

2013

Cbu

Annual Report

Elements of Success

 Community  
BANK SYSTEM, INC.

## INVESTMENT RATIONALE

Disciplined approach to revenue and profitability growth

Successful and effective operating strategy in place for over 20 years

Best-in-class asset quality metrics

Dominant market share — 1<sup>st</sup> or 2<sup>nd</sup> in more than 75% of the towns where we operate

Substantial non-interest income — more than 30% of operating revenues

Diversified financial services businesses with more than \$54 million in 2013 revenues

Record of successful and accretive acquisitions

Meaningful dividend and yield

Market cap of more than \$1.5 billion

NYSE listed with significant liquidity

In science, elements are the simplest form of matter; they cannot be broken down. By understanding the properties of chemical elements, we can predict the way they'll react. And, we can better understand why materials behave the way they do.

So it is with successful companies. The elements that make up strong companies are consistent and unwavering. Like neighboring blocks in the periodic table, these elements share certain basic qualities. Stakeholders can better understand how a company will act in any environment by becoming familiar with these properties.

Value. Growth. Discipline. Consistency. These simple fundamentals are the elements of Community Bank's historic success. For more than 20 years they have been the foundation of our business model, and we believe they'll continue to drive value creation for years to come.

## TABLE OF CONTENTS

Peer Comparison	1
Shareholder Letter	2
Operations Review	6
Leadership and Governance	16
Administration	18
Selected Financial Highlights	24
Shareholder Information	Inside Back Cover

# 4

**Forbes**<sup>®</sup>

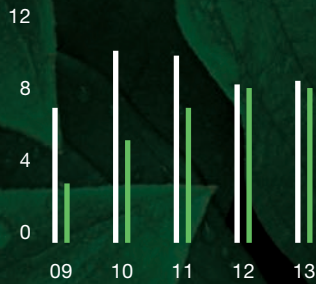
These charts display the nine financial metrics used in the annual Forbes<sup>®</sup> analysis of the “Best and Worst Banks.” Comparing CBU to the median values of the institutions included in the Forbes<sup>®</sup> analysis illustrates why we’ve ranked among the country’s best performing banks during the five years this comparison has been published.

## FOURTH BEST BANK

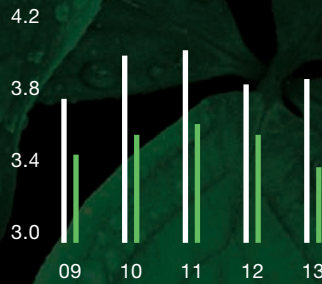
CBU was named the fourth best bank in the country in Forbes<sup>®</sup> annual analysis of the 100 largest publicly traded banks, reflective of our continued high level of financial strength and performance.

— CBU  
— Median of Top 100 Banks

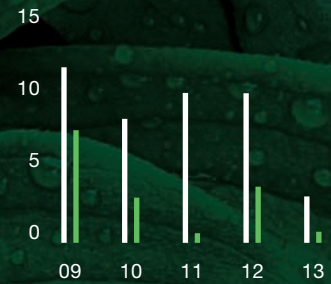
Return on Average Equity %



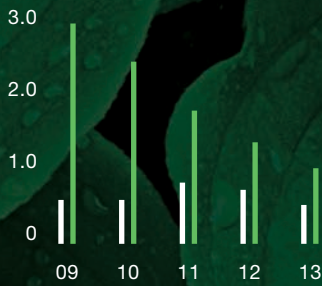
Net Interest Margin (FTE) %



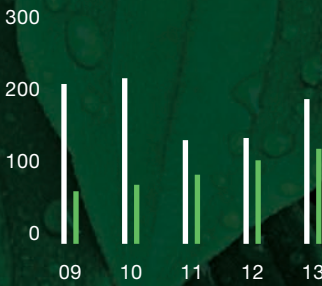
Revenue Growth %



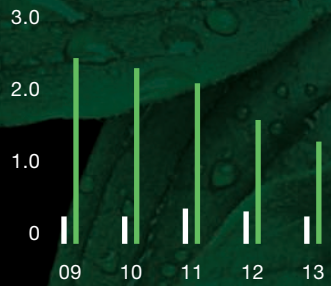
Nonperforming Loans / Loans Outstanding %



