO in 2025 and pro rated PTO in 2024 based upon the Executive's Employment Date. In addition, the Executive shall be entitled to an annual sick leave benefit as established by the Board of Directors of the Bank which is set at seven calendar days in 2024.

10. Termination and Termination Pay. Subject to Section 13 hereof, the Executive's employment hereunder may be terminated under the following circumstances:

(a) *Death*. The Executive's employment under this Agreement shall terminate upon his death during the term of this Agreement in which event the Executive's estate shall be entitled to receive the compensation due the Executive through the last day of the calendar month in which his death occurred.

(b) *Disability*. The Bank and the Company may terminate the Executive's employment due to Disability. "Disability" shall mean termination because of any permanent and total physical or mental impairment that restricts Executive from performing all, or substantially all, of the essential functions of the Executive's job duties and responsibilities. Such termination shall be without prejudice to any right the Executive may have to receive benefits under any short-term or long-term disability insurance plan maintained by the Bank or the Company.

(c) *Just Cause*. The Boards of Directors of the Bank or the Company may, acting in good faith, determine to terminate the Executive's employment for Just Cause at any time by furnishing written notice to the Executive. The Executive shall have no right to receive compensation or other benefits for any period after termination for Just Cause under this Agreement. Termination of employment for "Just Cause" by the Board of Directors of the Bank or the Company shall include termination upon:

(1) the Executive's conviction (including by a plea of guilty, no contest, or nolo contendere) of any felony;

(2) if the Executive shall have engaged in conduct involving fraud, deceit, personal dishonesty, breach of fiduciary duty or illegal conduct in his business or personal matters which, in the good faith and reasonable judgment of the Boards of Directors, has materially and adversely affected, or is reasonably

likely to materially and adversely affect, the business or reputation of the Company or the Bank;

(3) the Executive's willful failure to adequately perform his duties and responsibilities to the Bank or the Company, including material compliance with policies and procedures of the Bank or the Company, which failure continues after the Bank or the Company has provided to the Executive written notice of the failure;

(4) if the Executive shall have violated any banking law or regulation, memorandum of understanding, cease and desist order, or other agreement with any banking agency having jurisdiction over the Bank or the Company which, in the good faith and reasonable judgment of the Boards of Directors, has materially and adversely affected, or may materially and adversely affect, the business or reputation of the Company or the Bank;

(5) any misconduct by the Executive, that constitutes fraud, embezzlement or material dishonesty with respect to the Bank or the Company;

(6) any government banking regulatory agency's formal recommendation or order that the Bank or the Company terminate the employment of the Executive or relieve him of his duties;

(7) the Executive's willful failure to comply with any valid and legal directive of the President and Chief Executive Officer or the Board of Directors of the Bank or the Company which (i) has a material adverse impact on the operations or causes substantial harm to the Bank or the Company, and (ii) continues thirty

(30) days after the Bank or the Company has provided to the Executive written notice of the failure;

(8) any gross negligence in the performance of his duties hereunder or material breach of this Agreement by the Executive which (i) has a material adverse impact on the operations or causes substantial harm to the Bank or the Company, and (ii) continues thirty (30) days after the Bank or the Company has provided to the Executive written notice of the gross negligence or breach; or

(9) if the Executive shall have filed, or had filed against him, any petition under the federal bankruptcy laws or any state insolvency laws.

No act, or failure to act, on the Executive's part shall be considered "willful" unless he has acted, or failed to act, with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Bank and the Company. The Bank or the Company may terminate the Executive's employment for Just Cause without notice and opportunity to cure upon receipt of a final written directive or order of any governmental body or entity having jurisdiction over the Bank or the Company requiring termination or removal of the Executive from the positions referenced in Section 2 of this Agreement.

(d) *Payments to Executive Upon a Termination of Employment Without Just Cause or for Good Reason*. The President and Chief Executive Officer or the Boards of Directors of the Bank or the Company may, by written notice to the Executive, terminate the Executive's at-will employment relationship at any time for any reason or no reason. Termination of employment of the Executive by one entity, whether by the Bank or the Company, shall also constitute simultaneous termination of employment by the other entity and all related subsidiaries and affiliates thereof.

(i) In the event of the involuntary termination of employment of the Executive by the President and Chief Executive Officer or the Boards of Directors of the Bank or the Company without Just Cause or the Executive's voluntary termination of employment for Good Reason (together, a "Qualifying Termination"), the Executive shall be entitled to receive a lump sum payment equal to one times Base Salary, payable within ten (10) days of such termination of employment.

(ii) Notwithstanding the foregoing, Executive shall not be entitled to any payments under this Section 10(d) unless and until Executive executes a general release of claims to be provided by the Employer (the "Release"), against the Bank and any affiliate, and their officers, directors, successors and assigns, releasing said persons from any and all claims, rights, demands, causes of action, suits, arbitrations or grievances relating to the employment relationship, including claims under the Age Discrimination in Employment Act ("ADEA"), but not including claims for benefits under tax-qualified plans or other benefit plans in which Executive is vested, claims for benefits required by applicable law or claims with respect to obligations set forth in this Agreement that survive the termination of this Agreement.

Notwithstanding anything herein to the contrary, in the event of a Qualifying Termination during the Protected Period, severance benefits will be determined in accordance with Section 13 hereinafter.

(e) *Termination or Suspension Under Federal Law*.

(1) If the Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Sections 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act ("FDIA") (12 U.S.C. 1818(e)(4) and (g)(1)), all obligations of the Bank and the Company under this Agreement shall terminate, as of the effective date of the order without further notice, but vested rights of the parties shall not be affected.

(2) If the Bank is in default (as defined in Section 3(x)(1) of FDIA), all obligations of the Bank and the Company under this Agreement shall terminate as of the date of default without further notice; however, this paragraph shall not affect the vested rights of the parties.

(f) *Voluntary Termination by Executive*. Subject to Section 13(a) hereof, the Executive may voluntarily terminate employment with the Bank and the Company during

the Term, upon at least sixty (60) days' prior written notice to the Board of Directors, in which case the Executive shall receive only his compensation, vested rights and employee benefits up to the date of his termination of employment.

11. Work Location. The Executive's designated work location is Honesdale, PA.

12. No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to the Executive in any subsequent employment.

13. Change in Control Severance Payments.

(a) *Trigger Events*. In lieu of the severance benefits provided under Section 10(d), the Executive shall be entitled to collect the severance benefits set forth in Section 13(b) hereof in the event of a Qualifying Termination during the Protected Period

(b) *Amount of Severance Benefit*. If the Executive becomes entitled to collect severance benefits pursuant to Section 13(a) hereof, the Bank shall pay the Executive:

(i) a severance benefit equal to 200% of the Base Salary in effect as of the date of such Change in Control, plus (ii) the payment of a pro rata payout under the Annual Cash Bonus Plan to be calculated for the plan year containing such Change in Control calculated for the number of days from January 1 of such plan year through the effective date of the Change in Control.

Subject to Section 21 hereof, said sum shall be paid in one lump sum within ten

(10) days following the date of the Qualifying Termination.

14. Indemnification. Except as may be limited in accordance with Section 22(a) herein, the Bank and the Company shall provide the Executive (including his heirs, executors and administrators) with coverage under a standard directors' and officers' liability insurance policy at its expense and shall indemnify the Executive (and his heirs, executors and administrators) to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of him having been an officer, director or employee of the Bank and/or the Company (whether or not he continues to be an officer, director or employee at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs, attorneys' fees and the cost of reasonable settlements.

15. Additional Officer Assignments. The Executive agrees to serve without additional compensation, if elected or appointed thereto, as an officer in one or more officer positions or as a director of any subsidiary of the Company or the Bank; provided, however, the Executive shall not be required to serve in such additional officer positions or as a director of any subsidiary, if such service would expose him, as an individual, to adverse financial conditions.

16. Reimbursement of Executive for Enforcement Proceedings. In the event that any dispute arises between the Executive and the Bank or the Company as to the terms or interpretation of this Agreement, whether instituted by formal legal proceedings or otherwise, including any

action that the Executive takes to defend against any action taken by the Bank or the Company, the Executive shall be reimbursed for all costs and expenses, including reasonable attorneys' fees, arising from such dispute, proceedings or actions, provided that the Executive obtains either a written settlement or a final judgment by a court of competent jurisdiction in his favor. Such reimbursement shall be paid within ten (10) days of Executive's furnishing to the Bank written evidence, which may be in the form, among other things, of a canceled check or receipt, of any costs or expenses incurred by the Executive.

17. Federal Income Tax Withholding. The Bank and the Company may withhold all federal and state income or other taxes from any benefit payable under this Agreement as shall be required pursuant to any law or government regulation or ruling.

18. Successors and Assigns.

(a) *Bank and Company*. This Agreement shall not be assignable by the Bank and the Company, provided that this Agreement shall inure to the benefit of and be binding upon any corporate or other successor of the Bank and the Company which shall acquire, directly or indirectly, by merger, consolidation, purchase or otherwise, all or substantially all of the assets or stock of the Bank or the Company.

(b) *Executive*. Since the Bank and the Company are contracting for the unique and personal skills of the Executive, the Executive shall be precluded from assigning or delegating his rights or duties hereunder without first obtaining the written consent of the Bank and the Company; provided, however, that nothing in this paragraph shall preclude

(i) the Executive from designating a beneficiary to receive any benefit payable hereunder upon his death, or (ii) the executors, administrators, or other legal representatives of the Executive or his estate from assigning any rights hereunder to the person or persons entitled thereunto.

(c) *Attachment*. Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or to exclusion, attachment, levy or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

19. Amendments. No amendments or additions to this Agreement shall be binding unless made in writing and signed by all of the parties, except as herein otherwise specifically provided.

20. Applicable Law. Except to the extent preempted by Federal law, the laws of the Commonwealth of Pennsylvania shall govern this Agreement in all respects, whether as to its validity, construction, capacity, performance or otherwise.

21. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

22. Tax Liabilities and Code Section 409A. The Executive is solely responsible for the satisfaction of any tax liability, including, but not limited to, any taxes and penalties that may arise

under Sections 409A ("Section 409A") or 4999 of the Code, that may result from any payments or benefits that the Executive receives pursuant to this Agreement or otherwise. Any such payments or benefits received shall be subject to reduction for any applicable employment or withholding taxes. Neither the Bank nor the Company shall have any obligation to pay, mitigate, or protect the Executive from any such tax liabilities. However, if the Bank or the Company determines in good faith in either of their sole discretion that the Executive is a key employee of a public company as defined in Section 416(i) of the Code (disregarding Section 416(i)(5)) at the time of his termination of employment, the Bank and the Company shall suspend paying the Executive any cash amounts that he is entitled to receive pursuant to Sections 6, 10, or 12 above during the six-month period following termination of the Executive's employment (the "409A Suspension Period"), unless the Bank and the Company reasonably determine that paying such amounts in accordance with Sections 6, 10, or 12 will not result in the Executive's liability for additional tax under Section 409A. As soon as reasonably practical after the end of the 409A Suspension Period, the Executive shall receive a lump sum payment in cash for an amount equal to any cash payments that the Bank and the Company do not make during the 409A Suspension Period. Thereafter, the Executive will receive any remaining payments pursuant to Sections 6, 10 or 12 in accordance with the terms of those Sections (as if there had not been any suspension of payments).

23. Regulatory Exclusions.

(a) Notwithstanding anything herein to the contrary, any payments made or to be made to the Executive pursuant to the Agreement, or otherwise, shall be subject to and conditioned upon compliance with 12 USC Section 1828(k) and FDIC Regulation 12 CFR Part 359, Golden Parachute Indemnification Payments promulgated thereunder, to the extent such laws and regulations are applicable to the Company and the Bank.

(b) Section 280G.

(i) Notwithstanding any provision of this Agreement to the contrary, if Executive's employment is terminated on or following a Change in Control, the Non-Compete Period set forth in Section 7(b)(i) of this Agreement shall apply for the period of time mutually agreed to by Executive and the Employer, provided that in no event shall the time period be less than six months or more than two years. The Employer and Executive hereby recognize that: (i) the non-competition restriction under Section 7(b)(i) has value, and (ii) the value is intended to be recognized in any calculations the Employer and Executive perform with respect to determining the affect, if any, of the parachute payment provisions of Section 280G of the Code ("Section 280G"), by allocating a portion of any payments, benefits or distributions in the nature of compensation (within the meaning of Section 280G(b)(2)), including the payments under Section 13(b) of this Agreement, to the fair value of the non-competition restriction and non-interference restriction under Section 12(b) of this Agreement (the "Appraised Value"). The Employer, at the Employer's expense, shall obtain an independent appraisal to determine the Appraised Value after entering into an agreement, that if completed, would constitute a Change in Control. The parties intend that the Appraised Value be considered reasonable compensation for post-change in control services within the meaning of Q&A-40 of the regulations promulgated under Section 280G; and accordingly, the value of any aggregate parachute payments, as

defined in Section 280G and for the purpose of determining the extent to which Section 280G applies, be reduced by the Appraised Value.

(ii) After taking into account the Appraised Value, as applicable, if any payment or distribution by the Employer to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement or the lapse or termination of any restriction on or the vesting or exercisability of any payment or benefit (each a "280G Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law (such tax or taxes are hereafter collectively referred to as the "Excise Tax"), then the aggregate amount of 280G Payments payable to Executive shall be reduced to the aggregate amount of 280G Payments that may be made to Executive without incurring an excise tax (the "Safe-Harbor Amount") in accordance with the immediately following sentence; provided that such reduction shall only be imposed if the aggregate after-tax value of the 280G Payments retained by Executive (after giving effect to such reduction) is equal to or greater than the aggregate after-tax value (after giving effect to the Excise Tax) of the 280G Payments to Executive without any such reduction. Any such reduction shall be made in the following order: first, by reduction of cash payments; second, by cancellation of accelerated vesting of equity awards; and third, by reduction of other benefits payable to Executive, in each case, in reverse chronological order, beginning with payments or benefits that are to be paid latest.

