



# Norwood Financial Corp. (NWFL)

Updated February 1<sup>st</sup>, 2026, by Sure Dividend Analyst

## Key Metrics

<b>Current Price:</b>	\$30	<b>5 Year Annual Expected Total Return:</b>	14.6%	<b>Market Cap:</b>	\$283 M
<b>Fair Value Price:</b>	\$41	<b>5 Year Growth Estimate:</b>	5.0%	<b>Ex-Dividend Date:</b>	4/15/26 <sup>1</sup>
<b>% Fair Value:</b>	74%	<b>5 Year Valuation Multiple Estimate:</b>	6.4%	<b>Dividend Payment Date:</b>	5/01/26
<b>Dividend Yield:</b>	4.2%	<b>5 Year Price Target</b>	\$53	<b>Years Of Dividend Growth:</b>	34
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Financials	<b>Rating:</b>	Buy

## Overview & Current Events

Norwood Financial Corp. (NWFL) is a bank holding company that operates through its subsidiary, Wayne Bank. The company is an independent community bank with over 15 offices in Northeastern Pennsylvania and 14 offices in Delaware, Sullivan, Ontario, Otsego and Yates Counties, New York. It offers a range of personal and business credit services, trust and investment products, and real estate settlement services to the consumers, businesses, non-profit organizations and municipalities in each of the communities that the company serves. It operates a Wealth Management/Trust Department, which provides estate planning, investment management, and financial planning to customers. As of December 31<sup>st</sup>, 2025, Norwood Financial Corp. had total assets of \$2.42 billion, loans outstanding of \$1.85 billion, and total deposits of \$2.08 billion. The company was founded in 1870 and has 281 employees.

On January 22<sup>nd</sup>, 2026, Norwood Financial Corp. released its fourth quarter results for the period ending December 31<sup>st</sup>, 2025. For the quarter, the company reported a net income of \$7.4 million, down from \$8.3 million in the third quarter of 2025 but a significant improvement from a net loss of \$12.7 million in the fourth quarter of 2024. Reported quarterly earnings per diluted share were \$0.80, compared to \$0.89 in Q3 2025 and \$(1.54) in the year-ago period. The earnings reflect continued momentum following the strategic investment portfolio repositioning undertaken in the fourth quarter of 2024, alongside benefits from improved asset yields and deposit growth.

Net interest income on a fully taxable equivalent (FTE) basis was \$21.1 million during the quarter, compared to \$20.7 million in Q3 2025 and \$16.8 million in Q4 2024. The FTE-yield on interest-earning assets for the fourth quarter of 2025 was 5.66%, slightly down from 5.69% in Q3 2025 but up from 5.35% in Q4 2024. This yield expansion continued to outpace the cost of funds, which improved to 2.73%, versus 2.75% in Q3 2025 and 3.04% in Q4 2024. This favorable disparity between the yield on assets and the cost of funds had a positive impact on the net interest margin. The net interest margin was 3.60% in Q4 2025, compared to 3.63% in Q3 2025 and 3.04% in the same quarter last year, reflecting stronger asset yields and controlled funding costs. Consequently, the annualized net interest spread (FTE) for the fourth quarter of 2025 was 2.93%, in line with 2.94% in Q3 2025 and significantly up from 2.31% in Q4 2024. For the full year 2025, diluted EPS reached \$3.01, compared to a net loss per share of \$(0.02) in 2024.

Management remains optimistic entering 2026, citing strong momentum from the recent Presence Bank acquisition, improved capital strength, and enhanced operating performance. While the company is benefiting from lower deposit costs and improved asset yields, and has reduced its reliance on wholesale borrowings, it continues to maintain a cautious and prudent stance in light of ongoing global economic uncertainty and its potential impact on local customers.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$1.15	\$1.31	\$2.17	\$2.25	\$2.09	\$3.04	\$3.58	\$2.07	-\$0.02	\$3.01	<b>\$3.45</b>	<b>\$4.40</b>
<b>DPS</b>	\$0.83	\$0.86	\$0.88	\$0.96	\$1.00	\$1.04	\$1.12	\$1.16	\$1.20	\$1.24	<b>\$1.28</b>	<b>\$1.63</b>
<b>Shares<sup>2</sup></b>	6	6	6	6	8	8	8	8	8	8	<b>9</b>	<b>10</b>

<sup>1</sup> Estimated dates.

<sup>2</sup> In millions.

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The company has grown earnings by 11.3% per year in the last decade and 2.6% over the past five years. We expect earnings to increase by 5% per year for the next five years. The company has been able to increase its dividend for 34 consecutive years. Over the last five years, the average annual dividend growth rate is 4.2%. In December 2025, the company increased its quarterly dividend by 3.2% from \$0.31 to \$0.32 per share.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.6	21.0	15.6	14.5	13.1	8.5	8.9	10.8	10.8	11.1	8.8	12.0
Avg. Yld.	1.9%	3.2%	2.7%	3.0%	3.7%	4.1%	3.7%	4.1%	4.1%	4.1%	4.2%	3.1%

During the past decade shares of Norwood Financial Corp. have traded with an average price-to-earnings ratio of 13.1 and today, it stands at 8.8. We are using 12 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company's dividend yield is currently 4.2%, which is above the average yield over the past decade of 3.7%.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	72%	66%	41%	43%	48%	34%	31%	56%	--	41%	37%	37%

