Norwood FINANCIAL CORP

Quarterly Report for Quarter Ended September 30, 2026

wayne BANK

To Our Stockholders

We are continuing to build momentum in 2026 with strong third-quarter performance. I am proud of our team's disciplined execution and unwavering commitment to our mission of making Every Day Better™ for our customers, communities, and shareholders.

Third-quarter results demonstrate the strength of our franchise and the benefits of our strategic actions. Net interest income reached a record $28.0 million, increasing 37% compared with the third quarter of 2025, while net interest margin expanded 38 basis points to 4.01%. Net income totaled $11.8 million, an increase of 41%, and diluted earnings per share rose to $1.08, up from $0.89 a year ago. Returns also improved, with return on average assets increasing to 1.60% and return on tangible equity reaching 18.51%. These results reflect our strong operating performance, disciplined balance sheet management, and the successful execution of our growth strategy.

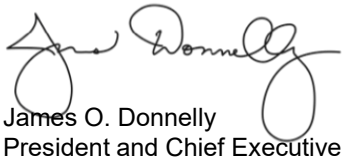
In addition, we made significant progress in resolving the borrower credit event that we initially disclosed in the second quarter. As a result of a change in ownership of one of the borrower's businesses, we received past due interest and related fees that we did not expect to collect, improving our results this quarter. This resolved a significant amount of our exposure to the borrower, de-risking our balance sheet and creating a positive outcome for us and for our shareholders.

Beyond the strong financial results, we made meaningful progress on our four strategic priorities. With the completion of the Presence Bank integration, we continue to explore ways to work smarter across all locations and functions and better serve our communities.

We are increasing operating efficiency and elevating the customer experience through AI. We're embedding AI into specific workflows and expanding the three-year AI roadmap across additional departments. We are investing in our people and strengthening our leadership bench, an activity that has become more essential as we integrate the former Presence Bank employees into our culture.

We are creating long-term shareholder value by delivering strong financial results with our disciplined growth strategy. The strong financial performance achieved this quarter reflects the benefits of our strategic initiatives, disciplined expense management, balance sheet optimization efforts, and the successful integration of Presence Bank. We remain focused on identifying opportunities that enhance profitability while supporting sustainable growth.

As we enter the final months of 2026, Norwood is operating from a position of strength. We have a larger and more diversified franchise, a broader geographic footprint, strong capital levels, and a dedicated team committed to making Every Day Better™. I am confident that our strategy, culture, and execution will continue to generate meaningful value for our shareholders and position us for continued success in 2027 and beyond.



James O. Donnelly
President and Chief Executive Officer

Selected Financial Highlights

(unaudited) (dollars in thousands, except per share data)

Three Months Ended September 30

	2026	2025	Change
Net interest income	$28,009	$20,458	$7,551
Net interest spread (fte)	3.36%	2.94%	42 bps
Net interest margin (fte)	4.01%	3.63%	38 bps
Net income	11,763	8,334	3,429
Diluted earnings per share	1.08	0.89	0.19
Return on average assets	1.60%	1.40%	20 bps
Return on tangible equity	18.51%	16.76%	175 bps

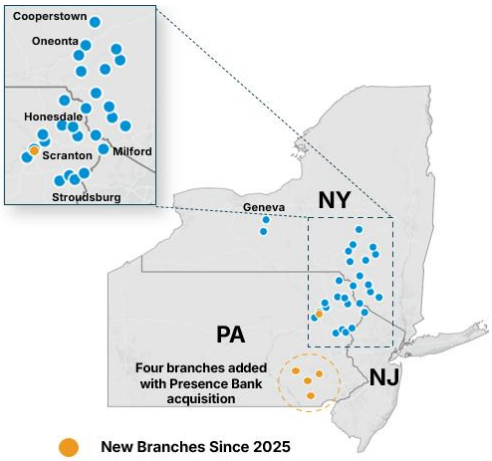
NWFL NASDAQ	**Honesdale, PA** Headquarters	**1871** Founded	**315** Employees	**3.87%** Dividend Yield
$2.9B Total Assets	**$2.3B** Total Gross Loans	**$2.5B** Total Deposits	**$283M** Total Equity	**$361M** Market Cap

Norwood FINANCIAL CORP

Quarterly Report for Quarter Ended September 30, 2026

wayne BANK

Branch Footprint



33 Offices

2 States

13 Counties

2026 U.S. Innovative Bank Leader

Newsweek's America's Best Regional Banks & Credit Unions 2026

Key Tenets for Success

Customers	Employees	Community	Shareholders
150 Years in Business	Rewarding Shareholders	Growth & Expansion	A Community Pillar

Competitive Advantages

- Strong local ties provide consistent and sound growth opportunities
- Granular loan and deposit portfolio tied to our community
- Attractive financial profile enhanced by recent repositioning
- Disciplined underwriting culture
- Experienced and aligned leadership focused on delivering shareholder return
- Well-positioned to take advantage of market dislocation and M&A opportunities

Norwood FINANCIAL CORP

Strength. Security. Stability.

For additional information and to stay informed on our progress, please visit **ir.wayne.bank**

wayne.bank | Nasdaq symbol: NWFL | (570) 253-1455 | 1-800-598-5002