(iii) All determinations required to be made under this Section 23(b) shall be made by a firm with appropriate expertise (the "Firm"), selected by the Employer. Such determinations shall be final and binding on all of the parties hereto. The Employer shall be responsible for all fees and expenses incurred by the Firm under this Section 23(b). The Employer and Executive shall provide the Firm with all information or documents it reasonably requests. If it is determined that any of the 280G Payments should be reduced as a result of the Section 280G calculations performed by the Firm, the Employer shall promptly give (or cause the Firm to give) Executive notice to that effect (and a copy of the detailed calculations thereof). All determinations made under this Section 23(b) shall be made as soon as reasonably practicable and in no event later than ten (10) days prior to the date of termination

24. Entire Agreement. This Agreement, together with any modifications hereafter as agreed to in writing by the parties, shall constitute the entire agreement between the parties hereto with respect to the terms and conditions of employment of the Executive with the Bank and the Company, and supersede the Prior Agreement in its entirety.

25. Required Provisions.

(a) Notwithstanding anything else in this Agreement to the contrary, Executive's employment shall not be deemed to have been terminated unless and until Executive has a

Separation from Service within the meaning of Code Section 409A. For purposes of this Agreement, a "Separation from Service" shall have occurred if the Bank and Executive reasonably anticipate that either no further services will be performed by Executive after the date of termination (whether as an employee or as an independent contractor) or the level of further services performed is less than 50 percent of the average level of bona fide services in the 36 months immediately preceding the termination. For all purposes hereunder, the definition of Separation from Service shall be interpreted consistent with Treasury Regulation Section 1.409A-1(h)(ii). Notwithstanding the foregoing, this Section 25(a) shall not apply in the event of the Executive's termination for Cause.

(b) Notwithstanding the foregoing, if Executive is a "specified employee" (i.e., a "key employee" of a publicly traded company within the meaning of Section 409A of the Code and the final regulations issued thereunder) and any payment under this Agreement is triggered due to Executive's Separation from Service, then solely to the extent necessary to avoid penalties under Section 409A of the Code, no payment shall be made during the first six (6) months following Executive's Separation from Service. Rather, any payment which would otherwise be paid to Executive during such period shall be accumulated and paid to Executive in a lump sum on the first day of the seventh month following such Separation from Service. All subsequent payments shall be paid in the manner specified in this Agreement.

(c) To the extent not specifically provided in this Agreement, any compensation or reimbursements payable to Executive shall be paid or provided no later than two and one-half (2.5) months after the calendar year in which such compensation is no longer subject to a substantial risk of forfeiture within the meaning of Treasury Regulation Section 1.409A-1(d).

(d) Notwithstanding anything in this Agreement to the contrary, Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies") about a possible securities law violation without approval of the Bank (or any affiliate). Executive further understands that this Agreement does not limit Executive's ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Bank (or any affiliate) related to the possible securities law violation. This Agreement does not limit Executive's right to receive any resulting monetary award for information provided to any Government Agency.

(e) Clawback. Notwithstanding any other provision of this Agreement to the contrary, any incentive-based compensation or other compensation paid to the Executive pursuant to this Agreement or any other agreement or arrangement with the Employer shall be subject to clawback, forfeiture, or recoupment pursuant to any clawback or recoupment policy adopted by the Company, including any policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, or as otherwise required by applicable law or stock exchange listing standards.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

ATTEST:
Mackenzie L. Jackson
Secretary

WAYNE BANK
By:
James O. Donnelly
Its: President and Chief Executive Officer

ATTEST: Mackenzie L. Jackson
Secretary

NORWOOD FINANCIAL CORP
By:
James O. Donnelly
Its: President and Chief Executive Officer

WITNESS:
Kelly Teeple

EXECUTIVE
John M. McCaffery

**WAYNE BANK**
**SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN AGREEMENT**

This Supplemental Executive Retirement Plan Agreement ("Agreement") is entered into as of November 17, 2026 (the "Effective Date") by and between Wayne Bank, a Pennsylvania bank and trust company (the **"Employer"** or the **"Bank"),** and James O. Donnelly (the **"Executive").**

**WHEREAS,** the Executive has contributed substantially to the success of the Employer and the Employer desires that the Executive continue in its employ;

**WHEREAS,** Employer desires to provide certain supplemental nonqualified pension benefits to Executive;

**WHEREAS,** Employer and Executive desire to enter into this Agreement to provide a retirement benefit under this Agreement and to be paid to Executive as provided herein;

**WHEREAS,** this Agreement shall be an unfunded arrangement maintained primarily to provide supplemental retirement benefits for the Executive, and shall be considered a plan described in Section 301(a)(3) of the Employee Retirement Income Security Act of 1974, as amended **("ERISA");**

**WHEREAS,** this Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the **"Code")** and, accordingly, the intent of the parties hereto is that the Agreement shall be operated and interpreted consistent with the requirements thereof;

**WHEREAS,** the Bank has purchased the insurance policies identified on Exhibit A attached hereto and incorporated herein by reference (in the aggregate, together with all additions or replacements of investments, **"Annuity Contracts");** and

**WHEREAS,** the Bank is the sole owner of the Annuity Contracts and elects to provide a retirement benefit to the Executive that is based on the income provided by the Annuity Contracts.

**NOW THEREFORE,** in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

## ARTICLE 1 DEFINITIONS

Whenever used in this Agreement, the following terms have the meanings specified:

1.1 **"Bancorp"** means Norwood Financial Corp, a Pennsylvania corporation, the parent corporation of the Bank.

1.2 **"Beneficiary"** means the person(s) or entity(ies) designated in writing by the Executive to receive death benefits pursuant to this Agreement in the event of his death. If no Beneficiary is designated, the Executive's Beneficiary shall be the Executive's spouse or, if none, the Executive's estate.

1.3 **"Beneficiary Designation Form"** means the form established from time to time by the Plan Administrator that the Executive completes, signs, and returns to the Plan Administrator to designate one or more Beneficiaries. The initial form is attached hereto as Exhibit B and is incorporated herein by this reference.

1.4 **"Board"** means the Board of Directors of the Employer.

1.5 **"Cash Surrender Value"** means the cash surrender value of the Annuity Contract(s) as defined by the insurance company which issued the contract(s).

1.6 **"Change in Control"** shall be deemed to occur on the earliest of any of the following events:

(a) Merger: The Bank or the Bancorp merges into or consolidates with another corporation, or merges another corporation into the Bancorp or the Bank, and as a result, less than a majority of the combined voting power of the resulting corporation immediately after the merger or consolidation is held by persons who were stockholders of the Bancorp or the Bank or is otherwise eligible to vote for

the election of directors for the Bancorp or the Bank immediately before the merger or consolidation;

(b) Acquisition of Significant Share Ownership: There is filed or required to be filed a report on Schedule 13D or another form or schedule (other than Schedule 13G) required under Section 13(d) or 14(d) of the Securities Exchange Act of 1934, if the schedule discloses that the filing person or persons acting in concert has or have become the beneficial owner of 25% or more of a class of the Bank's or the Bancorp's voting securities, but this clause (b) shall not apply to beneficial ownership of such voting securities held in a fiduciary capacity by an entity of which the Bancorp directly or indirectly beneficially owns fifty percent (50%) or more of its outstanding voting securities;

(c) Change in Board Composition: Individuals who constitute the Bancorp's or the Bank's Board of Directors on the Effective Date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the Effective Date whose election was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall be considered, for purposes of this clause (c), as though he or she was a member of the Incumbent Board; or

(d) Sale of Assets: The Bank and/or the Bancorp sells to a third party all or substantially all of its, or their, assets.

(e) The definition of Change in Control shall be construed to be consistent with the requirements of Section 409A of the Code and Treasury Regulations promulgated thereunder.

1.7 **"Code"** means the Internal Revenue Code of 1986, as amended.

1.8 **"Disability"** shall mean the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months or
(ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under a short-term or long-term disability insurance policy provided to Executive by the Employer.

Medical determination of Disability may be made by either the Social Security Administration or by the provider of an accident or health plan covering employees of the Employer, provided that the definition of Disability applied under such Disability insurance program complies with the requirements of Section 409A. Upon the request of the Plan Administrator, the Executive must submit proof to the Plan Administrator of Social Security Administration's or the provider's determination.

1.9 **"Early Retirement"** shall mean a Separation from Service by the Executive prior to the Normal Retirement Age unrelated to death, Disability or Change in Control.

1.10 **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.

1.11 **"Normal Retirement Age"** means age sixty-five (65).

1.12 **"Normal Retirement Benefit"** has the meaning ascribed to it in Section 3.1.

1.13 **"Normal Retirement Date"** means the date the Executive incurs a Separation from Service on or after Normal Retirement Age.

1.14 **"Plan Administrator"** means the plan administrator described in Article 8.

1.15 **"Regulations"** means the U.S. Treasury Regulations.

1.16 **"Rider"** means the Income Rider attached to the Annuity Contract as an endorsement or other product feature that operates as an Income Rider, with such feature providing for a withdrawal or payment feature for the life of the Executive.

1.17 **"Section 409A"** means Section 409A of the Code and the regulations and administrative guidance promulgated thereunder.

1.18 **"Separation from Service"** means the complete and intended termination of the

employment relationship with the Employer and all corporations or entities or organizations with whom the Employer would be considered a single employer pursuant to subsections (b) and (c) of Section 414 of the Code determined in conformance with Section 409A; provided, however, (i) if the Executive ceases employment but continues thereafter to provide services to the Employer and/or its affiliates, as an independent contractor, the date of Separation from Service shall not occur until the date on which the level of services to be performed by the Executive will permanently decrease to less than fifty percent (50%) of the level of services that the Executive performed during the immediately preceding thirty-six (36)-month period and (ii) if there shall occur "a change in the ownership of a substantial portion of the assets" of Bancorp within the meaning of Section 409A and if the Executive accepts employment with the company that acquired such assets, there shall be no Separation from Service until such time as Executive ceases to be employed by such acquiring company.

1.19 **"Terminated for Cause"** shall mean a Separation of Service initiated by the Employer pursuant to the most recent employment agreement between Employer and Executive.

**ARTICLE 2**
**DEFERRED COMPENSATION AND VALUATION OF ACCOUNT**

2.1 Annuity Contracts and Other Investments. For purposes of satisfying its obligations to provide benefits under this Agreement, the Employer has initially invested in the Annuity Contracts. However, nothing in this Section shall require the Employer to invest in any particular form of investment, so long as it satisfies its obligations under Section 2.3 below.

2.2 Ownership of the Annuity Contracts and Other investments. The Employer is the sole owner of the Annuity Contracts and any other investments for this Agreement and shall have the right to exercise all incidents of ownership of the Annuity Contracts. The Employer shall be the beneficiary of the death proceeds of the Annuity Contracts. The Employer shall at all times be entitled to the Annuity Contracts' Cash Surrender Value, as that term is defined in the Annuity Contracts. The Cash Surrender Value shall be determined as of the date of the surrender of the Annuity Contracts or death of the Executive, as the case may be.

2.3 Right to Annuity Contracts. Notwithstanding any provision hereof to the contrary, the Bank shall have the right to sell or surrender the Annuity Contracts without terminating this Agreement, provided the Employer replaces the Annuity Contracts with a comparable annuity policy(ies). Without limitation, the Annuity Contracts at all times shall be the exclusive property of the Employer and shall be subject to the claims of the Employer's creditors.

2.4 Rabbi Trust. Employer may establish a "rabbi trust" to which contributions may be made to provide the Employer with a source of funds for purposes of satisfying the obligations of the Employer under this Agreement. Any such trust shall constitute an unfunded arrangement and shall not affect the status of the Agreement as an unfunded plan. The Executive and his Beneficiaries shall have no beneficial ownership interest in any assets held in the trust.

**ARTICLE 3 RETIREMENT AND OTHER BENEFITS**

3.1 Retirement Benefit.

(a) Normal Retirement Age. Upon the Executive's attainment of Normal Retirement Age, the Executive will be entitled to the benefit described in this Section 3.1 (the "**Normal Retirement Benefit**"). The Normal Retirement Benefit will be equal to the amount that is paid from the Annuity Contract through the Rider on a monthly basis after the date the Executive attains Normal Retirement Age, and will be payable in monthly installments for the life of the Executive commencing on the first (1st) day of the first month following the date the Executive attains Normal Retirement Age; provided, however, that to the extent the vesting schedule in Section 3.1(b) below applies, the Normal Retirement Benefit will be proportionately reduced as provided therein.

(b) Vesting. Executive's rights to the Normal Retirement Benefit shall vest over a period of five years commencing on the Effective Date as follows: zero percent (0%) until the first anniversary of the Effective Date, twenty percent (20%) on the first anniversary of the Effective Date, forty percent (40%) on the second anniversary of the Effective Date, sixty percent (60%) on the third anniversary of the Effective Date, eighty percent (80%) on the fourth anniversary of the Effective Date and one-hundred percent (100%) on the fifth anniversary of the Effective Date. Accordingly, upon five (5) years

of service after the Effective Date, the Executive is fully vested.

(c) Early Retirement Benefit. In the event of an Early Retirement by the Executive for any reason other than death, Disability or Change in Control, Executive shall be entitled to a fraction of the Normal Retirement Benefit, as computed in the next sentence, with payments to begin nonetheless upon the Normal Retirement Age and not at the time of Separation from Service. The payment to be made for Early Retirement shall be computed by determining (i) the percentage of Normal Retirement Benefit vested pursuant to the formula set forth earlier in Section 3.1(b), multiplied by (ii) the Normal Retirement Benefit. The Early Retirement Benefit will be payable in monthly installments for the life of the Executive, commencing at the Executive's Normal Retirement Age.

