



Merger With



January 9, 2020

Transaction Summary

Forward Looking Statements & Disclaimers



Statements contained in this presentation that are not historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, possible delays in completing the merger, difficulties in achieving cost savings from the merger or in achieving such cost savings within the expected time frame, customer and employee relationships may be disrupted by the merger, the ability to obtain regulatory and shareholder approvals, and difficulties in integrating USNY Bank into Wayne Bank, as well as factors discussed in documents filed by Norwood Financial Corp. ("Norwood") with the Securities and Exchange Commission (SEC) from time to time. Neither Norwood Financial Corp. nor UpState New York Bancorp, Inc. ("UpState") undertakes and both specifically disclaim any obligation to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of Norwood Financial Corp. or UpState New York Bancorp, Inc.

Important Information About the Transaction

Norwood Financial Corp. will file a Registration Statement on Form S-4 with the SEC, which will contain the proxy materials of Norwood and UpState and certain other information regarding Norwood. These proxy materials will set forth complete details of the merger. Investors are urged to carefully read the proxy materials when filed with the SEC, as they will contain important information. Investors will be able to obtain a free copy of the proxy materials free of charge at the SEC's website at www.sec.gov. The materials may also be accessed for free on Norwood's website at www.waynebank.com/stockholder-services or by directing a written request to UpState New York Bancorp, Inc., 389 Hamilton Street, Geneva, New York 14456, Attention: Corporate Secretary. Investors should read the proxy materials before making a decision regarding the merger.

This Presentation does not constitute an offer to sell or a solicitation of an offer to buy any securities or a solicitation of any vote or approval. Investors and shareholders of Norwood and UpState are urged to read, when available, the Registration Statement on Form S-4, the joint proxy statement/prospectus to be included within the Registration Statement and any other relevant documents filed or to be filed with the SEC in connection with the proposed transaction, as well as any amendments or supplements to those documents, because they will contain important information about Norwood, UpState and the proposed transaction

Participants in the Solicitation

Norwood, UpState and certain of their respective directors, executive officers and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction under the rules of the SEC. Information regarding Norwood's directors and executive officers is available in its definitive proxy statement, which was filed with the SEC on March 22, 2019, and certain of its Current Reports on Form 8-K. UpState's directors and executive officers who may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction are R. Michael Briggs, Robert W. Sollenne, Scott D. White, Jeffrey E. Franklin, H. Todd Bullard, H. Taylor Fitch III, Jeffrey S. Gifford, Jeffrey K. Haggerty, Murray P. Heaton, J. Michael Moffat, Alexandra K. Nolan and Steven C. Smith. Other information regarding the participants in the solicitation of proxies in respect of the proposed transaction and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC. Free copies of these documents, when available, may be obtained as described above.

Transaction Highlights and Rationale



Propels Norwood to \$1.7 Billion in Assets

- \$440 million of assets, four branch partner in UpState New York Bancorp, Inc.
- \$1.7 billion in proforma consolidated assets
- 31 branches

Cultural Fit with a Strong Performing Partner

- UpState New York Bancorp, Inc. 10 year average return on average assets of 1.48%*
- Efficient operator that has made necessary investments to support growth

Further Compliment to the Norwood New York State Franchise

- Material addition to the Norwood deposit and loan franchises in New York state
- Will further utilize Wayne Bank deposit generation from Sullivan and Delaware Counties in New York state

Strong Increase in Norwood Earnings per Share

- Approximately 18% accretive to EPS in first full year of consolidated operations

(*) Annual returns between year ended December 31, 2010 through December 31, 2018 and latest twelve months ended September 30, 2019

Overview of UpState New York Bancorp, Inc.