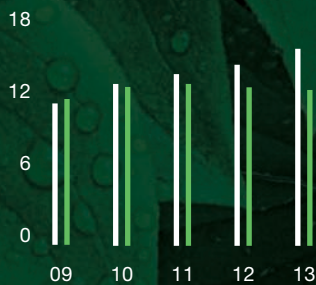
Allowance for Loan Losses / Nonperforming Loans %



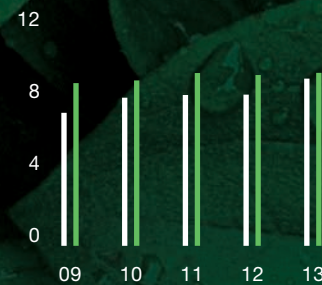
Nonperforming Assets / Total Assets %



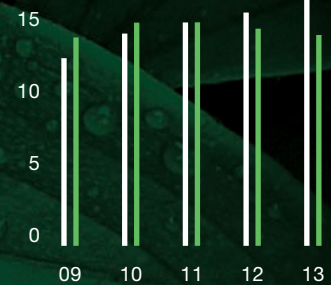
Tier 1 Risk Based Capital Ratio %



Leverage Ratio %



Total Risk Based Capital Ratio %



# The Elements of Our Success

SHAREHOLDER LETTER



Value, growth, discipline and consistency – these simple fundamentals are the elements of Community Bank's historic success. In 2013 we were purposeful in executing our solid business strategy to further our track record of success. As in years past, we delivered consistent shareholder returns. Dividend growth. Leading market share. Revenue diversity. Steady loan growth. Superior asset quality.

Above all, we have been steadily successful because we have a singular focus on creating *value*. Value for our shareholders, customers, employees and communities. In 2013 we delivered on that focus, providing a 50.1% return to our shareholders while growing our dividend for the 21<sup>st</sup> consecutive year, closing two small but valuable acquisitions and extending millions in credit to support economic growth in our markets.

## DELIVERING SUPERIOR SHAREHOLDER VALUE

Since the end of the 2007 credit crisis and recession, Community Bank has delivered the third strongest return to shareholders of 2013's largest 100 banks, averaging 17% per year. This outperformance compares favorably against our long-term target of achieving greater than 10% average annual shareholder returns. It is particularly strong given the unusually challenging operating environment of the last six years, over which nearly one third of the industry's largest banks – those that survived the crisis – posted *negative* returns.

We are gratified by our ability to provide consistent, above-average returns to our shareholders, and a growing dividend has been an essential element of that success. 2013 marks our 21<sup>st</sup> year of increased dividends, and over that period both our dividend and our stock price have grown at a 9% average annual rate. This is particularly rewarding considering that only 20% of the 1,332 publicly traded banks that existed 21 years ago remain and trade publicly today. Most were impacted by the industry trends of consolidation and, unfortunately, failures. Among those that remain, Community Bank joins just nine others to have the distinction of increasing its dividend in each of the past 21 years.

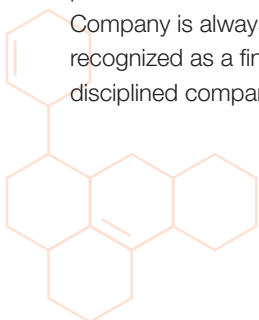
Our success has not gone unnoticed. In October 2013, we were nationally recognized with our inclusion in the Barron's 400 Index, a collection of the most fundamentally sound and attractively priced stocks from across the market. In January 2014, Forbes.com once again recognized our success by naming Community Bank System "Fourth Best Bank in America" in its annual ranking of America's 100 largest banks and thrifts. Forbes' analysis measures the ability of the country's largest banks to deliver superior performance against nine important financial health metrics. While by asset size we ranked 87<sup>th</sup> out of the largest 100 banks, by financial performance we outperformed 96% of the country's largest banks.