3.2 Disability Benefit. In the event the Executive is determined to be Disabled prior to Normal Retirement Age, the Executive will be entitled to the benefit described in this Section 3.2 (the **Disability Benefit**"). The Disability Benefit will be equal to the Normal Retirement Benefit, as provided for in Section 3.1, payable in monthly installments for the life of the Executive, commencing at the Executive's Normal Retirement Age. In the event of a Disability, the Executive shall be deemed to be fully vested irrespective of the vesting schedule provided for in Section 3.1(b). The parties acknowledge that separately the Executive has long term disability insurance which will provide certain coverage to the Executive prior to the Normal Retirement Age.

3.3 Preretirement Death Benefit. Upon the death of the Executive while in service to the Employer, the Employer will pay to the Executive's Beneficiary one hundred eighty (180) monthly payments, each in amount as calculated as in Section 3.1(a) of this Agreement, commencing on the first (1st) day of the second month following the date of the Executive's death. In the event of death, the Executive shall be deemed to be fully vested irrespective of the vesting schedule provided for in Section 3.1(b).

3.4 Postretirement Death Benefit – Guaranteed for 15 Years. Upon the death of the Executive after (i) the Executive has started receiving payments under Section 3.1(a) (Normal Retirement Benefit), 3.1(c) (Early Retirement Benefit), 3.2 (Disability Benefit) or Section 3.5 (Change in Control Benefit), but before Executive has received a total of one hundred eighty (180) payments, the Executive's Beneficiary will receive the balance of the one hundred eighty (180) monthly installments, which balance shall continue to be paid monthly in accordance with the same payment schedule as if the Executive had not died until a total of one hundred eighty (180) payments have been paid to the Executive and Executive's Beneficiary in the aggregate.

3.5 Change in Control Benefit.

(a) Upon a Change in Control prior to the date on which the Executive is otherwise entitled to any payments pursuant to Sections 3.1 through 3.4 under this Agreement, the Executive will be paid the Normal Retirement Benefit as provided for in Section 3.1(a), payable in monthly installments for the life of the Executive, commencing at the Executive's Normal Retirement Age whether or not there has been a Separation from Service and whether or not the Executive continues to be employed after a Change in Control. In the event of a Change in Control, the Executive shall be deemed to be fully vested irrespective of the vesting schedule provided for in Section 3.1(b).

(b) Upon a Change in Control, the Employer may establish a "rabbi trust", if one has not already been established, for the purposes of this Agreement, to which assets will be contributed to provide the Employer with a source of funds for purposes of satisfying the obligations of the Employer under this Agreement. The amount of the contribution to the "rabbi trust" will be the amount sufficient to satisfy the obligation of the Employer based on the Normal Retirement Benefit as provided for in Section 3.1.

(c) In the event of a Change in Control, Employer shall cause the acquirer to assume this Agreement.

3.6 Restriction on Timing of Distributions. Notwithstanding the applicable provisions of this Agreement regarding timing of payments, the following special rules shall apply: (i) to the extent the Executive is a "specified employee" (as defined under Section 409A) at the time of Separation from Service and to the extent Section 409A requires a delay of distributions by a six (6)-month period after the date of such Executive's Separation from Service, no such distribution shall be made prior to the date that is six (6) months after the date of the Executive's Separation from Service, and (ii) any such delayed payments shall be paid to the Executive in a single lump sum on the first business day after the end of the six (6)-month delay. Any deferral of payments pursuant to the foregoing sentence shall have no

effect on any payments that are scheduled to be paid more than six (6) months after the date of Separation from Service.

3.7 No Acceleration of Payments. Except as specifically permitted herein, no acceleration of the time or schedule of any payment may be made hereunder.

3.8 Terminated for Cause. Notwithstanding anything to the contrary contained herein, in the event of the Executive's termination for Cause, this Agreement shall terminate and no benefits shall be payable under the Agreement. For this purpose, "Cause" means a "Termination for Cause" (or such similar term) as described in the Executive's most recent employment agreement. If no such agreement is effective at the time of termination of employment, "Cause" shall be defined as (i) conviction of a crime involving moral turpitude; (ii) willful misconduct or gross neglect of duties which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Bank; provided that within 30 days after receiving notice of such misconduct or neglect, on which the Board is relying to terminate you for cause, you are provided the opportunity defend yourself before the Board; or (iii) a repeated failure by Executive to follow the written directives of the Board or any written Bank policy or guidelines expressly approved by the Board which has resulted, or in all probability is likely to result, in material economic damage to the Bank; provided, however, that if you initially refuse to obey the written directives of the Board, (a) you are furnished a written statement by the Board that it believes in good faith that the acts or non-acts in respect of the direction that is given you is in the best interests of the Bank, and (b) you are provided the opportunity to discuss with the Board reasons for not complying with the Board's directives; provided further that your refusal to follow any written directive of the Board that would cause you to commit any illegal act or engage in any illegal course of conduct shall not be grounds for terminating your employment for Cause.

**ARTICLE 4 BENEFICIARIES**

4.1 Beneficiary Designations. The Executive shall have the right to designate at any time a Beneficiary to receive any benefits payable under this Agreement upon the death of the Executive. The Beneficiary designated under this Agreement may be the same as or different from the Beneficiary designation under any other benefit plan of the Employer in which the Executive participates.

4.2 Beneficiary Designation: Changes. The Executive shall designate a Beneficiary by completing and signing the Beneficiary Designation Form, delivering it to the Plan Administrator or its designated agent and having the Plan Administrator accept such designation in writing. The Executive's Beneficiary designation shall be deemed automatically revoked if the Beneficiary predeceases the Executive or if the Executive names a spouse as Beneficiary and the marriage is subsequently dissolved. The Executive shall have the right to change a Beneficiary by completing, signing, and otherwise complying with the terms of the Beneficiary Designation Form and the Plan Administrator's rules and procedures, as in effect from time to time. Upon the acceptance by the Plan Administrator of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be cancelled. The Plan Administrator shall be entitled to rely on the last Beneficiary Designation Form filed by the Executive and accepted by the Plan Administrator before the Executive's death.

4.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received in writing by the Plan Administrator or its designated agent.

4.4 No Beneficiary Designation. If the Executive dies without a valid Beneficiary designation, or if all designated Beneficiaries predecease the Executive, then the Executive's spouse shall be the designated Beneficiary. If the Executive has no surviving spouse, the benefits shall be distributed to the personal representative of the Executive's estate.

4.5 Facility of Payment. If a benefit is payable to a minor, to a person declared incapacitated, or to a person incapable of handling the disposition of his or her property, the Employer may pay such benefit to the guardian, legal representative, or person having the care or custody of the minor, incapacitated person, or incapable person. The Employer may require proof of incapacity, minority, or guardianship as it may deem appropriate before distribution of the benefit. Distribution shall completely discharge the Employer from all liability for the benefit.

**ARTICLE 5 GENERAL LIMITATIONS**

5.1 Regulatory Requirements. Notwithstanding anything contained in this Agreement to the contrary, it is understood and agreed that the Bank shall not be required to make any payment or take any action under this Agreement if: (a) such payment or action is prohibited by any governmental agency having jurisdiction over the Bank (hereinafter referred to as "**Regulatory Authority**") in light of the fact that the Bank has been declared by Regulatory Authority to be troubled, or operating in an unsafe or unsound matter; or (b) such payment or action (i) would be prohibited by or would violate any provision of state or federal law applicable to the Bank, as now in effect or hereafter amended, (ii) would be prohibited by or would violate any applicable rules, regulations, orders or statements of policy, whether now existing or hereafter promulgated, of any Regulatory Authority, or (iii) otherwise would be prohibited by any Regulatory Authority.

Notwithstanding any provision of this Agreement to the contrary, any benefit provided under this Agreement when added to all other amounts or benefits provided to or on behalf of Executive in connection with Executive's termination of employment shall be forfeited to the extent the benefit would be a prohibited golden parachute payment pursuant to 12 C.F.R. §359.2 and for which the appropriate federal banking agency had not given written consent to pay pursuant to 12 C.F.R. §359.4

**ARTICLE 6**
**CLAIMS AND REVIEW PROCEDURES**

6.1 Claims Procedure. A person or Beneficiary (a "claimant") who has not received benefits under the Agreement that he or she believes should be paid shall make a claim for such benefits as follows:

(a) Initiation - Written Claim. The claimant initiates a claim by submitting to the Plan Administrator a written claim for the benefits. If the claim relates to the contents of a notice received by the claimant, the claim must be made within ninety (90) days after the notice was received by the claimant. All other claims must be made within one hundred eighty (180) days after the date of the event that caused the claim to arise. The claim must state with particularity the determination desired by the claimant.

(b) Timing of Plan Administrator Response. The Plan Administrator shall respond to such claimant within ninety (90) days after receiving the claim. If the Plan Administrator determines that special circumstances require additional time for processing the claim, the Plan Administrator can extend the response period by an additional ninety (90) days by notifying the claimant in writing, prior to the end of the initial ninety (90)-day period that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Plan Administrator expects to render its decision.

(c) Notice of Decision. If the Plan Administrator denies part or all of the claim, the Plan Administrator shall notify the claimant in writing of such denial. The Plan Administrator shall write the notification in a manner calculated to be understood by the claimant. The notification shall set forth:

(i) The specific reasons for the denial,

(ii) A reference to the specific provisions of the Agreement on which the denial is based,

(iii) A description of any additional information or material necessary for the claimant to perfect the claim and an explanation of why it is needed,

(iv) An explanation of the Agreement's review procedures and the time limits applicable to such procedures, and

(v) A statement of the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

6.2 Review Procedure. If the Plan Administrator denies part or all of the claim, the claimant shall have the opportunity for a full and fair review by the Plan Administrator of the denial, as follows

(a) Initiation - Written Request. To initiate the review, the claimant, within sixty

(60) days after receiving the Plan Administrator's notice of denial, must file with the Plan Administrator a written request for review.

(b) Additional Submissions - Information Access. The claimant shall then have the opportunity to submit written comments, documents, records and other information relating to the claim. The Plan Administrator shall also provide the claimant, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claimant's claim for benefits.

(c) Considerations on Review. In considering the review, the Plan Administrator shall take into account all materials and information the claimant submits relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(d) Timing of Plan Administrator Response. The Plan Administrator shall respond in writing to such claimant within sixty (60) days after receiving the request for review. If the Plan Administrator determines that special circumstances require additional time for processing the claim, the Plan Administrator can extend the response period by an additional sixty (60) days by notifying the claimant in writing, prior to the end of the initial sixty (60)-day period, that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Plan Administrator expects to render its decision.

(e) Notice of Decision. The Plan Administrator shall notify the claimant in writing of its decision on review. The Plan Administrator shall write the notification in a manner calculated to be understood by the claimant. The notification shall set forth:

(i) The specific reasons for the denial,

(ii) A reference to the specific provisions of the Agreement on which the denial is based,

(iii) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claimant's claim for benefits, and

(iv) A statement of the claimant's right to bring a civil action under ERISA Section 502(a).

(f) Interest. To the extent any payment was not made timely to Executive, Employer shall pay interest thereon from the date properly due until the date paid, at the rate published by the Wall Street Journal as the "prime rate", floating from time to time.

## ARTICLE 7 MISCELLANEOUS

7.1 Amendments and Termination. This Agreement may be amended solely by a written agreement signed by the Employer and by the Executive, and except as otherwise provided herein, this Agreement may be terminated solely by a written agreement signed by the Employer and by the Executive.

7.2 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Executive and the Employer and their respective beneficiaries, survivors, executors, successors, administrators, legal representatives, and transferees. "Successors" includes without limitation any successor by merger or the purchaser of all or substantially all of the assets of Employer or Bancorp.

7.3 No Guarantee of Employment. This Agreement is not an employment policy or contract. It does not give the Executive the right to remain an employee of the Employer, nor does it interfere with the Employer's right to discharge the Executive. It also does not require the Executive to remain an employee nor interfere with the Executive's right to terminate employment at any time.

7.4 Non-Transferability. The right to Benefits under this Agreement cannot be sold, transferred, assigned, pledged, attached, or encumbered in any manner.

7.5 Tax Withholding. The Employer shall withhold any taxes that are required to be withheld from the payments made under Article 3 of this Agreement.

7.6 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to contracts executed and to be performed therein, without giving effect to the choice of law rules thereof. Any action to enforce any provision of this Agreement may be brought only in a court of the Commonwealth of Pennsylvania. Accordingly, each party (a) agrees to submit to the jurisdiction of such courts and to accept service of process at its address for notices and in the manner provided in Section 7.11 for the giving of notices in any such action or proceeding brought in any such court and (b) irrevocably waives any objection to the laying of venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient or inappropriate forum.

7.7 Unfunded Arrangement. The Executive and the Executive's Beneficiary are general unsecured creditors of the Employer for the payment of benefits under this Agreement. The benefits represent the mere promise by the Employer to pay such benefits. The rights to benefits are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors. Any insurance, annuity contract or other asset purchased by Employer to fund its obligations under this Agreement shall be a general asset of the Employer to which the Executive and Beneficiary have no preferred or secured claim.

7.8 Annuity Contract Determines Amount of Benefits. Notwithstanding the provisions of this Agreement in the payment of the benefits under Article 3 to the contrary, any benefits payable under this Agreement are payable solely to the extent of payments actually made by the Annuity Contract(s) as identified in this Agreement or other provision as provided for in Section 2.2.

7.9 Severability. If any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement, and each such other provision shall continue in full force and effect to the full extent consistent with law. If any provision of this Agreement is held invalid in part, such invalidity shall not affect the remainder of the provision, and the remainder of such provision together with all other provisions of this Agreement shall continue in full force and effect to the full extent consistent with law.

