Norwood Financial Corp. (NWFL)

Updated July 25th, 2026, by Sure Dividend Analyst

Key Metrics

Current Price:	$33	**5 Year Annual Expected Total Return:**	13.3%	**Market Cap:**	$356 M
Fair Value Price:	$42	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	07/15/26
% Fair Value:	78%	**5 Year Valuation Multiple Estimate:**	5.2%	**Dividend Payment Date:**	08/03/26
Dividend Yield:	3.9%	**5 Year Price Target**	$54	**Years Of Dividend Growth:**	34
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Norwood Financial Corp. (NWFL) is a bank holding company that operates through its subsidiary, Wayne Bank, an independent community bank with 33 community offices across Pennsylvania and New York. The bank provides a range of personal and business lending services, deposit products, trust and investment services, and real estate settlement services to individuals, businesses, nonprofit organizations, and municipalities in the communities it serves. Wayne Bank also operates a Wealth Management/Trust Department that provides estate planning, investment management, and financial planning services to customers. As of June 30th, 2026, Norwood Financial Corp. had total assets of $2.91 billion, loans outstanding of $2.26 billion, and total deposits of $2.51 billion. The company was founded in 1870 and has 281 employees.

On July 22nd, 2026, Norwood Financial Corp. released its second-quarter results for the period ended June 30th, 2026. For the quarter, the company reported record net income of $9.3 million, up from $3.7 million in the first quarter of 2026 and $6.2 million in the second quarter of 2025. Quarterly diluted earnings per share were $0.86, compared with $0.35 in Q1 2026 and $0.67 in the year-ago period. The results reflected record net interest income, continued margin expansion and the benefits of a larger franchise following the completed Presence Bancshares integration, partially offset by elevated net charge-offs associated with a borrower relationship that filed for Chapter 11 bankruptcy protection.

Reported net interest income was $26.8 million during the quarter, compared with $24.6 million in Q1 2026 and $19.1 million in Q2 2025. On a fully taxable-equivalent basis, net interest income was $27.0 million. The FTE yield on interest-earning assets was 5.87%, up from 5.73% in Q1 2026 and 5.60% in Q2 2025. The rate paid on total interest-bearing liabilities declined to 2.60%, from 2.69% in Q1 2026 and 2.84% in Q2 2025. This favorable combination of higher asset yields and lower funding costs supported further margin expansion. Net interest margin increased to 3.90%, compared with 3.68% in Q1 2026 and 3.43% in the prior-year quarter. The FTE net interest spread consequently increased to 3.27%, from 3.04% and 2.75%, respectively.

Management highlighted the successful completion of the Presence Bancshares integration, including the core-system conversion and brand convergence, as well as improved profitability and continued balance-sheet execution. The company remains focused on credit quality, expense management and long-term shareholder value. However, management continues to monitor the approximately $22 million borrower relationship involved in Chapter 11 proceedings and to assess the related collateral values and potential loss exposure.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.15	$1.31	$2.17	$2.25	$2.09	$3.04	$3.58	$2.07	-$0.02	$3.01	***$3.50***	***$4.47***
DPS	$0.83	$0.86	$0.88	$0.96	$1.00	$1.04	$1.12	$1.16	$1.20	$1.24	***$1.28***	***$1.63***
Shares[1]	6	6	6	6	8	8	8	8	8	8	***11***	***11***

The company has grown earnings by 11.3% per year in the last decade and 2.9% 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

[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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	***9.3***	***12.0***
Avg. Yld.	1.9%	3.2%	2.7%	3.0%	3.7%	4.1%	3.7%	4.1%	4.1%	4.1%	***3.9%***	***3.0%***

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 9.3. 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 3.9%, 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%***