## A MODEL BUILT FOR SUCCESS

Community Bank's deliberate and consistent approach to doing business in the low-growth markets we serve has helped us achieve first or second rankings in deposit market share in 75% of the towns where we operate. As a major player in these non-urban markets, we enjoy enviable customer loyalty with longstanding deposit relationships. We've also benefited considerably from the stability of these markets, which have not incurred the level of volatility experienced in many areas of the country.



Community Bank System was selected to be part of the Barron's 400 Index in 2013. The index "collects the most fundamentally sound and attractively priced stocks from all corners of the market, using a proven and disciplined stock-selection process. Given that only about 6% of all North American publicly listed companies are selected to the Barron's 400 on the basis of their fundamental soundness underscores the overall strength of your company's financial results and its bright prospects as an investment for public shareholders." Obviously the Company is always pleased to be recognized as a financially sound and disciplined company.



## Total Shareholder Return

17

## AVERAGE ANNUAL TOTAL RETURN PERCENTAGE

CBU provided an average annual total return to shareholders of 17% over the six years since the economic downturn began in 2007 – third highest among America's largest 100 banks.

We constantly evaluate our branch network to ensure it operates as conveniently and as efficiently as possible. Over the course of 2013 we enhanced our network by acquiring eight branches in Northeastern Pennsylvania and consolidating four branches to improve our average branch size and reduce operating costs. We also rebranded our Northeastern Pennsylvania market from First Liberty Bank and Trust to Community Bank, enhancing brand clarity and consolidating our marketing structure.

Perhaps most importantly, our choice to be a major player in smaller Upstate New York and Northeastern Pennsylvania markets has challenged us to diversify our revenue streams and operate with a disciplined focus on efficiency and capital allocation. We know how to operate profitably in these service areas that are often of little interest to larger regional banks. We have a business plan that is appropriate and highly effective for our market, and it is essentially unchanged over the past 20 years.

## STRATEGIC EXECUTION FOR GROWTH

Operating successfully in slower-growth markets necessitates a disciplined and flexible approach to growth. While organic growth is essential, M&A provides an important springboard for returns. Over the past 13 years we have completed 14 bank and branch deals and seven financial services firm acquisitions. We continue to have a reasonable appetite for high-value acquisition opportunities, be they branch, whole-bank or financial services transactions. We are pleased that our strong capital positions us well to engage in M&A without the need to excessively dilute shareholders by raising significant capital.

When pursuing acquisitions we focus on loan and fee income growth. Our lending model effectively allows for having a local credit authority resident in each of our branches – a significant advantage compared to the model typically operated by other banks. This advantage provides considerable opportunity for us to attract and retain new customers and loans. Further, even small branch deals provide the capacity to generate fee income as a percentage of the deposit base that larger banks cannot replicate.

In our model, a relatively small branch deal can enhance our presence and market density in a region. This was precisely the case in December 2013 when we closed on the purchase of eight branches from Bank of America in Northeastern Pennsylvania. The transaction increased our service capacity with a greater number of branches, while also helping cover some of the fixed costs of operating in the Pennsylvania marketplace. The value of such small deals becomes even greater in tomorrow's rising rate environment, where the economic value of those core deposits will grow.

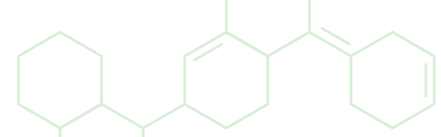
Likewise, we continue to pursue growth in our financial services business. Revenues across these businesses have grown over 15% per year, on average, over the past 10 years. In 2013, revenues grew 11% over 2012, while pretax earnings expanded by 44%. These non-capital-intensive businesses generate impressive revenue streams and the return on equity is substantial. Importantly, they also diversify our sources of income and are highly scalable, with a national client base. At the start of 2014, we were pleased to close on a small benefits deal in the Western New York market. Our Benefit Plans Administrative Services Inc. group acquired a Rochester, New York-based professional services practice that provides actuarial valuation and consulting services to clients who sponsor pension and post-retirement medical and welfare plans.