7.10 Headings. The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement.

7.11 Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or mailed, certified or registered mail, return receipt requested, with postage prepaid. Unless otherwise changed by notice, notice shall be properly addressed to the Executive if addressed to the address of the Executive on the books and records of the Employer at the time of the delivery of such notice, and properly addressed to the Employer if addressed to the Board, at 717 Main Street, Honesdale, Pennsylvania 18431.

7.12 Entire Agreement. This Agreement contains all of the agreements and understandings between the parties hereto with respect to this Agreement.

7.13 Payment of Legal Fees. In the event litigation ensues between the parties concerning the enforcement of the obligations of the parties under this Plan, the Executive and the Employer shall pay their own costs and expenses in connection with such litigation until such time as a final determination (excluding any appeals) is made with respect to the litigation. If the Executive prevails in such litigation, the Executive shall be entitled to receive from the Employer all reasonable costs and expenses, including without limitation attorneys' fees, incurred by the Executive in connection with such litigation, and the Employer shall pay such costs and expenses to the Executive promptly.

## ARTICLE 8 ADMINISTRATION OF AGREEMENT

8.1 Plan Administrator Duties. This Agreement shall be administered by a Plan Administrator consisting of the Board of Directors of the Employer or such committee or person(s) as the Board of Directors of the Employer shall appoint. The Plan Administrator shall have the sole and absolute discretion and authority to interpret and enforce all appropriate rules and regulations for the administration of this Agreement and the rights of the Executive under this Agreement, to decide or resolve any and all questions or disputes arising under this Agreement, including benefits payable under this Agreement and all other interpretations of this Agreement, as may arise in connection with the Agreement.

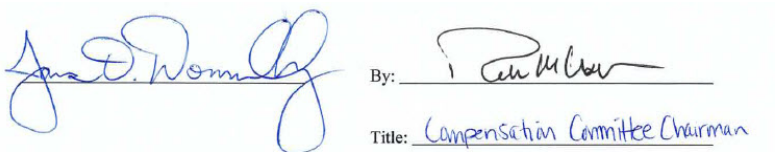
8.2 Agents. In the administration of this Agreement, the Plan Administrator may employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel, who may be counsel to the Employer.

8.3 Indemnity of Plan Administrator. The Plan Administrator shall not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Agreement, unless such action or omission is attributable to the willful misconduct of the Plan Administrator or any of its members. The Employer shall indemnify and hold harmless the members of the Plan Administrator and the designee(s) thereof against any and all claims, losses, damages, expenses, or liabilities (including reasonable attorneys' fees) arising from any action or failure to act with respect to this Agreement, except in the case of willful misconduct by the Plan Administrator.

8.4 Employer Information. To enable the Plan Administrator to perform its functions, the Employer shall supply full and timely information to the Plan Administrator on all matters relating to the date and circumstances of the retirement. Disability, death, or Separation from Service of the Executive and such other pertinent information as the Plan Administrator may reasonably require.

[*Signature page to follow*]

IN **WITNESS WHEREOF,** the Executive and of the Employer have signed this Agreement as of the Effective Date.



By: _____

Title: Compensation Committee Chairman

**WAYNE BANK**
**SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN AGREEMENT**

This Supplemental Executive Retirement Plan Agreement ("Agreement") is entered into as of November 17, 2026 (the "Effective Date") by and between Wayne Bank, a Pennsylvania bank and trust company (the **"Employer"** or the **"Bank"),** and John M. McCaffery (the **"Executive").**

**WHEREAS,** the Executive has contributed substantially to the success of the Employer and the Employer desires that the Executive continue in its employ;

**WHEREAS,** Employer desires to provide certain supplemental nonqualified pension benefits to Executive;

**WHEREAS,** Employer and Executive desire to enter into this Agreement to provide a retirement benefit under this Agreement and to be paid to Executive as provided herein;

**WHEREAS,** this Agreement shall be an unfunded arrangement maintained primarily to provide supplemental retirement benefits for the Executive, and shall be considered a plan described in Section 301(a)(3) of the Employee Retirement Income Security Act of 1974, as amended **("ERISA");**

**WHEREAS,** this Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the **"Code")** and, accordingly, the intent of the parties hereto is that the Agreement shall be operated and interpreted consistent with the requirements thereof;

**WHEREAS,** the Bank has purchased the insurance policies identified on Exhibit A attached hereto and incorporated herein by reference (in the aggregate, together with all additions or replacements of investments, **"Annuity Contracts");** and

**WHEREAS,** the Bank is the sole owner of the Annuity Contracts and elects to provide a retirement benefit to the Executive that is based on the income provided by the Annuity Contracts.

**NOW THEREFORE,** in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

## ARTICLE 1 DEFINITIONS

Whenever used in this Agreement, the following terms have the meanings specified:

1.1 **"Bancorp"** means Norwood Financial Corp, a Pennsylvania corporation, the parent corporation of the Bank.

1.2 **"Beneficiary"** means the person(s) or entity(ies) designated in writing by the Executive to receive death benefits pursuant to this Agreement in the event of his death. If no Beneficiary is designated, the Executive's Beneficiary shall be the Executive's spouse or, if none, the Executive's estate.

1.3 **"Beneficiary Designation Form"** means the form established from time to time by the Plan Administrator that the Executive completes, signs, and returns to the Plan Administrator to designate one or more Beneficiaries. The initial form is attached hereto as Exhibit B and is incorporated herein by this reference.

1.4 **"Board"** means the Board of Directors of the Employer.

1.5 **"Cash Surrender Value"** means the cash surrender value of the Annuity Contract(s) as defined by the insurance company which issued the contract(s).

1.6 **"Change in Control"** shall be deemed to occur on the earliest of any of the following events:

(a) Merger: The Bank or the Bancorp merges into or consolidates with another corporation, or merges another corporation into the Bancorp or the Bank, and as a result, less than a majority of the combined voting power of the resulting corporation immediately after the merger or consolidation is held by persons who were stockholders of the Bancorp or the Bank or is otherwise eligible to vote for

the election of directors for the Bancorp or the Bank immediately before the merger or consolidation;

(b) Acquisition of Significant Share Ownership: There is filed or required to be filed a report on Schedule 13D or another form or schedule (other than Schedule 13G) required under Section 13(d) or 14(d) of the Securities Exchange Act of 1934, if the schedule discloses that the filing person or persons acting in concert has or have become the beneficial owner of 25% or more of a class of the Bank's or the Bancorp's voting securities, but this clause (b) shall not apply to beneficial ownership of such voting securities held in a fiduciary capacity by an entity of which the Bancorp directly or indirectly beneficially owns fifty percent (50%) or more of its outstanding voting securities;

(c) Change in Board Composition: Individuals who constitute the Bancorp's or the Bank's Board of Directors on the Effective Date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the Effective Date whose election was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board shall be considered, for purposes of this clause (c), as though he or she was a member of the Incumbent Board; or

(d) Sale of Assets: The Bank and/or the Bancorp sells to a third party all or substantially all of its, or their, assets.

(e) The definition of Change in Control shall be construed to be consistent with the requirements of Section 409A of the Code and Treasury Regulations promulgated thereunder.

1.7 **"Code"** means the Internal Revenue Code of 1986, as amended.

1.8 **"Disability"** shall mean the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months or
(ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under a short-term or long-term disability insurance policy provided to Executive by the Employer.

Medical determination of Disability may be made by either the Social Security Administration or by the provider of an accident or health plan covering employees of the Employer, provided that the definition of Disability applied under such Disability insurance program complies with the requirements of Section 409A. Upon the request of the Plan Administrator, the Executive must submit proof to the Plan Administrator of Social Security Administration's or the provider's determination.

1.9 **"Early Retirement"** shall mean a Separation from Service by the Executive prior to the Normal Retirement Age unrelated to death, Disability or Change in Control.

1.10 **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.

1.11 **"Normal Retirement Age"** means age sixty-seven (67).

1.12 **"Normal Retirement Benefit"** has the meaning ascribed to it in Section 3.1.

1.13 **"Normal Retirement Date"** means the date the Executive incurs a Separation from Service on or after Normal Retirement Age.

1.14 **"Plan Administrator"** means the plan administrator described in Article 8.

1.15 **"Regulations"** means the U.S. Treasury Regulations.

1.16 **"Rider"** means the Income Rider attached to the Annuity Contract as an endorsement or other product feature that operates as an Income Rider, with such feature providing for a withdrawal or payment feature for the life of the Executive.

1.17 **"Section 409A"** means Section 409A of the Code and the regulations and administrative guidance promulgated thereunder.

1.18 **"Separation from Service"** means the complete and intended termination of the

employment relationship with the Employer and all corporations or entities or organizations with whom the Employer would be considered a single employer pursuant to subsections (b) and (c) of Section 414 of the Code determined in conformance with Section 409A; provided, however, (i) if the Executive ceases employment but continues thereafter to provide services to the Employer and/or its affiliates, as an independent contractor, the date of Separation from Service shall not occur until the date on which the level of services to be performed by the Executive will permanently decrease to less than fifty percent (50%) of the level of services that the Executive performed during the immediately preceding thirty-six (36)-month period and (ii) if there shall occur "a change in the ownership of a substantial portion of the assets" of Bancorp within the meaning of Section 409A and if the Executive accepts employment with the company that acquired such assets, there shall be no Separation from Service until such time as Executive ceases to be employed by such acquiring company.

1.19 **"Terminated for Cause"** shall mean a Separation of Service initiated by the Employer pursuant to the most recent employment agreement between Employer and Executive.

**ARTICLE 2**
**DEFERRED COMPENSATION AND VALUATION OF ACCOUNT**

2.1 Annuity Contracts and Other Investments. For purposes of satisfying its obligations to provide benefits under this Agreement, the Employer has initially invested in the Annuity Contracts. However, nothing in this Section shall require the Employer to invest in any particular form of investment, so long as it satisfies its obligations under Section 2.3 below.

2.2 Ownership of the Annuity Contracts and Other investments. The Employer is the sole owner of the Annuity Contracts and any other investments for this Agreement and shall have the right to exercise all incidents of ownership of the Annuity Contracts. The Employer shall be the beneficiary of the death proceeds of the Annuity Contracts. The Employer shall at all times be entitled to the Annuity Contracts' Cash Surrender Value, as that term is defined in the Annuity Contracts. The Cash Surrender Value shall be determined as of the date of the surrender of the Annuity Contracts or death of the Executive, as the case may be.

2.3 Right to Annuity Contracts. Notwithstanding any provision hereof to the contrary, the Bank shall have the right to sell or surrender the Annuity Contracts without terminating this Agreement, provided the Employer replaces the Annuity Contracts with a comparable annuity policy(ies). Without limitation, the Annuity Contracts at all times shall be the exclusive property of the Employer and shall be subject to the claims of the Employer's creditors.

2.4 Rabbi Trust. Employer may establish a "rabbi trust" to which contributions may be made to provide the Employer with a source of funds for purposes of satisfying the obligations of the Employer under this Agreement. Any such trust shall constitute an unfunded arrangement and shall not affect the status of the Agreement as an unfunded plan. The Executive and his Beneficiaries shall have no beneficial ownership interest in any assets held in the trust.

**ARTICLE 3 RETIREMENT AND OTHER BENEFITS**

3.1 Retirement Benefit.

(a) Normal Retirement Age. Upon the Executive's attainment of Normal Retirement Age, the Executive will be entitled to the benefit described in this Section 3.1 (the "**Normal Retirement Benefit**"). The Normal Retirement Benefit will be equal to the amount that is paid from the Annuity Contract through the Rider on a monthly basis after the date the Executive attains Normal Retirement Age, and will be payable in monthly installments for the life of the Executive commencing on the first (1st) day of the first month following the date the Executive attains Normal Retirement Age; provided, however, that to the extent the vesting schedule in Section 3.1(b) below applies, the Normal Retirement Benefit will be proportionately reduced as provided therein.

(b) Vesting. Executive's rights to the Normal Retirement Benefit shall vest over a period of five years commencing on the Effective Date as follows: zero percent (0%) until the first anniversary of the Effective Date, twenty percent (20%) on the first anniversary of the Effective Date, forty percent (40%) on the second anniversary of the Effective Date, sixty percent (60%) on the third anniversary of the Effective Date, eighty percent (80%) on the fourth anniversary of the Effective Date and one-hundred percent (100%) on the fifth anniversary of the Effective Date. Accordingly, upon five (5) years

of service after the Effective Date, the Executive is fully vested.

(c) Early Retirement Benefit. In the event of an Early Retirement by the Executive for any reason other than death, Disability or Change in Control, Executive shall be entitled to a fraction of the Normal Retirement Benefit, as computed in the next sentence, with payments to begin nonetheless upon the Normal Retirement Age and not at the time of Separation from Service. The payment to be made for Early Retirement shall be computed by determining (i) the percentage of Normal Retirement Benefit vested pursuant to the formula set forth earlier in Section 3.1(b), multiplied by (ii) the Normal Retirement Benefit. The Early Retirement Benefit will be payable in monthly installments for the life of the Executive, commencing at the Executive's Normal Retirement Age.

3.2 Disability Benefit. In the event the Executive is determined to be Disabled prior to Normal Retirement Age, the Executive will be entitled to the benefit described in this Section 3.2 (the **Disability Benefit**"). The Disability Benefit will be equal to the Normal Retirement Benefit, as provided for in Section 3.1, payable in monthly installments for the life of the Executive, commencing at the Executive's Normal Retirement Age. In the event of a Disability, the Executive shall be deemed to be fully vested irrespective of the vesting schedule provided for in Section 3.1(b). The parties acknowledge that separately the Executive has long term disability insurance which will provide certain coverage to the Executive prior to the Normal Retirement Age.

