

Wayne Savings Bancshares, Inc. Announces Earnings for First Quarter of 2024

First Quarter 2024 Highlights

- **Customer deposit balances increased by 10.3% annualized**
- **Nonperforming loan balances declined to 0.05% of net loans**
- **Received regulatory approval for merger with Main Street Financial Services, Corp.**

Wooster, Ohio, April 26, 2024 – Wayne Savings Bancshares, Inc. (OTCQX: WAYN), (the “Company”), the holding company parent of Wayne Savings Community Bank, reported net income (unaudited) of \$1.5 million, or \$0.70 per common share, for the three months ended March 31, 2024, a decrease of \$0.7 million, or 32.5%, compared to \$2.3 million, or \$1.04 per common share, for the three months ended March 31, 2023. Net income, excluding the merger-related expenses (non-GAAP) for the three months ended March 31, 2024, was \$1.7 million, or \$0.78 per share.

The return on average equity and return on average assets for the first quarter of 2024, was 11.63% and 0.76%, respectively, compared to 19.58% and 1.23%, respectively, for the same period in 2023. Excluding merger-related expenses, return on average equity and return on average assets for the quarter ended March 31, 2024, was 12.94% and 0.86%, respectively.

President and CEO James R. VanSickle commented “We are excited about the opportunities our merger with Main Street Financial Services Corp. will present us in 2024 and beyond. We have found a partner that understands the dreams and aspirations of our customers and is committed to preserving the tradition of community banking. The increased capabilities, scale, and profitability of the combined organization will allow us to invest in our future, better serve our customers, and compete for market share within the communities we serve.”

The Company previously announced a merger of equals transaction with Main Street Financial Services Corp. On March 15, 2024, the Company announced regulatory approvals were received from the Federal Reserve Bank, the Federal Deposit Insurance Corp., the Ohio Division of Financial Institutions, and the West Virginia Board of Banking and Financial Institutions. The combined company will have pro-forma assets exceeding \$1.3 billion and 19 branches from Wooster, Ohio to Wheeling, West Virginia. The transaction is expected to close in the second quarter of 2024 pending the satisfaction of all closing considerations, including shareholder approval of both companies.

First Quarter 2024 Financial Results

Net interest income was \$5.1 million for the quarter ended March 31, 2024, down 13.6% from \$5.9 million for the quarter ended March 31, 2023. The net interest margin of 2.61% for the first quarter of 2024 decreased 68 basis points from 3.29% for the first quarter of 2023. Loan yields were 5.33% for the quarter ended March 31, 2024, compared to 4.78% for the quarter ended March 31, 2023. The cost of funds for the first quarter of 2024, was 2.48%, up 129 basis points when compared to the first quarter of 2023. The cost of funds increase is largely due to utilizing higher-cost wholesale funding, such as FHLB advances and brokered certificates of deposit, and shifting deposit composition to higher-yielding product offerings.

A negative provision for credit losses of \$126,000 was recorded for the quarter ended March 31, 2024, compared to a loss provision of \$218,000 for the quarter ended March 31, 2023. The Company benefited from improved credit deterioration assessments and recognized no charge-offs during the quarter, which continues to lower the annual loss rate credit metric.

Noninterest income increased \$75,000 to \$678,000 for the first quarter of 2024 when compared to the first

quarter of 2023.

Noninterest expense totaled \$3.9 million for the quarter ended March 31, 2024, an increase of \$540,000, or 15.9%, compared to the quarter ended March 31, 2023, primarily due to merger related expenses, occupancy and equipment expense, and salaries and benefits. Excluding merger related expenses (non-GAAP) of \$174,000 for the quarter ended March 31, 2024, the Company's efficiency ratio was 65.6% compared to 52.6% for the quarter ended March 31, 2023.

March 31, 2024 Financial Condition

At March 31, 2024, the Company had total assets of \$818.2 million, an increase of \$8.2 million, from December 31, 2023. Net loan balances increased from \$669.6 million at December 31, 2023, to \$677.2 million at March 31, 2024. The \$7.6 million increase in net loans reflects an annualized growth rate of 4.5%, consisting mainly of commercial real estate loans and one-to-four family mortgage loans.

The allowance for credit losses was \$7.2 million at March 31, 2024, compared to \$7.3 million at December 31, 2023. The allowance for credit losses and the related provision for credit losses is based on management's judgment and evaluation of the loan portfolio. Management believes the current allowance for credit losses is adequate, however, changing economic and other conditions may require future adjustments to the allowance for credit losses.

Total nonperforming loans declined to \$333,000 at March 31, 2024, from \$406,000 at December 31, 2023. Past due loan balances of 30 days and more increased marginally from \$2.8 million at December 31, 2023, to \$3.4 million at March 31, 2024. Delinquencies remain relatively low by historical standards and are continuously monitored as conditions evolve.