## Total Average Shareholder Returns

Through January 31, 2014, including reinvestment of dividends

	1 YEAR	5 YEARS	7 YEARS	12 YEARS
<b>CBU</b>	<b>29.7%</b>	<b>19.5%</b>	<b>11.1%</b>	<b>12.0%</b>
S&P 600 Comm Bank	33.0%	14.2%	(3.2%)	2.2%
NASDAQ Bank	28.8%	12.0%	(1.8%)	3.6%
S&P 500	21.5%	19.2%	5.4%	6.0%
DJIA	16.1%	17.6%	6.0%	6.5%

Source: Bloomberg



This growth strategy continues to differentiate us from the industry. Our diverse revenue streams have contributed to better-than-peer revenue growth for the past five years, consistently among the top performers of the largest 100 banks. We will continue to focus our efforts on growing the benefit administration and wealth management businesses through both organic and acquired means as a core element of our operating strategy.

#### 2013 RESULTS

The whole of 2013 was a very productive year, and earnings of \$78.8 million remained strong and consistent with 2012. Organic loan, checking and savings account growth each exceeded 6%. Substantial capital generation and careful execution of balance sheet repositioning activities helped grow our Tier 1 leverage ratio, a core measure of our capital adequacy, from 8.40% in 2012 to 9.29%. As in prior years, our strong asset quality metrics continued to improve.

2013 revenue growth of 3% benefited from careful execution of our strategic priorities. In 2013 we improved the composition of our core deposit portfolio, lowering the percentage of higher-cost time deposits and increasing the percentage of lower-cost core checking, savings and money market accounts in our deposit portfolio. We also deleveraged our investment securities portfolio and wholesale borrowings, further contributing to overall growth of 3% in net interest income. Higher net interest income, 9% growth in banking fee income, 11% revenue growth in our benefits administration and wealth management businesses and responsible expense management all combined to maintain our efficiency ratio below 60%. Positive momentum in all sources of non-interest revenue leaves us favorably positioned in 2014.

A critical element of Community Bank's success is disciplined and efficient management of our balance sheet. In 2013 we proactively undertook certain balance sheet restructuring activities which served to enhance our liquidity profile, capital position, and profitability. In the first half of 2013 we sold selected investment securities and prepaid a portion of our Federal Home Bank advances. In December 2013, we sold our portfolio of bank and insurance trust preferred collateralized debt obligations to eliminate uncertainty related to potential regulatory changes, and we redeemed our remaining Federal Home Loan Bank term borrowings. We reinvested the net liquidity created from these transactions in order to mitigate the net interest income impact of the security sales and debt extinguishments. This series of deleveraging transactions was done for both qualitative and economic reasons that improved the quality of our balance sheet, provided a modest benefit to net interest margin and created regulatory capital for use in creating future earnings and shareholder value.

A strong net interest margin is an additional outcome of our disciplined balance sheet management. Our net interest margin is consistently above industry levels across economic and interest rate cycles. It was a key driver of our outperformance compared to the 100 largest banks in 2013 when, against industry tides, we expanded our net interest margin to 3.91%, measuring nearly 50 basis points higher than the median, which saw a decline of 18 basis points from 2012. Community Bank's net interest margin has exceeded the median for the 100 largest banks by a range of 28 to 49 basis points over the last five years.