3.3 Preretirement Death Benefit. Upon the death of the Executive while in service to the Employer, the Employer will pay to the Executive's Beneficiary one hundred eighty (180) monthly payments, each in amount as calculated as in Section 3.1(a) of this Agreement, commencing on the first (1st) day of the second month following the date of the Executive's death. In the event of death, the Executive shall be deemed to be fully vested irrespective of the vesting schedule provided for in Section 3.1(b).

3.4 Postretirement Death Benefit – Guaranteed for 15 Years. Upon the death of the Executive after (i) the Executive has started receiving payments under Section 3.1(a) (Normal Retirement Benefit), 3.1(c) (Early Retirement Benefit), 3.2 (Disability Benefit) or Section 3.5 (Change in Control Benefit), but before Executive has received a total of one hundred eighty (180) payments, the Executive's Beneficiary will receive the balance of the one hundred eighty (180) monthly installments, which balance shall continue to be paid monthly in accordance with the same payment schedule as if the Executive had not died until a total of one hundred eighty (180) payments have been paid to the Executive and Executive's Beneficiary in the aggregate.

3.5 Change in Control Benefit.

(a) Upon a Change in Control prior to the date on which the Executive is otherwise entitled to any payments pursuant to Sections 3.1 through 3.4 under this Agreement, the Executive will be paid the Normal Retirement Benefit as provided for in Section 3.1(a), payable in monthly installments for the life of the Executive, commencing at the Executive's Normal Retirement Age whether or not there has been a Separation from Service and whether or not the Executive continues to be employed after a Change in Control. In the event of a Change in Control, the Executive shall be deemed to be fully vested irrespective of the vesting schedule provided for in Section 3.1(b).

(b) Upon a Change in Control, the Employer may establish a "rabbi trust", if one has not already been established, for the purposes of this Agreement, to which assets will be contributed to provide the Employer with a source of funds for purposes of satisfying the obligations of the Employer under this Agreement. The amount of the contribution to the "rabbi trust" will be the amount sufficient to satisfy the obligation of the Employer based on the Normal Retirement Benefit as provided for in Section 3.1.

(c) In the event of a Change in Control, Employer shall cause the acquirer to assume this Agreement.

3.6 Restriction on Timing of Distributions. Notwithstanding the applicable provisions of this Agreement regarding timing of payments, the following special rules shall apply: (i) to the extent the Executive is a "specified employee" (as defined under Section 409A) at the time of Separation from Service and to the extent Section 409A requires a delay of distributions by a six (6)-month period after the date of such Executive's Separation from Service, no such distribution shall be made prior to the date that is six (6) months after the date of the Executive's Separation from Service, and (ii) any such delayed payments shall be paid to the Executive in a single lump sum on the first business day after the end of the six (6)-month delay. Any deferral of payments pursuant to the foregoing sentence shall have no

effect on any payments that are scheduled to be paid more than six (6) months after the date of Separation from Service.

3.7 No Acceleration of Payments. Except as specifically permitted herein, no acceleration of the time or schedule of any payment may be made hereunder.

3.8 Terminated for Cause. Notwithstanding anything to the contrary contained herein, in the event of the Executive's termination for Cause, this Agreement shall terminate and no benefits shall be payable under the Agreement. For this purpose, "Cause" means a "Termination for Cause" (or such similar term) as described in the Executive's most recent employment agreement. If no such agreement is effective at the time of termination of employment, "Cause" shall be defined as (i) conviction of a crime involving moral turpitude; (ii) willful misconduct or gross neglect of duties which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Bank; provided that within 30 days after receiving notice of such misconduct or neglect, on which the Board is relying to terminate you for cause, you are provided the opportunity defend yourself before the Board; or (iii) a repeated failure by Executive to follow the written directives of the Board or any written Bank policy or guidelines expressly approved by the Board which has resulted, or in all probability is likely to result, in material economic damage to the Bank; provided, however, that if you initially refuse to obey the written directives of the Board, (a) you are furnished a written statement by the Board that it believes in good faith that the acts or non-acts in respect of the direction that is given you is in the best interests of the Bank, and (b) you are provided the opportunity to discuss with the Board reasons for not complying with the Board's directives; provided further that your refusal to follow any written directive of the Board that would cause you to commit any illegal act or engage in any illegal course of conduct shall not be grounds for terminating your employment for Cause.

**ARTICLE 4 BENEFICIARIES**

4.1 Beneficiary Designations. The Executive shall have the right to designate at any time a Beneficiary to receive any benefits payable under this Agreement upon the death of the Executive. The Beneficiary designated under this Agreement may be the same as or different from the Beneficiary designation under any other benefit plan of the Employer in which the Executive participates.

4.2 Beneficiary Designation: Changes. The Executive shall designate a Beneficiary by completing and signing the Beneficiary Designation Form, delivering it to the Plan Administrator or its designated agent and having the Plan Administrator accept such designation in writing. The Executive's Beneficiary designation shall be deemed automatically revoked if the Beneficiary predeceases the Executive or if the Executive names a spouse as Beneficiary and the marriage is subsequently dissolved. The Executive shall have the right to change a Beneficiary by completing, signing, and otherwise complying with the terms of the Beneficiary Designation Form and the Plan Administrator's rules and procedures, as in effect from time to time. Upon the acceptance by the Plan Administrator of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be cancelled. The Plan Administrator shall be entitled to rely on the last Beneficiary Designation Form filed by the Executive and accepted by the Plan Administrator before the Executive's death.

4.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received in writing by the Plan Administrator or its designated agent.

4.4 No Beneficiary Designation. If the Executive dies without a valid Beneficiary designation, or if all designated Beneficiaries predecease the Executive, then the Executive's spouse shall be the designated Beneficiary. If the Executive has no surviving spouse, the benefits shall be distributed to the personal representative of the Executive's estate.

4.5 Facility of Payment. If a benefit is payable to a minor, to a person declared incapacitated, or to a person incapable of handling the disposition of his or her property, the Employer may pay such benefit to the guardian, legal representative, or person having the care or custody of the minor, incapacitated person, or incapable person. The Employer may require proof of incapacity, minority, or guardianship as it may deem appropriate before distribution of the benefit. Distribution shall completely discharge the Employer from all liability for the benefit.

**ARTICLE 5 GENERAL LIMITATIONS**

5.1 Regulatory Requirements. Notwithstanding anything contained in this Agreement to the contrary, it is understood and agreed that the Bank shall not be required to make any payment or take any action under this Agreement if: (a) such payment or action is prohibited by any governmental agency having jurisdiction over the Bank (hereinafter referred to as "**Regulatory Authority**") in light of the fact that the Bank has been declared by Regulatory Authority to be troubled, or operating in an unsafe or unsound matter; or (b) such payment or action (i) would be prohibited by or would violate any provision of state or federal law applicable to the Bank, as now in effect or hereafter amended, (ii) would be prohibited by or would violate any applicable rules, regulations, orders or statements of policy, whether now existing or hereafter promulgated, of any Regulatory Authority, or (iii) otherwise would be prohibited by any Regulatory Authority.

Notwithstanding any provision of this Agreement to the contrary, any benefit provided under this Agreement when added to all other amounts or benefits provided to or on behalf of Executive in connection with Executive's termination of employment shall be forfeited to the extent the benefit would be a prohibited golden parachute payment pursuant to 12 C.F.R. §359.2 and for which the appropriate federal banking agency had not given written consent to pay pursuant to 12 C.F.R. §359.4

**ARTICLE 6**
**CLAIMS AND REVIEW PROCEDURES**

6.1 Claims Procedure. A person or Beneficiary (a "claimant") who has not received benefits under the Agreement that he or she believes should be paid shall make a claim for such benefits as follows:

(a) Initiation - Written Claim. The claimant initiates a claim by submitting to the Plan Administrator a written claim for the benefits. If the claim relates to the contents of a notice received by the claimant, the claim must be made within ninety (90) days after the notice was received by the claimant. All other claims must be made within one hundred eighty (180) days after the date of the event that caused the claim to arise. The claim must state with particularity the determination desired by the claimant.

(b) Timing of Plan Administrator Response. The Plan Administrator shall respond to such claimant within ninety (90) days after receiving the claim. If the Plan Administrator determines that special circumstances require additional time for processing the claim, the Plan Administrator can extend the response period by an additional ninety (90) days by notifying the claimant in writing, prior to the end of the initial ninety (90)-day period that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Plan Administrator expects to render its decision.

(c) Notice of Decision. If the Plan Administrator denies part or all of the claim, the Plan Administrator shall notify the claimant in writing of such denial. The Plan Administrator shall write the notification in a manner calculated to be understood by the claimant. The notification shall set forth:

(i) The specific reasons for the denial,

(ii) A reference to the specific provisions of the Agreement on which the denial is based,

(iii) A description of any additional information or material necessary for the claimant to perfect the claim and an explanation of why it is needed,

(iv) An explanation of the Agreement's review procedures and the time limits applicable to such procedures, and

(v) A statement of the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

6.2 Review Procedure. If the Plan Administrator denies part or all of the claim, the claimant shall have the opportunity for a full and fair review by the Plan Administrator of the denial, as follows

(a) Initiation - Written Request. To initiate the review, the claimant, within sixty

(60) days after receiving the Plan Administrator's notice of denial, must file with the Plan Administrator a written request for review.

(b) Additional Submissions - Information Access. The claimant shall then have the opportunity to submit written comments, documents, records and other information relating to the claim. The Plan Administrator shall also provide the claimant, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claimant's claim for benefits.

(c) Considerations on Review. In considering the review, the Plan Administrator shall take into account all materials and information the claimant submits relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(d) Timing of Plan Administrator Response. The Plan Administrator shall respond in writing to such claimant within sixty (60) days after receiving the request for review. If the Plan Administrator determines that special circumstances require additional time for processing the claim, the Plan Administrator can extend the response period by an additional sixty (60) days by notifying the claimant in writing, prior to the end of the initial sixty (60)-day period, that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Plan Administrator expects to render its decision.

(e) Notice of Decision. The Plan Administrator shall notify the claimant in writing of its decision on review. The Plan Administrator shall write the notification in a manner calculated to be understood by the claimant. The notification shall set forth:

(i) The specific reasons for the denial,

(ii) A reference to the specific provisions of the Agreement on which the denial is based,

(iii) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claimant's claim for benefits, and

(iv) A statement of the claimant's right to bring a civil action under ERISA Section 502(a).

(f) Interest. To the extent any payment was not made timely to Executive, Employer shall pay interest thereon from the date properly due until the date paid, at the rate published by the Wall Street Journal as the "prime rate", floating from time to time.

## ARTICLE 7 MISCELLANEOUS

7.1 Amendments and Termination. This Agreement may be amended solely by a written agreement signed by the Employer and by the Executive, and except as otherwise provided herein, this Agreement may be terminated solely by a written agreement signed by the Employer and by the Executive.

7.2 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Executive and the Employer and their respective beneficiaries, survivors, executors, successors, administrators, legal representatives, and transferees. "Successors" includes without limitation any successor by merger or the purchaser of all or substantially all of the assets of Employer or Bancorp.

7.3 No Guarantee of Employment. This Agreement is not an employment policy or contract. It does not give the Executive the right to remain an employee of the Employer, nor does it interfere with the Employer's right to discharge the Executive. It also does not require the Executive to remain an employee nor interfere with the Executive's right to terminate employment at any time.

7.4 Non-Transferability. The right to Benefits under this Agreement cannot be sold, transferred, assigned, pledged, attached, or encumbered in any manner.

7.5 Tax Withholding. The Employer shall withhold any taxes that are required to be withheld from the payments made under Article 3 of this Agreement.

7.6 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to contracts executed and to be performed therein, without giving effect to the choice of law rules thereof. Any action to enforce any provision of this Agreement may be brought only in a court of the Commonwealth of Pennsylvania. Accordingly, each party (a) agrees to submit to the jurisdiction of such courts and to accept service of process at its address for notices and in the manner provided in Section 7.11 for the giving of notices in any such action or proceeding brought in any such court and (b) irrevocably waives any objection to the laying of venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient or inappropriate forum.

7.7 Unfunded Arrangement. The Executive and the Executive's Beneficiary are general unsecured creditors of the Employer for the payment of benefits under this Agreement. The benefits represent the mere promise by the Employer to pay such benefits. The rights to benefits are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors. Any insurance, annuity contract or other asset purchased by Employer to fund its obligations under this Agreement shall be a general asset of the Employer to which the Executive and Beneficiary have no preferred or secured claim.

7.8 Annuity Contract Determines Amount of Benefits. Notwithstanding the provisions of this Agreement in the payment of the benefits under Article 3 to the contrary, any benefits payable under this Agreement are payable solely to the extent of payments actually made by the Annuity Contract(s) as identified in this Agreement or other provision as provided for in Section 2.2.

7.9 Severability. If any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement, and each such other provision shall continue in full force and effect to the full extent consistent with law. If any provision of this Agreement is held invalid in part, such invalidity shall not affect the remainder of the provision, and the remainder of such provision together with all other provisions of this Agreement shall continue in full force and effect to the full extent consistent with law.

7.10 Headings. The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement.

7.11 Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or mailed, certified or registered mail, return receipt requested, with postage prepaid. Unless otherwise changed by notice, notice shall be properly addressed to the Executive if addressed to the address of the Executive on the books and records of the Employer at the time of the delivery of such notice, and properly addressed to the Employer if addressed to the Board, at 717 Main Street, Honesdale, Pennsylvania 18431.

7.12 Entire Agreement. This Agreement contains all of the agreements and understandings between the parties hereto with respect to this Agreement.

