

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
INTERNAL REVENUE CODE 354, 356, 358, 368, AND 1001

18 Can any resulting loss be recognized? ▶
SEE ATTACHED

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
SEE ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ *John McCaffery* Date ▶ 02/17/2026
Print your name ▶ JOHN M. MCCAFFERY Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	NKIMA SKEETE	<i>Nkima Skeete</i>	2/17/2026		P01439179
	Firm's name ▶ BDO USA	Firm's EIN ▶ 13-5381590		Phone no. 704-887-4276	
Firm's address ▶ 615 S. COLLEGE ST., STE. 1200, CHARLOTTE, NC 28269					

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Norwood Financial Corporation

23-2828306

Attachment to Form 8937

REPORT OF REORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations related to the effects of the Merger (as defined below) on securities. The information contained herein does not constitute tax advice and does not purport to be complete or describe the tax consequences that may apply to particular persons or categories of persons. Holders of PB Bankshares stock (as defined below) are encouraged to consult their independent tax advisors regarding the particular consequences of the Merger to them (including the applicability and effect of all federal, state, local and non-U.S. laws). Capitalized terms that are not defined in this Attachment to Form 8937 have the meaning assigned to them under the Merger Agreement (as defined below).

Form 8937 Part 1, Box 9:

The securities subject to reporting include all shares of Norwood Financial Corporation (“Norwood”) common stock in exchange for the outstanding common stock of PB Bankshares, Inc. (“Bankshares”) as a result of the merger of Bankshares with and into Norwood on January 5, 2026.

Form 8937 Part II, Box 14:

The reportable organizational action involves the merger of Bankshares with and into Norwood on January 5, 2026. As a result of this merger, each share of Bankshares common stock was exchanged for 0.7850 shares of Norwood common stock or elected to be exchanged for \$19.75 in cash. To the extent that the exchange would have resulted in issuance of a fractional share of Norwood common stock to a Bankshares shareholder, a cash payment equal to an amount in cash (without interest) determined by multiplying such fraction of a share of Norwood Common Stock by the average of the closing sale prices of Norwood Common Stock.

Form 8937 Part II, Box 15:

The merger of Bankshares with and into Norwood qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, each Bankshares shareholder's tax consequences are as follows:

- Gain or loss will be recognized by those holders received solely cash for Bankshares common stock pursuant to the merger equal to the difference between the amount of cash received by a hold of Bankshares common stock and such holder's cost basis in such holder's shares of Bankshares common stock.
- No gain or loss will be recognized by those holders receiving solely shares of Norwood common stock in exchange for share of Bankshares common stock pursuant to the merger (except with respect to any cash received instead of fractional share interests in Norwood common stock);
- Gain (but not loss) will be recognized by those holders who receive shares of Norwood common stock cash in exchange for shares of Bankshares common stock pursuant to the merger, in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the Norwood common stock and cash received by a holder of Bankshares common stock exceeds such holder's cost basis in its Bankshares common stock, and (2) the amount of cash received by such holder of Bankshares common stock (except with respect to any cash received instead of fractional share interests in Norwood common stock);
- The aggregate basis of the Norwood common stock received in the merger will be the same as the aggregate basis of the Bankshares common stock for which it is exchanged, decreased by the amount of cash received in the merger (except with respect to any cash received instead of fractional share interest in Norwood common stock), decreased by any basis attributable to fractional share interest in Norwood common stock for which cash is received, and increased by the amount of gain recognized in the exchange, but excluding any gain or loss recognized with respect to fractional share interests in Norwood common stock for which cash is received, and
- The holding period of Norwood common stock received in exchange for shares of Bankshares common stock will include the holdings period of the Bankshares common stock for which it is exchanged.

If holders of Bankshares common stock acquired different blocks of Bankshares common stock at different times or at different prices, any gain or loss will be determined separately with respect to each block of Bankshares common stock and such holders' basis and holding period in their shares of Norwood common stock may be determined with reference to each block of Bankshares common stock. Any such holders should consult their tax advisors regarding the manner in which cash and Norwood common stock received in the exchange should be allocated among different blocks of Bankshares common stock and with respect to identifying the basis of holding periods of the particular shares of Norwood common stock received in the merger.

Cash received instead of a fractional share of Norwood Common stock:

Norwood will pay to each holder of Bankshares common stock who would otherwise be entitled to a fractional share of Norwood common stock (after taking into account all certificates formerly representing shares of Bankshares common stock delivered by such holder) an amount in cash (without interest). As a result, a holder of Bankshares common stock will generally recognize a gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. The gain or loss will generally be a capital gain or loss and will be a long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year.

Form 8937 Part II, Box 16:

See the description of the calculation for the change in basis in the response for Box 15. The closing price of one share of Norwood Financial Corporation was \$28.24 on NASDAQ.

Form 8937 Part II, Box 18:

Provided the transaction as described in Box 15 qualifies as a reorganization prescribed by IRC Code Section 368(a), a holder of Bankshares would generally not recognize a loss on the exchange.

Form 8937 Part II, Box 19:

The transaction closed on January 5, 2026. The reportable tax year of the Bankshares shareholders of the exchange is the tax year that includes the January 5, 2026 date (tax year 2026 for calendar year filers).