Profitable management of our balance sheet reflects a disciplined approach to funding coupled with quality, plain vanilla asset production. We've been successful in proactively managing deposit funding costs, benefiting our margin, but declining asset yields remain a challenge. Nevertheless, our approach remains simple: extend basic loans to

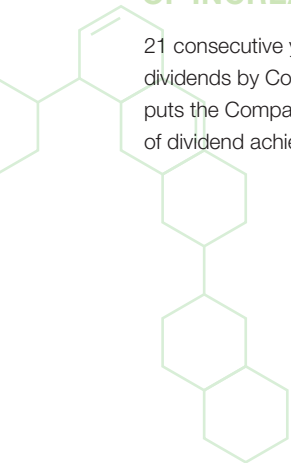


### Dividend Growth

# 21

### CONSECUTIVE YEARS OF INCREASED DIVIDENDS

21 consecutive years of increased dividends by Community Bank System puts the Company in a very select group of dividend achievers.



credit-worthy borrowers seeking financing for every day needs, such as mortgages and business lines of credit, and fund them primarily with customer deposits.

Disciplined balance sheet management is reflected in our superior asset quality. We continued to report very favorable net charge-off results with 2013 losses measuring just 0.17% of average loans. Indeed, our annual net charge-offs have measured under 0.25% of average loans over each the last eight years. We consider this exceptional.

Finally, through balance sheet actions and significant earnings power, our risk-based capital ratios at the close of 2013 were well above the industry and above where we've typically ranged. Today we have record levels of capital, and we are eager to use it in a manner that is effective in creating growing and sustainable value for our shareholders.

#### ELEMENTS FOR SUCCESS IN 2014 AND BEYOND

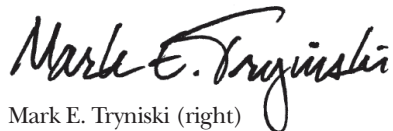
For more than 20 years we have steadily grown our dividend, delivered consistent profitability and executed a sound approach to franchise growth by carefully evaluating the economics of every decision we make. Looking ahead, we see strong operating momentum from progress and initiatives over the last two years. Today we have the best balance sheet we have ever had in terms of asset mix, funding, asset quality and capital – key components for value creation. These elements of our success are unchanged, and we will work hard to keep them that way in 2014 and beyond.

We have many elements that have been pivotal to our success, including our talented and experienced Board of Directors. After more than two decades of service as the President and as a director of Wilber National Bank, and then as a valued member of the Community Bank System Board, Alfred Whittet retired in 2013. With extensive experience in managing a financial institution, his considerable knowledge and perspective on all aspects of bank operations will be missed. The Board thanks him for his important contributions.

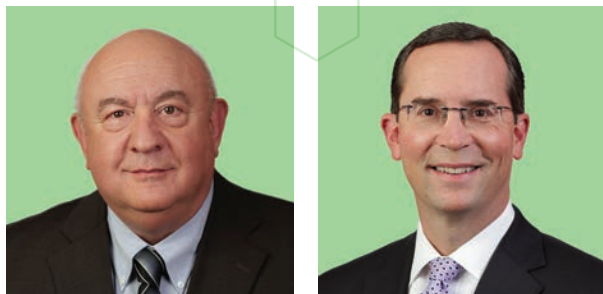
Today and always, Community Bank System views your investment as the highest honor, and we strive to reward your loyalty with steady, superior returns. Thank you for your continued support of Community Bank System, Inc.



Nicholas A. DiCerbo (left)  
Chairman of the Board



Mark E. Tryniski (right)  
President and Chief Executive Officer



#### Dividend Growth

04	\$0.68
05	\$0.74
06	\$0.78
07	\$0.82
08	\$0.86
09	\$0.88
10	\$0.94
11	\$1.00
12	\$1.06
<b>13</b>	<b>\$1.10</b>

10-year CAGR = 6.1%





75

# Rms

Retail Market Share

Community Bank supports small businesses with business lending making up over 30% of our total loans.



# 75

## LEADING DEPOSIT SHARE

CBU has assembled a strong retail banking franchise where it enjoys leading deposit share in more than 75% of towns where we operate.