CORPORATE DATA

COMPANY DATA

Date Established	07/31/2007
U.S Branches	4
States of Operation	NY

CONTACT

HEADQUARTERS

389 Hamilton Street
 Geneva, NY 14456
 Rochester, NY (Metro)

WEB ADDRESS

<http://www.usnybank.com>

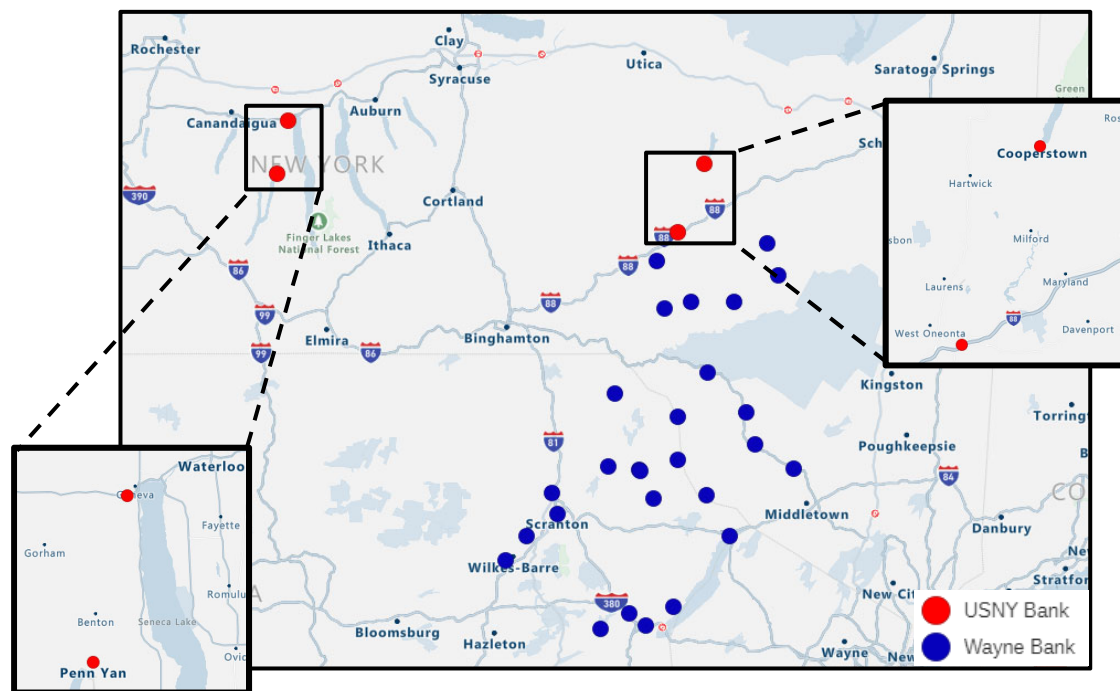
OFFICERS & DIRECTORS

Chief Executive Officer	R. Michael Briggs
Chief Financial Officer	Robert W. Sollenne
Chairman	Jeffrey S. Gifford
Vice Chairman	Alexandra K. Nolan
Unit President	Jeffrey E. Franklin
Unit President	Scott D. White

DEPOSIT TREND

(DOLLARS IN THOUSANDS, \$000)

BRANCH	OPEN DATE	Total Deposits at June 30,				
		2015	2016	2017	2018	2019
1 Geneva Branch	07/31/2007	120,084	141,229	158,606	172,068	194,181
2 Cooperstown Branch	12/19/2007	72,047	76,207	82,974	89,182	93,666
3 Oneonta Branch	09/08/2014	15,152	34,363	51,761	63,184	74,644
4 Penn Yan Branch	06/26/2017	NA	NA	1,258	23,871	21,280
5 Total Deposits		207,283	251,799	294,599	348,305	383,771
6 Average Branch Size		69,094	83,933	73,650	87,076	95,943