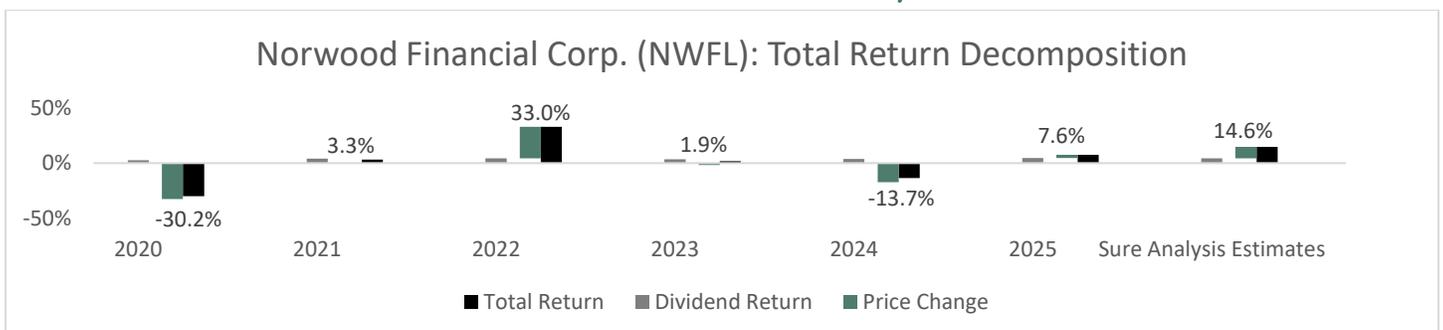
During the past five years, the company's dividend payout ratio has averaged around 41%. However, in 2024, Norwood Financial Corp. reported a GAAP net loss of \$0.02 per share, primarily due to a one-time \$20 million loss from securities repositioning. Excluding this non-recurring loss, adjusted EPS was \$1.93, resulting in a payout ratio of approximately 59.1% for that year. While this is higher than historical levels, the dividend remains well covered by adjusted earnings. Given the company's expected earnings growth and improved net interest margin, there is room for continued dividend growth while maintaining a sustainable payout ratio.

Wayne Bank's business model remains focused on lending to local businesses and residents within the communities it serves, funded primarily through gathering local deposits at its community offices. The bank holds a strong market position in several counties, ranking third in FDIC-insured deposits in Wayne County with approximately 22.3% market share and second in Pike County with 18.1%. Additionally, the bank operates a Wealth Management/Trust Department, offering estate planning, investment management, and financial planning services, with compensation typically based on a percentage of assets under management. This business segment provides a diversified revenue stream, complementing the bank's core lending and deposit operations.

## Final Thoughts & Recommendation

Norwood Financial is a well-established community bank operating in northeastern U.S. counties, with a strong local presence and a 4.2% dividend yield. In 2024, the company faced a challenging year, reporting a net loss of \$0.02 per share, primarily due to a one-time \$20 million securities repositioning loss. Despite this, adjusted earnings remained strong, and the bank demonstrated resilience through loan and deposit growth, and an improving net interest margin. We estimate total return potential of 14.6% per year for the next five years based on a 5% earnings-per-share growth, the dividend yield, and a valuation tailwind. The shares earn a buy rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	29	34	42	44	45	58	74	78	70	51
SG&A Exp.	11	14	16	17	18	21	25	23	25	27
D&A Exp.	1	1	1	1	1	1	2	1.6	1.5	1.4
Net Profit	6	7	8	14	14	15	25	29	17	0
Net Margin	20.2%	19.9%	19.6%	31.1%	31.3%	25.9%	33.8%	37.2%	24.3%	-0.3%
Free Cash Flow	10	11	14	16	17	13	28	28.6	28.4	20
Income Tax	2	2	7	3	3	3	6	7.2	4.4	-0.1

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	751	1,111	1,133	1,185	1,231	1,852	2,069	2,047	2,201	2,317
Cash & Equivalents	10	17	17	18	15	112	207	31.9	66	72
Goodwill & Int.	10	12	12	12	12	30	30	30	29.5	29
Total Liabilities	650	1,000	1,017	1,062	1,093	1,657	1,863	1,880	2,020	2,104
Long-Term Debt	61	32	54	68	88	42	30	82	144	159
Total Equity	101	111	116	122	137	195	205	167	181	214
LTD/E Ratio	0.60	0.29	0.47	0.56	0.64	0.22	0.15	0.49	0.80	0.74

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.8%	0.7%	0.7%	1.2%	1.2%	1.0%	1.3%	1.4%	0.8%	0.0%
Return on Equity	5.9%	6.3%	7.2%	11.5%	10.9%	9.1%	12.5%	15.7%	9.6%	-0.1%
ROIC	4.2%	4.4%	5.2%	7.6%	6.8%	6.5%	10.5%	12.1%	5.8%	0.0%
Shares Out.	6	6	6	6	6	8	8	8	8	8.09
Revenue/Share	5.28	5.79	6.67	6.98	7.17	8.06	8.98	9.58	8.68	6.31
FCF/Share	1.84	1.86	2.30	2.61	2.66	1.80	3.41	3.50	3.52	2.43

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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