Community Bank has built a market-leading branch system serving predominantly non-urban markets in the Northeast where leadership positions can be earned. With more than 180 customer facilities spanning 41 counties in New York and Pennsylvania, we still operate like a \$1 billion bank. Our business approach emphasizes responsive local decision-making, customer service and support, and authority at the branch level, with a focus on generating and retaining core deposit accounts.

This approach has earned Community Bank a dominant market share in much of Upstate New York, where there is modest competition and modest growth, but where we have achieved solid performance over time. Our Northeastern Pennsylvania market presence is located in a more urban area, which is more competitive and where we currently have a smaller deposit market share but generally more business lending opportunities than our other markets. During 2013 we rebranded our First Liberty Bank and Trust branches in this market to Community Bank, N.A., to bring enhanced unity and brand awareness to our retail banking network.

In December 2013, we expanded and further strengthened our presence in Northeastern Pennsylvania with our acquisition of eight branches from Bank of America, N.A., which included over \$303 million in customer deposit accounts and approximately \$0.9 million of net performing loans. The acquired branches add enhanced density and elevate our market presence across the northeast corner of the Keystone State.

### Total Deposits

In billions

04	\$2.9
05	\$3.0
06	\$3.2
07	\$3.2
08	\$3.7
09	\$3.9
10	\$3.9
11	\$4.8
12	\$5.6
<b>13</b>	<b>\$5.9</b>

10-year CAGR = 8.0%



7

# As

Acquisition Strategy

As an architect designs models, so we have carefully designed our franchise with an eye toward growth.

# 7

## ACQUISITIONS

Since 2006, Community Bank has completed seven separate branch or whole-bank acquisitions, adding nearly 80 retail banking locations and over \$3 billion in assets.

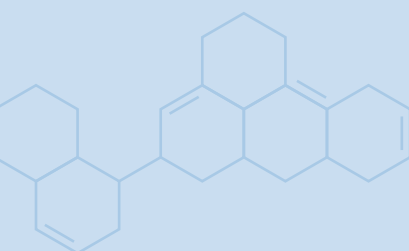
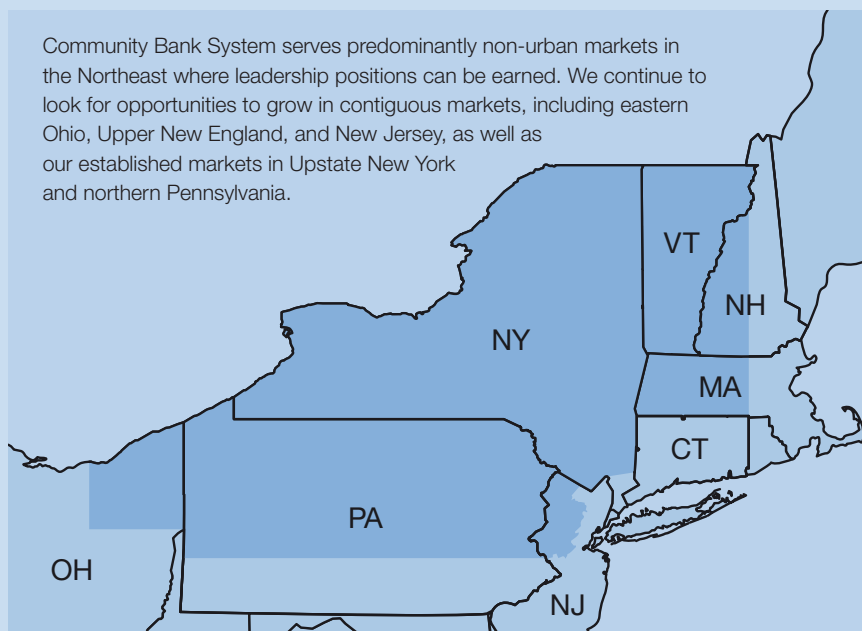
As a community bank committed to the philosophy of serving the financial needs of customers in local communities, our branches are generally located in smaller towns and cities across Upstate New York and Northeastern Pennsylvania. A core operating strategy of the Company is to grow the branch network, primarily through a disciplined acquisition strategy. Since 2008, we have completed four transactions in which we acquired 59 branch locations, approximately \$731 million in loans, and \$2.1 billion in deposits.