Strong Market Share in New Geographies



Expand the scale of operations and geography covered for Norwood

Total Counties Market Share for Ontario, Ostego, and Yates County - New York.						
At June 30, 2019						
Rank	Institution	Type	Branch Count	Deposits in Market (\$000)	Average Deposits per Branch (\$000)	Market Share (%)
1	Canandaigua National Corporation (NY)	Bank HC	7	991,956	141,708	25.80
2	Community Bank System, Inc. (NY)	Bank HC	20	681,396	34,070	17.72
3	Financial Institutions, Inc. (NY)	Bank HC	7	480,379	68,626	12.49
4	UpState New York Bancorp, Inc. (NY)	Bank HC	4	383,771	95,943	9.98
5	NBT Bancorp Inc. (NY)	Bank HC	8	370,637	46,330	9.64
6	Lyons Bancorp, Inc. (NY)	Bank HC	3	338,307	112,769	8.80
7	KeyCorp (OH)	Bank HC	4	224,294	56,074	5.83
8	Citizens Financial Group, Inc. (RI)	Bank HC	4	192,353	48,088	5.00
9	JPMorgan Chase & Co. (NY)	Bank HC	1	83,364	83,364	2.17
10	M&T Bank Corporation (NY)	Bank HC	1	51,155	51,155	1.33
11	Seneca-Cayuga Bancorp, Inc. (MHC) (NY)	Thrift HC	3	46,523	15,508	1.21
12	Woodforest Financial Group, Inc. (TX)	Bank HC	1	1,073	1,073	0.03
Total For All Institutions		12	63	3,845,208	61,035	100.00

Financial Performance of USNY Bank



	As of or for the year ended December 31,				As of or for the
	2015	2016	2017	2018	LTM ended, 9/30/2019
Balance Sheet (\$000)					
1 Total Assets	256,688	311,016	362,089	405,435	435,907
2 Total Loans & Leases	229,075	280,260	322,943	365,944	386,274
3 Total Deposits	218,579	270,472	319,433	356,232	387,097
4 Total Equity	26,928	30,775	35,304	41,145	45,270
Profitability (%)					
5 Net Income (Loss) (\$000)	3,287	3,783	4,152	5,574	4,958
6 ROAA	1.38	1.32	1.24	1.46	1.19
7 ROAE	14.42	13.11	12.49	14.62	11.65
8 Net Interest Margin	4.07	4.05	3.99	3.87	3.76
9 Efficiency Ratio (FTE)	46.76	43.85	44.39	47.01	51.34
10 Noninterest Income/ Avg Assets	0.39	0.42	0.35	0.32	0.25
11 Noninterest Expense/ Avg Assets	2.04	1.92	1.88	1.92	2.00
12 Yield on Interest Earning Assets	4.77	4.75	4.76	4.92	5.08
13 Cost of Interest Bearing Liabilities	0.86	0.89	0.98	1.30	1.66
Balance Sheet Ratios/ Capital (%)					
14 Loans/ Deposits	104.80	103.62	101.10	102.73	99.79
15 Securities/ Assets	4.40	4.27	4.42	4.56	4.47
16 Borrowings/Assets	4.02	2.78	1.67	1.55	0.43
17 Total Equity/ Total Assets	10.49	9.89	9.75	10.15	10.39
18 Tier 1 Leverage Ratio	10.58	10.12	9.99	10.41	10.41
19 Tier 1 Ratio	11.47	10.80	10.68	11.07	11.61
20 Total Capital Ratio	12.73	12.05	11.94	12.33	12.86
21 Liquidity Ratio	9.51	8.90	10.18	9.47	11.55
Asset Quality (%)					
22 NPAs/ Assets	0.50	0.32	0.52	0.62	0.93
23 Reserves/ NPAs	259.51	425.60	277.57	240.66	173.71

Source: S&P Global Market Intelligence (data based upon Call Report data as filed by USNY Bank)

Acquisition of UpState New York Bancorp, Inc.