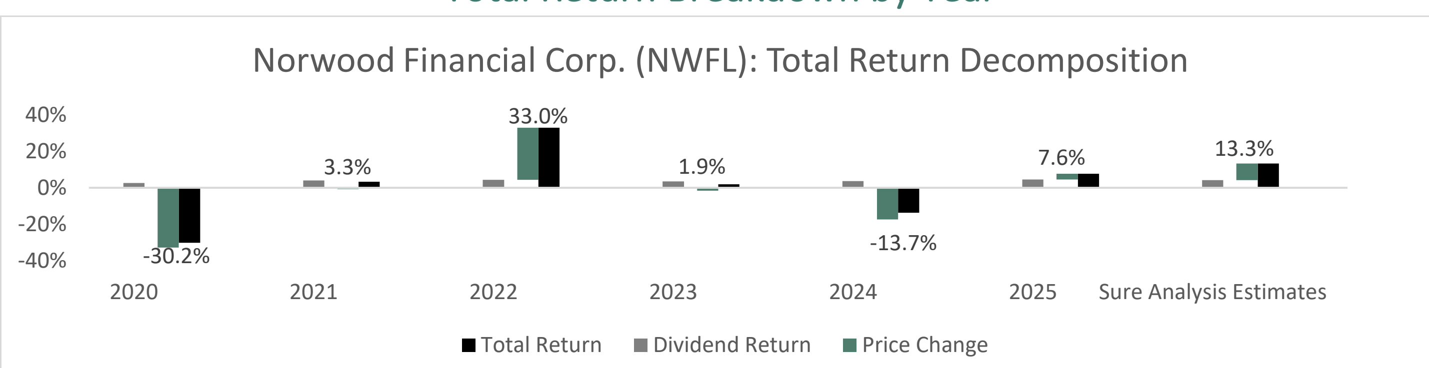
During the past five years, the company's dividend payout ratio has averaged around 41%. However, in 2024, Norwood Financial Corp. reported a GAAP net loss of $0.02 per share, primarily due to a one-time $20 million loss from securities repositioning. Excluding this non-recurring loss, adjusted EPS was $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 3.9% 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 13.3% per year for the next five years based on 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	34	42	44	45	58	74	78	70	51	136
SG&A Exp.	14	16	17	18	21	25	23	25	27	---
D&A Exp.	1	1	1	1	1	2	1.6	1.5	1.4	1.5
Net Profit	7	8	14	14	15	25	29	17	0	28
Net Margin	19.9%	19.6%	31.1%	31.3%	25.9%	33.8%	37.2%	24.3%	-0.3%	20%
Free Cash Flow	11	14	16	17	13	28	28.6	28.4	20	29
Income Tax	2	7	3	3	3	6	7.2	4.4	-0.1	7

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,111	1,133	1,185	1,231	1,852	2,069	2,047	2,201	2,317	2,425
Cash & Equivalents	17	17	18	15	112	207	31.9	66	72	32
Goodwill & Int.	12	12	12	12	30	30	30	29.5	29	29
Total Liabilities	1,000	1,017	1,062	1,093	1,657	1,863	1,880	2,020	2,104	2,183
Long-Term Debt	32	54	68	88	42	30	82	144	159	59
Total Equity	111	116	122	137	195	205	167	181	214	242
LTD/E Ratio	0.29	0.47	0.56	0.64	0.22	0.15	0.49	0.80	0.74	0.31

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.7%	0.7%	1.2%	1.2%	1.0%	1.3%	1.4%	0.8%	0.0%	1.2%
Return on Equity	6.3%	7.2%	11.5%	10.9%	9.1%	12.5%	15.7%	9.6%	-0.1%	12.2%
ROIC	4.4%	5.2%	7.6%	6.8%	6.5%	10.5%	12.1%	5.8%	0.0%	7.4%
Shares Out.	6	6	6	6	8	8	8	8	8.09	9.24
Revenue/Share	5.79	6.67	6.98	7.17	8.06	8.98	9.58	8.68	6.31	14.73
FCF/Share	1.86	2.30	2.61	2.66	1.80	3.41	3.50	3.52	2.43	3.13

Notes: All figures in millions of U.S. Dollars unless per share or indicated otherwise. Not all data for 2025 is available from our data provider for these tables.