Total liabilities increased \$8.2 million during the first quarter of 2024 due primarily to an increase in customer deposits by \$14.7 million (10.3% annualized) and brokered certificates of deposit by \$4.9 million. The increase in deposits was partially offset by a reduction in Federal Home Loan Bank advances of \$11.0 million.

Total stockholders' equity was \$53.0 million at March 31, 2024, and remained relatively unchanged when compared to the December 31, 2023 balance. Retained earnings increased by \$1.0 million and were offset by a \$1.0 million increase in accumulated other comprehensive loss. A cash dividend of \$0.23 per share for the quarter ended March 31, 2024, was declared on March 28, 2024, and will be paid on May 1, 2024.

Established in 1899, Wayne Savings Community Bank, the wholly owned subsidiary of Wayne Savings Bancshares, Inc., has fourteen full-service banking locations in the communities of Wooster, Ashland, Millersburg, Rittman, Lodi, North Canton, Creston, Fredericksburg, Washingtonville, Dalton and Carrollton, Ohio. Additional information about Wayne Savings Community Bank is available at www.waynesavings.com.

Non-GAAP Disclosure

This press release includes disclosures of the Company's return on average equity, return on average assets, net income, and efficiency ratios which are excluding costs related to merger activities which are financial measures not prepared in accordance with generally accounting principles in the United States (GAAP). A non-GAAP financial measure is a numerical measure of historical or future financial performance, financial position or cash flow that excludes or includes amounts that are required to be disclosed by GAAP. The Company believes that these non-GAAP financial measures provide both management and investors a more complete understanding of the underlying operational results and trends and the Company's marketplace performance. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the numbers prepared in accordance with GAAP.

Forward-Looking Statements

This release contains forward-looking statements that are not historical facts and that are intended to be “forward-looking statements” as that term is defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include, but are not limited to, statements about the Company’s plans, objectives, expectations and intentions and other statements contained in this release that are not historical facts and pertain to the Company’s future operating results. When used in this release, the words “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions are generally intended to identify forward-looking statements. Actual results may differ materially from the results discussed in these forward-looking statements, because such statements are inherently subject to significant assumptions, risks and uncertainties, many of which are difficult to predict and are generally beyond the Company’s control. These include but are not limited to: the possibility of adverse economic developments that may, among other things, increase default and delinquency risks in the Company’s loan portfolios; shifts in interest rates; shifts in the rate of inflation; shifts in the demand for the Company’s loan and other products; unforeseen increases in costs and expenses; lower-than-expected revenue or cost savings in connection with acquisitions; changes in accounting policies; changes in the monetary and fiscal policies of the federal government; and changes in laws, regulations and the competitive environment. Unless legally required, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contact Information:

James R. VanSickle II
President and Chief Executive Officer
(330) 264-5767

WAYNE SAVINGS BANCSHARES, INC.
Condensed Consolidated Balance Sheets
(Dollars in thousands, except share data - unaudited)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
ASSETS		
Cash and cash equivalents	\$ 24,304	\$ 20,884
Securities, net (1)	83,630	86,405
Loans receivable, net	677,159	669,603
Federal Home Loan Bank stock	2,778	3,959
Premises & equipment, net	4,799	4,904
Bank-owned life insurance	11,775	11,706
Other assets	13,714	12,485
TOTAL ASSETS	\$ 818,159	\$ 809,947
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposit accounts	\$ 712,758	\$ 693,126
Other short-term borrowings	8,548	8,743
Federal Home Loan Bank advances	36,000	47,000
Accrued interest payable and other liabilities	7,832	8,111
TOTAL LIABILITIES	765,138	756,980
Common stock (3,978,731 shares of \$.10 par value issued)	398	398
Additional paid-in capital	36,716	36,715
Retained earnings	56,375	55,342
Treasury Stock, at cost - 1,777,324 shares and 1,777,824 shares at March 31, 2024 and December 31, 2023, respectively.	(30,322)	(30,330)
Accumulated other comprehensive loss	(10,146)	(9,158)
TOTAL STOCKHOLDERS' EQUITY	53,021	52,967
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 818,159	\$ 809,947

(1) Includes available-for-sale and held-to-maturity classifications.

Note: The December 31, 2023 Condensed Consolidated Balance Sheet has been derived from the audited Consolidated Balance Sheet as of that date.