Transaction:	Norwood Financial Corp. will acquire UpState New York Bancorp, Inc. and its subsidiary, USNY Bank. The number of shares of UpState New York Bancorp Inc. common stock to be converted into the right to receive the cash consideration shall be equal to 10%, while 90% of the number of shares will receive common stock.
Consideration ⁽¹⁾:	Norwood would offer to exchange all UpState New York Bancorp, Inc.'s outstanding common stock for either \$33.33 per share cash consideration or for 0.9390 shares of Norwood common stock, or a combination thereof subject to shareholder election and allocation rules.
Transaction Value ⁽¹⁾:	\$80.0 million.
Special Provisions ⁽¹⁾:	Subject to UpState New York Bancorp, Inc.'s satisfaction of a minimum consolidated shareholders' equity calculation, UpState New York Bancorp, Inc. shareholders may receive up to an additional \$0.67 paid out as a special cash dividend by UpState New York Bancorp, Inc. to the UpState New York Bancorp, Inc. shareholders concurrent with the closing of the transaction.
Management:	Lewis J. Critelli, CEO and President of Norwood, will remain as CEO and President of the combined company. Mike Briggs, President and CEO of UpState New York Bancorp, Inc. will enter into a consulting agreement with Wayne Bank.
Board Representation:	Jeffrey S. Gifford and Alexandra K. Nolan will receive seats on the Norwood holding company and the Wayne Bank boards. Norwood will also establish Advisory Boards for directors not elected to the Norwood board and will continue with the Upstate four regional advisory boards.
Due Diligence:	Due diligence has been satisfactorily completed by Norwood, with Norwood reviewing 60% of the USNY Bank loan portfolio.
Termination Fee:	4% of the transaction value.
Conditions to Closing:	Customary regulatory approvals along with the approval of Norwood Financial Corp. and UpState New York Bancorp, Inc. shareholders.
Expected Closing:	Early third quarter of 2020.

⁽¹⁾ Based on 90% of 2,208,000 common shares outstanding (includes 21,500 shares of restricted stock) with a fixed exchange ratio of 0.9390 and based on Norwood's January 8, 2020 closing price of \$38.93 per share and 10% of the 2,208,000 shares exchanged for \$33.33 per share in cash

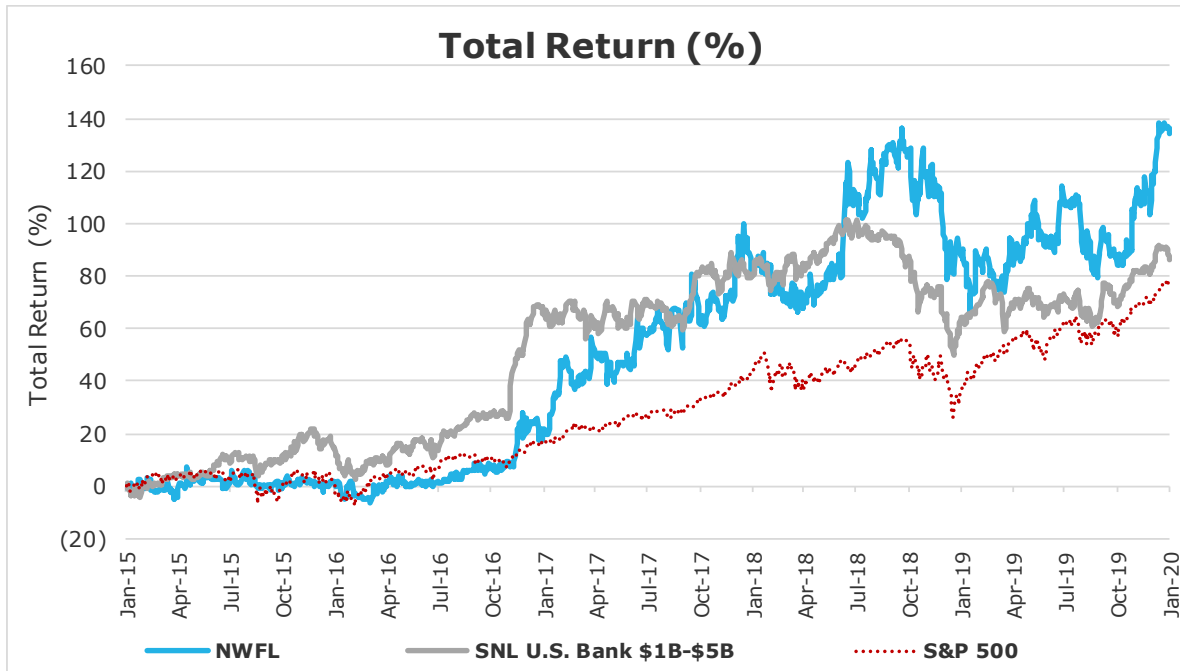
Purchase price multiples compare favorably to similar transactions in the region and nationally