7.13 Payment of Legal Fees. In the event litigation ensues between the parties concerning the enforcement of the obligations of the parties under this Plan, the Executive and the Employer shall pay their own costs and expenses in connection with such litigation until such time as a final determination (excluding any appeals) is made with respect to the litigation. If the Executive prevails in such litigation, the Executive shall be entitled to receive from the Employer all reasonable costs and expenses, including without limitation attorneys' fees, incurred by the Executive in connection with such litigation, and the Employer shall pay such costs and expenses to the Executive promptly.

## ARTICLE 8 ADMINISTRATION OF AGREEMENT

8.1 Plan Administrator Duties. This Agreement shall be administered by a Plan Administrator consisting of the Board of Directors of the Employer or such committee or person(s) as the Board of Directors of the Employer shall appoint. The Plan Administrator shall have the sole and absolute discretion and authority to interpret and enforce all appropriate rules and regulations for the administration of this Agreement and the rights of the Executive under this Agreement, to decide or resolve any and all questions or disputes arising under this Agreement, including benefits payable under this Agreement and all other interpretations of this Agreement, as may arise in connection with the Agreement.

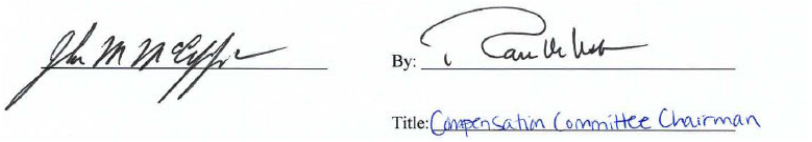
8.2 Agents. In the administration of this Agreement, the Plan Administrator may employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel, who may be counsel to the Employer.

8.3 Indemnity of Plan Administrator. The Plan Administrator shall not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Agreement, unless such action or omission is attributable to the willful misconduct of the Plan Administrator or any of its members. The Employer shall indemnify and hold harmless the members of the Plan Administrator and the designee(s) thereof against any and all claims, losses, damages, expenses, or liabilities (including reasonable attorneys' fees) arising from any action or failure to act with respect to this Agreement, except in the case of willful misconduct by the Plan Administrator.

8.4 Employer Information. To enable the Plan Administrator to perform its functions, the Employer shall supply full and timely information to the Plan Administrator on all matters relating to the date and circumstances of the retirement. Disability, death, or Separation from Service of the Executive and such other pertinent information as the Plan Administrator may reasonably require.

[*Signature page to follow*]

IN **WITNESS WHEREOF,** the Executive and of the Employer have signed this Agreement as of the Effective Date.



By: _____

Title: Compensation Committee Chairman

**AMENDED AND RESTATED SALARY CONTINUATION AGREEMENT**

This Amended and Restated Salary Continuation Agreement (the "Agreement"), by and between Wayne Bank, located in Honesdale, Pennsylvania (the "Employer"), and James O. Donnelly (the "Executive"), originally effective as of May 10, 2022, is hereby amended and restated as of November 17, 2026.

**WITNESSETH:**

WHEREAS, the Executive is employed by the Employer;

WHEREAS, the Employer recognizes the valuable services the Executive has performed for the Employer and wishes to encourage the Executive's continued employment and to provide the Executive with additional incentive to achieve corporate objectives;

WHEREAS, the Employer wishes to provide the terms and conditions upon which the Employer shall pay additional retirement benefits to the Executive;

WHEREAS, the Employer and the Executive intend this Agreement shall at all times be administered and interpreted in compliance with Code Section 409A; and

WHEREAS, the Employer has purchased the insurance policies identified on Exhibit A attached hereto and incorporated herein by reference (in the aggregate, together with all additions or replacements of investments, "Annuity Contracts"); and

WHEREAS, the Employer is the sole owner of the Annuity Contracts and elects to provide a retirement benefit to the Executive that is based on the income provided by the Annuity Contracts.

WHEREAS, the Employer intends this Agreement shall at all times be administered and interpreted in such a manner as to constitute an unfunded nonqualified deferred compensation arrangement, maintained primarily to provide supplemental retirement benefits for the Executive, a member of select group of management or highly compensated employee of the Employer.

NOW THEREFORE, in consideration of the premises and of the mutual promises herein contained, the Employer and the Executive agree as follows:

**ARTICLE 1 DEFINITIONS**

For the purpose of this Agreement, the following phrases or terms shall have the indicated meanings:

1.1 "Accrued Benefit" means the dollar value of the liability that should be accrued by the Employer, under Generally Accepted Accounting Principles, for the Employer's obligation to the Executive under this Agreement, calculated by applying Accounting Standards Codification 710-10 and the Discount Rate.

1.2 "Administrator" means the Board or its designee.

1.3 "Affiliate" means any business entity with whom the Employer would be considered a single employer under Section 414(b) and 414(c) of the Code. Such term shall be

interpreted in a manner consistent with the definition of "service recipient" contained in Code Section 409A.

1.4 "Beneficiary" means the person or persons designated in writing by the Executive to receive benefits hereunder in the event of the Executive's death.

1.5 "Board" means the Board of Directors of the Employer.

1.6 "Cause" means any of the following acts or circumstances: gross negligence or gross neglect of duties to the Employer; conviction of a felony or of a gross misdemeanor involving moral turpitude in connection with the Executive's employment with the Employer; or fraud, disloyalty, dishonesty or willful violation of any law or significant Employer policy committed in connection with the Executive's employment and resulting in a material adverse effect on the Employer.

1.7 "Change in Control" means a change in the ownership or effective control of the Employer, or in the ownership of a substantial portion of the assets of the Employer, as such change is defined in Code Section 409A and regulations thereunder.

1.8 "Claimant" means a person who believes that he or she is being denied a benefit to which he or she is entitled hereunder.

1.9 "Code" means the Internal Revenue Code of 1986, as amended.

1.10 "Disability" means a condition of the Executive whereby the Executive either: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer. The Administrator will determine whether the Executive has incurred a Disability based on its own good faith determination and may require the Executive to submit to reasonable physical and mental examinations for this purpose. The Executive will also be deemed to have incurred a Disability if determined to be totally disabled by the Social Security Administration or in accordance with a disability insurance program, provided that the definition of disability applied under such disability insurance program complies with the initial sentence of this Section.

1.11 "Discount Rate" means the rate used by the Administrator for determining the Accrued Benefit. The initial Discount Rate is three percent (3.0%). The Administrator may adjust the Discount Rate to maintain the rate within reasonable standards according to Generally Accepted Accounting Principles and applicable bank regulatory guidance.

1.12 "Early Termination" means Separation from Service before Normal Retirement Age except when such Separation from Service occurs following a Change in Control or due to termination for Cause.

1.13 "Effective Date" means May 10, 2022.

1.14 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.15 “Normal Retirement Age” means the date the Executive attains age sixty-five (65).

1.16 “Plan Year” means each twelve (12) month period commencing on October 1 and ending on September 30 of each year. The initial Plan Year shall commence on the Effective Date and end on the following September 30.

1.17 “Rider” means the Income Rider attached to the Annuity Contract as an endorsement or other product feature that operates as an Income Rider, with such feature providing for a withdrawal or payment feature for the life of the Executive

1.18 [Reserved]

1.19 “Separation from Service” means a termination of the Executive’s employment with the Employer and its Affiliates for reasons other than death or Disability. A Separation from Service may occur as of a specified date for purposes of the Agreement even if the Executive continues to provide some services for the Employer or its Affiliates after that date, provided that the facts and circumstances indicate that the Employer and the Executive reasonably anticipated at that date that either no further services would be performed after that date, or that the level of bona fide services the Executive would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period (or the full period during which the Executive performed services for the Employer, if that is less than thirty-six (36) months). A Separation from Service will not be deemed to have occurred while the Executive is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six (6) months or, if longer, the period for which a statute or contract provides the Executive with the right to reemployment with the Employer. If the Executive’s leave exceeds six (6) months but the Executive is not entitled to reemployment under a statute or contract, the Executive incurs a Separation from Service on the next day following the expiration of such six (6) month period. In determining whether a Separation from Service occurs the Administrator shall take into account, among other things, the definition of “service recipient” and “employer” set forth in Treasury regulation §1.409A-1(h)(3). The Administrator shall have full and final authority, to determine conclusively whether a Separation from Service occurs, and the date of such Separation from Service.

1.20 “Specified Employee” means an individual that satisfies the definition of a “key employee” of the Employer as such term is defined in Code §416(i) (without regard to Code

§416(i)(5)), provided that the stock of the Employer or Norwood Financial Corp. is publicly traded on an established securities market or otherwise, as defined in Treasury Regulation §1.897-1(m). If the Executive is a key employee at any time during the twelve (12) months ending on December 31, the Executive is a Specified Employee for the twelve (12) month period commencing on the first day of the following April.

**ARTICLE 2 PAYMENT OF BENEFITS**

2.1 *Normal Retirement Benefit.*

(a) Normal Retirement Benefit. If Separation from Service occurs at Normal Retirement Age, the Employer shall pay the Executive an annual benefit, which will not be less

than One Hundred Twenty-Five Thousand Dollars ($125,000) in lieu of any other benefit hereunder, and the amount of the benefit will be determined from an Annuity Contract through a Rider. The Annuity Contract and Rider are described and set forth on Exhibit A to this Agreement. If Separation from Service occurs after Normal Retirement Age, for each full month between Normal Retirement Age and Separation from Service, up to a maximum of twenty-four (24) months, the Employer shall increase this annual benefit by .3274%. The annual benefit will be payable in monthly installments for the life of the Executive commencing on the first day of the first month following Separation from Service at or after Normal Retirement Age.

(b) Vesting. Executive's right to the annual benefit set forth in Section 2.1(a), Normal Retirement Benefit, shall vest in equal installments over a period of nine (9) years commencing on the Effective Date (June 1, 2022). Notwithstanding the foregoing, the Executive will become one-hundred percent (100%) vested in the Normal Retirement Benefit in the event of a Disability, Change in Control, death or when the Executive attains Normal Retirement Age.

2.2 *Early Termination or Disability Benefit.*

(a) Early Termination. If Early Termination occurs, the Employer shall pay the Executive an annual benefit equal to the Normal Retirement Benefit described in Section 2.1(a) multiplied by the Executive's vested percentage determined under Section 2.1(b) as of the date of Separation from Service, in lieu of any other benefit hereunder, and the amount of the benefit will be determined from an Annuity Contract through a Rider, each of which are described and set forth on Exhibit A to this Agreement. The annual benefit will be payable in monthly installments for the life of the Executive commencing on the first day of the month following the month in which the Executive attains Normal Retirement Age. The benefit under this Section 2.2(a) shall not be increased or accelerated by reason of any Disability or Change in Control occurring after Early Termination.

(b) Disability. If the Executive incurs a Disability prior to Separation from Service, Change in Control, Normal Retirement Age and the Executive's death, the Executive shall be one hundred percent (100%) vested in the Normal Retirement Benefit, and the Employer shall pay the Executive an annual benefit, which will not be less than One Hundred Twenty-Five Thousand Dollars ($125,000), in lieu of any other benefit hereunder, and the amount of the benefit will be determined from an Annuity Contract through a Rider, each of which are described and set forth on Exhibit A to this Agreement. The annual benefit will be payable in monthly installments for the life of the Executive commencing on the first day of the month following the month in which the Executive attains Normal Retirement Age.

2.3 *Change in Control Benefit.*

(a) If a Change in Control occurs prior to Separation from Service, Disability, Normal Retirement Age and the Executive's death, the Executive shall be one hundred percent (100%) vested in the Normal Retirement Benefit, and the Employer shall pay the Executive an annual benefit, which will not be less than One Hundred Twenty-Five Thousand Dollars ($125,000), in lieu of any other benefit hereunder and the amount of the benefit will be determined from an Annuity Contract through a Rider, each of which are described and set forth on Exhibit A to this Agreement. The annual benefit will be payable in monthly installments for the life of the Executive commencing on the first day of the month following the month in which the Executive attains

Normal Retirement Age, whether or not the Executive's employment continues following the Change in Control.

(b) If a Change in Control occurs after Normal Retirement Age, but prior to Separation from Service, Disability and the Executive's death, the Employer shall pay the Executive an annual benefit, which will not be less than One Hundred Twenty-Five Thousand Dollars ($125,000), in lieu of any other benefit hereunder and the amount of the benefit will be determined from an Annuity Contract through a Rider, each of which are described and set forth on Exhibit A to this Agreement. The annual benefit will be payable in monthly installments for the life of the Executive commencing on the first day of the first month following Change in Control.

(c) If Change in Control occurs after the Executive has reached age sixty-seven (67) the annual benefit shall not be less than One Hundred Thirty-Five Thousand Two Hundred Dollars ($135,200), in lieu of any other benefit hereunder and the amount of the benefit will be determined from an Annuity Contract through a Rider, each of which are described and set forth on Exhibit A to this Agreement. The annual benefit will be payable in monthly installments for the life of the Executive commencing on the first day of the first month following Change in Control.

2.4 *Death Prior to Commencement of Benefit Payments.* In the event the Executive dies prior to Separation from Service, Disability and Change in Control the Employer shall pay the Beneficiary an annual benefit in the amount of One Hundred Twenty-Five Thousand Dollars ($125,000) in lieu of any other benefit hereunder. If the Executive's death occurs after Normal Retirement Age, for each full month between Normal Retirement Age and the Executive's death, up to a maximum of twenty-four (24) months, the Employer shall increase this annual benefit by

.3274%. If the Executive's death occurs after the Executive has reached age sixty-seven (67) the annual benefit shall be One Hundred Thirty-Five Thousand Two Hundred Dollars ($135,200). The annual benefit will be paid for fifteen (15) years in equal monthly installments commencing the month following the Executive's death.