WAYNE SAVINGS BANCSHARES, INC.
Condensed Consolidated Statements of Income
(Dollars in thousands, except share data - unaudited)

	Three Months Ended March 31,		Percentage change
	2024	2023	
Interest income	\$ 9,694	\$ 7,901	22.7%
Interest expense	4,641	2,050	126.4%
Net interest income	5,053	5,851	(13.6)%
Provision for credit losses	(126)	218	(157.8)%
Net interest income after provision for credit losses	5,179	5,633	(8.1)%
Non-interest income	678	603	12.4%
Non-interest expense			
Salaries and employee benefits	2,000	1,911	4.7%
Net occupancy and equipment expense	682	584	16.8%
Federal deposit insurance premiums	143	92	55.4%
Franchise taxes	127	100	27.0%
Advertising and marketing	68	55	23.6%
Legal	6	12	(50.0)%
Professional fees	85	94	(9.6)%
ATM network	129	96	34.4%
Auditing and accounting	72	57	26.3%
Merger related expenses	187	-	
Other	435	393	10.7%
Total non-interest expense	3,934	3,394	15.9%
Income before federal income taxes	1,923	2,842	(32.3)%
Provision for federal income taxes	384	563	(31.8)%
Net income	\$ 1,539	\$ 2,279	(32.5)%
Earnings per share			
Basic	\$ 0.70	\$ 1.04	
Diluted	\$ 0.69	\$ 1.03	

WAYNE SAVINGS BANCSHARES, INC.
Selected Condensed Consolidated Financial Data
(Dollars in thousands, except share data - unaudited)

	March 2024	December 2023	September 2023	June 2023
Interest and dividend income	\$ 9,694	\$ 9,545	\$ 9,078	\$ 8,571
Interest expense	4,641	4,330	3,673	2,867
Net interest income	5,053	5,215	5,405	5,704
Provision for credit losses	(126)	4	138	170
Net interest income after provision for credit losses	5,179	5,211	5,267	5,534
Non-interest income	678	1,017	691	706
Non-interest expense	3,934	3,748	3,733	3,949
Income before federal income taxes	1,923	2,480	2,225	2,291
Provision for federal income taxes	384	443	452	547
Net income	\$ 1,539	\$ 2,037	\$ 1,773	\$ 1,744
Earnings per share - basic	\$ 0.70	\$ 0.93	\$ 0.81	\$ 0.79
Earnings per share - diluted	\$ 0.69	\$ 0.93	\$ 0.80	\$ 0.79
Dividends per share	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23
Return on average assets	0.76%	1.02%	0.91%	0.92%
Return on average equity	11.63%	16.90%	14.41%	14.36%
Shares outstanding	2,201,407	2,200,907	2,199,707	2,199,407
Book value per share	\$ 24.09	\$ 24.07	\$ 21.64	\$ 22.06

	March 2023	December 2022	September 2022	June 2022
Interest and dividend income	\$ 7,901	\$ 7,518	\$ 6,892	\$ 5,889
Interest expense	2,050	1,248	670	564
Net interest income	5,851	6,270	6,222	5,325
Provision for loan losses	218	381	410	257
Net interest income after provision for loan losses	5,633	5,889	5,812	5,068
Non-interest income	603	631	636	599
Non-interest expense	3,394	3,508	3,350	3,191
Income before federal income taxes	2,842	3,012	3,098	2,476
Provision for federal income taxes	563	603	589	457
Net income	\$ 2,279	\$ 2,409	\$ 2,509	\$ 2,019
Earnings per share - basic	\$ 1.04	\$ 1.09	\$ 1.14	\$ 0.88
Earnings per share - diluted	\$ 1.03	\$ 1.09	\$ 1.13	\$ 0.87
Dividends per share	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23
Return on average assets	1.23%	1.36%	1.48%	1.23%
Return on average equity	19.58%	22.87%	22.85%	17.37%
Shares outstanding	2,196,457	2,192,738	2,191,338	2,185,688
Book value per share	\$ 21.82	\$ 20.40	\$ 18.94	\$ 19.33

*Adopted ASU 2016-13 during the first quarter 2023: therefore, prior periods provision amount reflects the incurred loss method.

WAYNE SAVINGS BANCSHARES, INC.
Non-GAAP reconciliation
(Dollars in thousands, except per share data - unaudited)

	For the three months March 31, 2024
Net Income as reported - GAAP	\$ 1,539
Effect of merger related expenses (net of tax benefit)	174
Net Income non-GAAP	\$ 1,713
Earnings per share - GAAP	\$ 0.70
Effect of merger related expenses	0.08
Earnings per share non-GAAP	\$ 0.78
Return on average assets - GAAP	0.77%
Effect of merger related expenses	0.09%
Return on average assets non-GAAP	0.86%
Return on average equity - GAAP	11.63%
Effect of merger related expenses	1.31%
Return on average equity non-GAAP	12.94%
Efficiency Ratio - GAAP	68.64%
Effect of merger related expenses	-3.04%
Efficiency Ratio non-GAAP	65.61%