Purchase Price Overview ⁽¹⁾

Purchase Price:	\$80.0 million
Shares issued:	1,865,981
Per share price:	\$33.33 for cash; \$36.56 for stock
Book Value:	176.75%
Tangible Book Value:	176.75%
LTM Net Income:	16.1x
Core Deposit Premium:	13.1%

⁽¹⁾ Based on 90% of 2,208,000 common shares outstanding (includes 21,500 shares of restricted stock) with a fixed exchange ratio of 0.9390 and based on Norwood's January 8, 2020 closing price of \$38.93 per share and 10% of the 2,208,000 shares exchanged for \$33.33 per share in cash

Norwood Total Return

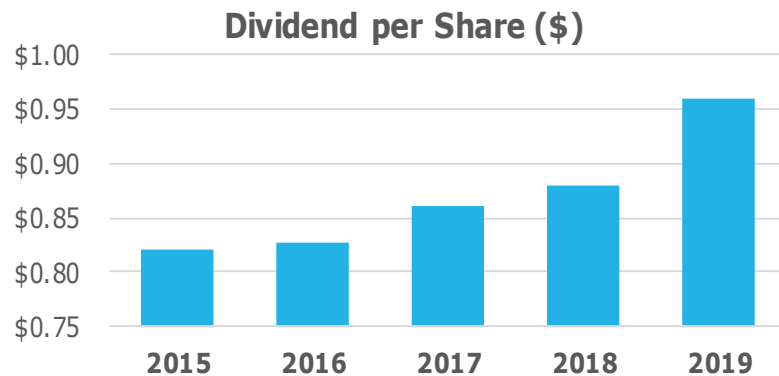


	Total Return*	5-Year CAGR
Norwood (NWFL)	134.5%	18.6%
SNL \$1B-\$5B	86.3%	13.3%
S&P 500	77.0%	12.1%

Quarterly dividend payable in February 2020 increased by \$0.01/share to \$0.25/share.

Most recent stock splits

- Sept. 2017: 50% stock dividend
- June 2013: 10% stock dividend
- Norwood's market capitalization as of January 7, 2020: \$242 Million



Index Membership:

- Russell 2000
- Nasdaq Bank Index

Source: S&P Global Market Intelligence (*total return from January 7, 2015 to January 7, 2020)

Transaction Highlights and Rationale



Favorable Financial Transaction Metrics

- Approximately 18% accretive to Norwood earnings per share in 2021, the first full year of consolidated operations
- Minimally dilutive to Norwood's pro forma tangible book value per share ("TBVPS") with a TBVPS earnback⁽¹⁾ period of approximately 1.8 years
- Norwood remains well-capitalized post-closing of the transaction

Minimal Execution Risk

- Expiration of core processing contract expected to minimize transitional costs
- Norwood merger history and integration experience suggest smooth transition

Capacity For Cross Selling

- Ability to introduce wealth management, electronic and mobile banking, cash management and related services to the expanded customer base

Further Strengthens Wayne Bank's New York Franchise

- Acquires top four deposit market share in new geographies with strong market demographics
- Continues to leverage the brand names of Bank of Cooperstown and Bank of the Finger Lakes

⁽¹⁾ Utilizing cross-over method

More Information



Stockholders or others seeking information regarding the Company may call or write:

Norwood Financial Corp.

Investor Relations
717 Main Street
Honesdale, Pennsylvania 18431
www.waynebank.com
info@waynebank.com

Lewis J. Critelli

President &
Chief Executive Officer
(570) 253-8512

William S. Lance

Executive Vice President &
Chief Financial Officer
(570) 253-8505

Transaction Advisors

Norwood Financial Corp: The Kafafian Group, Inc. – Financial Advisor
Jones Walker LLP (Washington, DC) – Legal Counsel

UpState New York Bancorp, Inc: Boenning & Scattergood, Inc.– Financial Advisor
Stevens & Lee, P.C. – Legal Counsel