2.5 *Death Subsequent to Commencement of Benefit Payments.* In the event the Executive dies while receiving payments, but prior to receiving one hundred and eighty (180) monthly payments, the Employer shall pay the Beneficiary the same amounts at the same times as the Employer would have paid the Executive had the Executive survived until the Employer has made a total of one hundred and eighty (180) payments in the aggregate to the Executive and the Beneficiary. If the Executive dies after receiving one hundred and eighty monthly (180) payments, the Beneficiary will not receive any payments.

2.6 *Death Subsequent to Separation from Service or Change in Control and Prior to Normal Retirement Age*. In the event the Executive dies after becoming entitled to benefits under Section 2.2 or 2.3 and prior to Normal Retirement Age the Employer shall pay the Beneficiary the same amounts for the same period as the Employer would have paid the Executive had the Executive survived but the payments shall commence the month following the Executive's death and continue for fifteen (15) years in equal monthly installments. No payments will be made after fifteen (15) years.

2.7 *Termination for Cause.* If the Employer terminates the Executive's employment for Cause, then the Executive shall not be entitled to any benefits under the terms of this Agreement.

2.8 *Restriction on Commencement of Distributions.* Notwithstanding any provision of this Agreement to the contrary, if the Executive is considered a Specified Employee at the time of Separation from Service, the provisions of this Section shall govern all distributions hereunder. Distributions which would otherwise be made to the Executive due to Separation from Service shall not be made during the first six (6) months following Separation from Service. Rather, any distribution which would otherwise be paid to the Executive during such period shall be accumulated and paid to the Executive in a lump sum on the first day of the seventh month following Separation from Service, or if earlier, upon the Executive's death. All subsequent distributions shall be paid as they would have had this Section not applied.

2.9 *Acceleration of Payments.* Except as specifically permitted herein, no acceleration of the time or schedule of any payment may be made hereunder. Notwithstanding the foregoing, payments may be accelerated, in accordance with the provisions of Treasury Regulation §1.409A-3(j)(4) in the following circumstances: (i) as a result of certain domestic relations orders; (ii) in compliance with ethics agreements with the federal government; (iii) in compliance with the ethics laws or conflicts of interest laws; (iv) in limited cashouts (but not in excess of the limit under Code

§402(g)(1)(B)); (v) to pay employment-related taxes; or (vi) to pay any taxes that may become due at any time that the Agreement fails to meet the requirements of Code Section 409A.

2.10 *Delays in Payment by Employer.* A payment may be delayed to a date after the designated payment date under any of the circumstances described below, and the provision will not fail to meet the requirements of establishing a permissible payment event. The delay in the payment will not constitute a subsequent deferral election, so long as the Employer treats all payments to similarly situated individuals on a reasonably consistent basis.

(a) Payments that would violate Federal securities laws or other applicable law. A payment may be delayed where the Employer reasonably anticipates that the making of the payment will violate Federal securities laws or other applicable law provided that the payment is made at the earliest date at which the Employer reasonably anticipates that the making of the payment will not cause such violation. The making of a payment that would cause inclusion in gross income or the application of any penalty provision of the Internal Revenue Code is not treated as a violation of law.

(b) Solvency. Notwithstanding the above, a payment may be delayed where the payment would jeopardize the ability of the Employer to continue as a going concern.

2.11 *Treatment of Payment as Made on Designated Payment Date.* Solely for purposes of determining compliance with Code Section 409A, any payment under this Agreement made after the required payment date shall be deemed made on the required payment date provided that such payment is made by the latest of: (i) the end of the calendar year in which the payment is due;

(ii) the 15th day of the third calendar month following the payment due date; (iii) if Employer cannot calculate the payment amount on account of administrative impracticality which is beyond the Executive's control, the end of the first calendar year which payment calculation is practicable; and (iv) if Employer does not have sufficient funds to make the payment without jeopardizing the Employer's solvency, in the first calendar year in which the Employer's funds are sufficient to make the payment.

2.12 *Facility of Payment.* If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Administrator may make such distribution: (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence; or (ii) to the conservator or administrator or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Employer and the Administrator from further liability on account thereof.

2.13 *Excise Tax Limitation.* Notwithstanding any provision of this Agreement to the contrary, if any benefit payment hereunder would be treated as an "excess parachute payment" under Code Section 280G, the Employer shall reduce such benefit payment to the extent necessary to avoid treating such benefit payment as an excess parachute payment. The Executive shall be entitled to only the reduced benefit and shall forfeit any amount over and above the reduced amount.

2.14 *Changes in Form or Timing of Benefit Payments.* The Employer and the Executive may, subject to the terms hereof, amend this Agreement to delay the timing or change the form of payments. Any such amendment:

(a) must take effect not less than twelve (12) months after the amendment is made;

(b) must, for benefits distributable due solely to the arrival of a specified date, or on account of Separation from Service or Change in Control, delay the commencement of distributions for a minimum of five (5) years from the date the first distribution was originally scheduled to be made;

(c) must, for benefits distributable due solely to the arrival of a specified date, be made not less than twelve (12) months before distribution is scheduled to begin; and

(d) may not accelerate the time or schedule of any distribution.

**ARTICLE 3 BENEFICIARIES**

3.1 *Designation of Beneficiaries.* The Executive may designate any person to receive any benefits payable under the Agreement upon the Executive's death, and the designation may be changed from time to time by the Executive by filing a new designation. Each designation will revoke all prior designations by the Executive, shall be in the form prescribed by the Administrator, and shall be effective only when filed in writing with the Administrator during the Executive's lifetime. If the Executive names someone other than the Executive's spouse as a Beneficiary, the Administrator may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Administrator, executed by the Executive's spouse and returned to the Administrator. The Executive's beneficiary designation shall be deemed automatically revoked if the Beneficiary predeceases the Executive or if the Executive names a spouse as Beneficiary and the marriage is subsequently dissolved.

3.2 *Absence of Beneficiary Designation.* In the absence of a valid Beneficiary designation, or if, at the time any benefit payment is due to a Beneficiary, there is no living Beneficiary validly named by the Executive, the Employer shall pay the benefit payment to the

Executive's spouse. If the spouse is not living then the Employer shall pay the benefit payment to the Executive's living descendants per stirpes, and if there are no living descendants, to the Executive's estate. In determining the existence or identity of anyone entitled to a benefit payment, the Employer may rely conclusively upon information supplied by the Executive's personal representative, executor, or administrator.

**ARTICLE 4 ADMINISTRATION**

4.1 *Administrator Duties.* The Administrator shall be responsible for the management, operation, and administration of the Agreement. When making a determination or calculation, the Administrator shall be entitled to rely on information furnished by the Employer, Executive or Beneficiary. No provision of this Agreement shall be construed as imposing on the Administrator any fiduciary duty under ERISA or other law, or any duty similar to any fiduciary duty under ERISA or other law.

4.2 *Administrator Authority.* The Administrator shall enforce this Agreement in accordance with its terms, shall be charged with the general administration of this Agreement, and shall have all powers necessary to accomplish its purposes.

4.3 *Binding Effect of Decision.* The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation or application of this Agreement and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in this Agreement.

4.4 *Compensation, Expenses and Indemnity.* The Administrator shall serve without compensation for services rendered hereunder. The Administrator is authorized at the expense of the Employer to employ such legal counsel and/or recordkeeper as it may deem advisable to assist in the performance of its duties hereunder. Expense and fees in connection with the administration of this Agreement shall be paid by the Employer.

4.5 *Employer Information.* The Employer shall supply full and timely information to the Administrator on all matters relating to the Executive's compensation, death, Disability or Separation from Service, and such other information as the Administrator reasonably requires.

4.6 *Termination of Participation.* If the Administrator determines in good faith that the Executive no longer qualifies as a member of a select group of management or highly compensated employees, as determined in accordance with ERISA, the Administrator shall have the right, in its sole discretion, to cease further benefit accruals hereunder.

4.7 *Compliance with Code Section 409A.* The Employer and the Executive intend that the Agreement comply with the provisions of Code Section 409A to prevent the inclusion in gross income of any amounts deferred hereunder in a taxable year prior to the year in which amounts are actually paid to the Executive or Beneficiary. This Agreement shall be construed, administered and governed in a manner that affects such intent, and the Administrator shall not take any action that would be inconsistent therewith.

**ARTICLE 5**

**CLAIMS AND REVIEW PROCEDURES**

5.1 *Claims Procedure.* A Claimant who has not received benefits under this Agreement that he or she believes should be distributed shall make a claim for such benefits as follows.

(a) Initiation – Written Claim. The Claimant initiates a claim by submitting to the Administrator a written claim for the benefits. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty

(60) days after such notice was received by the Claimant. All other claims must be made within one hundred eighty (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

(b) Timing of Administrator Response. The Administrator shall respond to such Claimant within forty-five (45) days after receiving the claim. If the Administrator determines that special circumstances require additional time for processing the claim, the Administrator can extend the response period by an additional thirty (30) days by notifying the Claimant in writing, prior to the end of the initial forty-five (45) day period, that an additional period is required. The extension notice shall specifically explain the standards on which entitlement to a disability benefit is based, the unresolved issues that prevent a decision on the claim and the additional information needed from the Claimant to resolve those issues, and the Claimant shall be afforded at least forty-five (45) days within which to provide the specified information.

(c) Notice of Decision. If the Administrator denies all or a part of the claim, the Administrator shall notify the Claimant in writing of such denial in a culturally and linguistically appropriate manner. The Administrator shall write the notification in a manner calculated to be understood by the Claimant. The notification shall set forth: (i) the specific reasons for the denial; (ii) a reference to the specific provisions of this Agreement on which the denial is based; (iii) a notice that the Claimant has a right to request a review of the claim denial and an explanation of the Agreement's review procedures and the time limits applicable to such procedures; (iv) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review, and a description of any time limit for bringing such an action; (v) for any Disability claim, a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (A) the views presented by the Claimant of health care professionals treating the Claimant and vocational professionals who evaluated the Claimant; (B) the views of medical or vocational experts whose advice was obtained on behalf of the Employer in connection with a Claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; or (C) a disability determination regarding the Claimant presented by the Claimant made by the Social Security Administration

(vi) for any Disability claim, the specific internal rules, guidelines, protocols, standards or other similar criteria relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or

other similar criteria do not exist; and (viii) for any Disability claim, a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits. Whether a document, record, or other information is relevant to a claim for benefits shall be determined by Department of Labor Regulation Section 2560.503-1(m)(8).

5.2 *Review Procedure.* If the Administrator denies all or a part of the claim, the Claimant shall have the opportunity for a full and fair review by the Administrator of the denial as follows.

(a) Additional Evidence. Prior to the review of the denied claim, the Claimant shall be given, free of charge, any new or additional evidence considered, relied upon, or generated by the Administrator, or any new or additional rationale, as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided, to give the Claimant a reasonable opportunity to respond prior to that date.

(b) Initiation – Written Request. To initiate the review, the Claimant, within sixty (60) days after receiving the Administrator's notice of denial, must file with the Administrator a written request for review.

(c) Additional Submissions – Information Access. After such request the Claimant may submit written comments, documents, records and other information relating to the claim. The Administrator shall also provide the Claimant, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits.

(d) Considerations on Review. In considering the review, the Administrator shall consider all materials and information the Claimant submits relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. Additional considerations shall be required in the case of a claim for Disability benefits. The claim shall be reviewed by an individual or committee who did not make the initial determination that is subject of the appeal and who is not a subordinate of the individual who made the determination. Additionally, the review shall be made without deference to the initial adverse benefit determination. If the initial adverse benefit determination was based in whole or in part on a medical judgment, the Administrator will consult with a health care professional with appropriate training and experience in the field of medicine involving the medical judgment. The health care professional who is consulted on appeal will not be the same individual who was consulted during the initial determination and will not be the subordinate of such individual. If the Administrator obtained the advice of medical or vocational experts in making the initial adverse benefits determination (regardless of whether the advice was relied upon), the Administrator will identify such experts.

(e) Timing of Administrator Response. The Administrator shall respond in writing to such Claimant within forty-five (45) days after receiving the request for

review. If the Administrator determines that special circumstances require additional time for processing the claim, the Administrator can extend the response period by an additional forty-five (45) days by notifying the Claimant in writing, prior to the end of the initial forty-five (45) day period, that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Administrator expects to render its decision.

(f) Notice of Decision. The Administrator shall notify the Claimant in writing of its decision on review. The Administrator shall write the notification in a culturally and linguistically appropriate manner calculated to be understood by the Claimant. The notification shall set forth: (i) the specific reasons for the denial;

(ii) a reference to the specific provisions of this Agreement on which the denial is based; (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; (iv) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a); (v) for any Disability claim, a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (A) the views presented by the Claimant of health care professionals treating the Claimant and vocational professionals who evaluated the Claimant; (B) the views of medical or vocational experts whose advice was obtained on behalf of the Employer in connection with a Claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; or (C) a disability determination regarding the Claimant presented by the Claimant made by the Social Security Administration; and (vi) for any Disability claim, the specific internal rules, guidelines, protocols, standards or other similar criteria relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria do not exist.

5.3 *Exhaustion of Remedies*. The Claimant must follow these claims review procedures and exhaust all administrative remedies before taking any further action with respect to a claim for benefits.

5.4 *Failure to Follow Procedures.* In the case of a claim for Disability benefits, if the Administrator fails to strictly adhere to all the requirements of this claims procedure with respect to a Disability claim, the Claimant is deemed to have exhausted the administrative remedies available under the Agreement, and shall be entitled to pursue any available remedies under ERISA Section 502(a) on the basis that the Administrator has failed to provide a reasonable claims procedure that would yield a decision on the merits of the claim, except where the violation was:

(a) de minimis; (b) non-prejudicial; (c) attributable to good cause or matters beyond the Administrator's control; (d) in the context of an ongoing good-faith exchange of information; and

(e) not reflective of a pattern or practice of noncompliance. The Claimant may request a written explanation of the violation from the Administrator, and the Administrator must provide such explanation within ten (10) days, including a specific description of its basis, if any, for asserting that the violation should not cause the administrative remedies to be deemed exhausted. If a court rejects the Claimant's request for immediate review on the basis that the Administrator met the standards for

the exception, the claim shall be considered as re-filed on appeal upon the Administrator's receipt of the decision of the court. Within a reasonable time after the receipt of the decision, the Administrator shall provide the claimant with notice of the resubmission.

**ARTICLE 6 AMENDMENT AND TERMINATION**

6.1 *Agreement Amendment Generally.* Except as provided in Section 6.2, this Agreement may be amended only by a written agreement signed by both the Employer and the Executive.

6.2 *Amendment to Ensure Proper Characterization of Agreement.* Notwithstanding anything in this Agreement to the contrary, the Agreement may be amended by the Employer at any time, if found necessary in the opinion of the Employer, (i) to ensure that the Agreement is characterized as plan of deferred compensation maintained for a select group of management or highly compensated employees as described under ERISA, (ii) to conform the Agreement to the requirements of any applicable law or (iii) to comply with the written instructions of the Employer's auditors or banking regulators.

6.3 *Agreement Termination Generally.* Except as provided in Section 6.4, this Agreement may be terminated only by a written agreement signed by the Employer and the Executive. Such termination shall not cause a distribution of benefits under this Agreement. Rather, upon such termination benefit distributions will be made at the earliest distribution event permitted under Article 2.

6.4 *Effect of Complete Termination.* Notwithstanding anything to the contrary in Section 6.3, and subject to the requirements of Code Section 409A and Treasury Regulations

§1.409A-3(j)(4)(ix), at certain times the Employer may completely terminate and liquidate the Agreement. In the event of such a complete termination under subsection (a) or (c) below, or under subsection (b) after benefit payments have commenced hereunder, the Employer shall pay the Executive the Accrued Benefit. In the event of a complete termination under subsection (b) below prior to the commencement of benefit payments, the Employer shall pay the Executive one hundred fifteen percent of the present value, calculated using a four percent (4.0%) discount rate, of the benefit described in Section 2.3 hereof. In any event, such complete termination of the Agreement shall occur only under the following circumstances and conditions.

(a) Corporate Dissolution or Bankruptcy. The Employer may terminate and liquidate this Agreement within twelve (12) months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant, provided that all benefits paid under the Agreement are included in the Executive's gross income in the latest of: (i) the calendar year which the termination occurs; (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which the payment is administratively practicable.

(b) Change in Control. The Employer may terminate and liquidate this Agreement by taking irrevocable action to terminate and liquidate within the thirty

(30) days preceding or the twelve (12) months following a Change in Control. This Agreement will then be treated as terminated only if all substantially similar arrangements sponsored by the Employer which are treated as deferred under a

single plan under Treasury Regulations §1.409A-1(c)(2) are terminated and liquidated with respect to each participant who experienced the Change in Control so that the Executive and any participants in any such similar arrangements are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of the date the Employer takes the irrevocable action to terminate the arrangements.

(c) Discretionary Termination. The Employer may terminate and liquidate this Agreement provided that: (i) the termination does not occur proximate to a downturn in the financial health of the Employer; (ii) all arrangements sponsored by the Employer and Affiliates that would be aggregated with any terminated arrangements under Treasury Regulations §1.409A-1(c) are terminated; (iii) no payments, other than payments that would be payable under the terms of this Agreement if the termination had not occurred, are made within twelve (12) months of the date the Employer takes the irrevocable action to terminate this Agreement;

(iv) all payments are made within twenty-four (24) months following the date the Employer takes the irrevocable action to terminate and liquidate this Agreement; and (v) neither the Employer nor any of its Affiliates adopt a new arrangement that would be aggregated with any terminated arrangement under Treasury Regulations

§1.409A-1(c) if the Executive participated in both arrangements, at any time within three (3) years following the date the Employer takes the irrevocable action to terminate this Agreement.

**ARTICLE 7 MISCELLANEOUS**

7.1 *No Effect on Other Rights.* This Agreement constitutes the entire agreement between the Employer and the Executive as to the subject matter hereof. No rights are granted to the Executive by virtue of this Agreement other than those specifically set forth herein. Nothing contained herein will confer upon the Executive the right to be retained in the service of the Employer nor limit the right of the Employer to discharge or otherwise deal with the Executive without regard to the existence hereof.

7.2 *State Law.* This Agreement and all rights hereunder shall be governed by and construed according to the laws of the Commonwealth of Pennsylvania except to the extent preempted by the laws of the United States of America.

7.3 *Validity.* In case any provision of this Agreement shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

7.4 *Nonassignability.* Benefits under this Agreement cannot be sold, transferred, assigned, pledged, attached or encumbered in any manner.

7.5 *Unsecured General Creditor Status.* Payment to the Executive or any Beneficiary hereunder shall be made from assets which shall continue, for all purposes, to be part of the general, unrestricted assets of the Employer and no person shall have any interest in any such asset by virtue of any provision of this Agreement. The Employer's obligation hereunder shall be an

unfunded and unsecured promise to pay money in the future. In the event that the Employer purchases an insurance policy insuring the life of the Executive to recover the cost of providing benefits hereunder, neither the Executive nor the Beneficiary shall have any rights whatsoever in said policy or the proceeds therefrom.

7.6 *Life Insurance.* If the Employer chooses to obtain insurance on the life of the Executive in connection with its obligations under this Agreement, the Executive hereby agrees to take such physical examinations and to truthfully and completely supply such information as may be required by the Employer or the insurance company designated by the Employer.

7.7 *Unclaimed Benefits.* The Executive shall keep the Employer informed of the Executive's current address and the current address of the Beneficiary. If the location of the Executive is not made known to the Employer within three years after the date upon which any payment of any benefits may first be made, the Employer shall delay payment of the Executive's benefit payment(s) until the location of the Executive is made known to the Employer; however, the Employer shall only be obligated to hold such benefit payment(s) for the Executive until the expiration of three (3) years. Upon expiration of the three (3) year period, the Employer may discharge its obligation by payment to the Beneficiary. If the location of the Beneficiary is not made known to the Employer by the end of an additional two (2) month period following expiration of the three (3) year period, the Employer may discharge its obligation by payment to the Executive's estate. If there is no estate in existence at such time or if such fact cannot be determined by the Employer, the Executive and Beneficiary shall thereupon forfeit all rights to any benefits provided under this Agreement.

7.8 *Suicide or Misstatement.* No benefit shall be distributed hereunder if the Executive commits suicide within two (2) years after the Effective Date, or if an insurance company which issued a life insurance policy covering the Executive and owned by the Employer denies coverage

(i) for material misstatements of fact made by the Executive on an application for life insurance, or (ii) for any other reason.

7.9 *Removal.* Notwithstanding anything in this Agreement to the contrary, the Employer shall not distribute any benefit under this Agreement if the Executive is subject to a final removal or prohibition order issued pursuant to Section 8(e) of the Federal Deposit Insurance Act. Furthermore, any payments made to the Executive pursuant to this Agreement shall, if required, comply with 12 U.S.C. 1828, FDIC Regulation 12 CFR Part 359 and any other regulations or guidance promulgated thereunder.

7.10 *Forfeiture Provision.* The Executive shall forfeit, for the Executive and the Beneficiary, any unpaid benefits hereunder, if the Executive, directly or indirectly, either as an individual or as a proprietor, stockholder, partner, officer, trustee, employee, agent, consultant or independent contractor of any individual, partnership, corporation or other entity (excluding an ownership interest of three percent (3%) or less in the stock of a publicly-traded company):

(i) becomes employed by, participates in, or becomes connected in any manner with the ownership, management, operation or control of any bank, savings and loan or other similar financial institution if the Executive's responsibilities will include providing banking or other financial services within fifty (50) miles of any office maintained by the Employer as of the date of Separation from Service;

(ii) participates in any way in hiring or otherwise engaging, or assisting any other person or entity in hiring or otherwise engaging, on a temporary, part-time or permanent basis, any individual who was employed by the Employer within the three (3) years immediately preceding Separation from Service;

(iii) assists, advises, or serves in any capacity with, representative or otherwise, any third party in any action against the Employer or in opposition to any transaction involving the Employer;

(iv) sells, offers to sell or provides banking or other financial services, assists any other person in selling or providing banking or other financial services, or solicits or otherwise competes for, either directly or indirectly, any orders, contracts, or accounts for services of a kind or nature like or substantially similar to the financial services performed or financial products sold by the Employer (the preceding hereinafter referred to as "Services"), to or from any person or entity from whom the Executive or the Employer, to the knowledge of the Executive, provided banking or other financial services, sold, offered to sell or solicited orders, contracts or accounts for Services within the three (3) years immediately preceding Separation from Service;

(v) divulges, discloses, or communicates to others in any manner whatsoever, any confidential information of the Employer, to the knowledge of the Executive, including, but not limited to, the names and addresses of customers or prospective customers of the Employer, as they may have existed from time to time, of work performed or services rendered for any customer, any method and/or procedures relating to projects or other work developed for the Employer, earnings or other information concerning the Employer. The restrictions contained in this subparagraph (v) apply to all information regarding the Employer, regardless of the source who provided or compiled such information. Notwithstanding anything to the contrary, all information referred to herein shall not be disclosed unless and until it becomes known to the general public from sources other than the Executive.

Notwithstanding the foregoing, this Section 7.10 shall not apply following Change in Control.

7.11 *Notice.* Any notice, consent or demand required or permitted to be given to the Employer or Administrator under this Agreement shall be sufficient if in writing and hand-delivered or sent by registered or certified mail to the Employer's principal business office. Any notice or filing required or permitted to be given to the Executive or Beneficiary under this Agreement shall be sufficient if in writing and hand-delivered or sent by mail to the last known address of the Executive or Beneficiary, as appropriate. Any notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or on the receipt for registration or certification.

7.12 *Headings and Interpretation.* Headings and sub-headings in this Agreement are inserted for reference and convenience only and shall not be deemed part of this Agreement. Wherever the fulfillment of the intent and purpose of this Agreement requires and the context will permit, the use of the masculine gender includes the feminine and use of the singular includes the plural.

7.13 *Alternative Action.* In the event it becomes impossible for the Employer or the Administrator to perform any act required by this Agreement due to regulatory or other constraints, the Employer or Administrator may perform such alternative act as most nearly carries out the intent and purpose of this Agreement and is in the best interests of the Employer, provided that such alternative act does not violate Code Section 409A.

7.14 *Coordination with Other Benefits.* The benefits provided for the Executive or the Beneficiary under this Agreement are in addition to any other benefits available to the Executive under any other plan or program for employees of the Employer. This Agreement shall supplement and shall not supersede, modify, or amend any other such plan or program except as may otherwise be expressly provided herein.

7.15 *Inurement.* This Agreement shall be binding upon and shall inure to the benefit of the Employer, its successor and assigns, and the Executive, the Executive's successors, heirs, executors, administrators, and the Beneficiary.

7.16 *Tax Withholding.* The Employer may make such provisions and take such action as it deems necessary or appropriate for the withholding of any taxes which the Employer is required by any law or regulation to withhold in connection with any benefits under the Agreement.

7.17 *Responsibility for Taxes.* The Executive shall be responsible for the payment of all individual tax liabilities relating to any benefits paid hereunder. The Executive acknowledges that in no event will the Employer be liable to the Executive for any taxes resulting from the Executive's participation in the Agreement, including any additional penalty, excise or other taxes that might be imposed as a result of Code Section 409A.

7.18 *Aggregation of Agreement.* If the Employer offers other non-qualified deferred compensation plans in addition to this Agreement, this Agreement and those plans shall be treated as a single plan to the extent required under Code Section 409A.

**ARTICLE 8**

**DEFERRED COMPENSATION AND VALUATION OF ACCOUNT**

8.1 Annuity Contracts and Other Investments. For purposes of satisfying its obligations to provide benefits under this Agreement, the Employer has initially invested in the Annuity Contracts. However, nothing in this Section shall require the Employer to invest in any particular form of investment, so long as it satisfies its obligations under this Agreement.

8.2 Ownership of the Annuity Contracts and Other investments. The Employer is the sole owner of the Annuity Contracts and any other investments for this Agreement and shall have the right to exercise all incidents of ownership of the Annuity Contracts. The Employer shall be the beneficiary of the death proceeds of the Annuity Contracts. The Employer shall at all times be entitled to the Annuity Contracts' Cash Surrender Value, as that term is defined in the Annuity Contracts. The Cash Surrender Value shall be determined as of the date of the surrender of the Annuity Contracts or death of the Executive, as the case may be.

8.3 Right to Annuity Contracts. Notwithstanding any provision hereof to the contrary, the Bank shall have the right to sell or surrender the Annuity Contracts without terminating this Agreement, provided the Employer replaces the Annuity Contracts with a comparable annuity policy(ies). Without limitation, the Annuity Contracts at all times shall be the exclusive property of the Employer and shall be subject to the claims of the Employer's creditors.

8.4 Rabbi Trust. Employer may establish a "rabbi trust" to which contributions may be made to provide the Employer with a source of funds for purposes of satisfying the obligations of the Employer under this Agreement. Any such trust shall constitute an unfunded arrangement and shall not affect the status of the Agreement as an unfunded plan. The Executive and his Beneficiaries shall have no beneficial ownership interest in any assets held in the trust.

IN WITNESS WHEREOF, the Executive and a representative of the Employer have executed this Agreement document as indicated below:

Executive:

Signed by:
James O. Donnelly
D35B870CCC304D3...

James O. Donnelly

Employer:

Signed by:
A9B48AD4682A420...

Its: Chairman of the Board