We always keep our lines of communication to potential merger partners open and continue to look for opportunities in contiguous markets, including eastern Ohio, Upper New England, and New Jersey, as well as our established markets in Upstate New York and northern Pennsylvania. Our primary merger targets are smaller whole banks, or larger institutions seeking to shed portions of their branch networks.

To Community Bank, the right cultural fit is an essential ingredient for any potential transaction. That fit is exemplified by the local character of the business, knowledge of the customers and their needs, as well as comprehensive retail and business products and offerings. We combine this with responsive decision-making at the branch and regional levels, enabling our branch locations to compete effectively within their individual geographic market. We take into consideration key financial elements when evaluating an acquisition target, including expected earnings generation of the new branches as part of our franchise, as well as the expected return on the capital deployed.

### Our Expanding Footprint

Community Bank System serves predominantly non-urban markets in the Northeast where leadership positions can be earned. We continue to look for opportunities to grow in contiguous markets, including eastern Ohio, Upper New England, and New Jersey, as well as our established markets in Upstate New York and northern Pennsylvania.



31

# Rd

Revenue Diversity

With comprehensive financial planning, benefits administration and trust services offerings, we add value for our customers beyond basic banking.



# 31

## PERCENTAGE OF NON-INTEREST INCOME

31% of our total revenue comes from non-interest income sources.

Community Bank continues to diversify its revenue streams, which is a key component of its plan for long-term value creation for its stockholders. Over the years we have developed a healthy mix of non-interest income, complementing our strong deposit service fee income with specialized financial services, including our employee benefit trust, administration, actuarial and consulting services, as well as an SEC registered investment advisory firm, investment and trust services, and a full service independent property and casualty insurance agency.

The same operating strategy that drives our retail bank growth is behind our approach to financial services - disciplined growth through organic and acquired opportunities and a keen focus on profitable relationships. We look for acquisitions which will be accretive to earnings and low risk. Since 2007 we have completed five professional services acquisitions under these guiding principles, including our most recent transaction with EBS-RMSCO, Inc. to acquire its actuarial valuation and consulting practice. Together, these strategic acquisitions have helped us nearly double revenue generated from financial services in the past seven years, up \$26.1 million, or 93.2%, to \$54.1 million in 2013. This growth has directly contributed to our ability to grow our total non-interest income at a compound annual growth rate of 11.2% over that same time period. Non-interest income now makes up more than 30% of our operating revenues, providing stable earnings power to help mitigate factors like interest rate risk in today's environment.

### Financial Services Revenue

In millions

04	\$16.7
05	\$18.5
06	\$20.6
07	\$28.0
08	\$34.4
09	\$36.4
10	\$39.4
11	\$42.3
12	\$48.8
<b>13</b>	<b>\$54.1</b>

10-year CAGR =15.4%

We will continue to grow these business lines through organic and acquisitive means, as we look to expand our national footprint, diversify our service offerings, and accomplish our number one priority of delivering exceptional returns to our shareholders.



6

Lg

Loan Growth

Providing loans to help customers realize their dreams – like homeownership – has been a central factor in Community Bank’s success.



Community Bank is committed to a consistent and disciplined approach to loan growth, with a focus on the smaller customers within our service footprint that our large competitors tend to overlook. Our branch managers function as local bank presidents, leveraging their deep knowledge of our markets in pursuit of profitable lending opportunities.

We have neither originated nor held subprime, Alternative-A paper or other higher risk mortgage lending, nor do we have any shared national credits. Our commercial lending is well diversified and we don't hesitate to exit from unprofitable lending relationships. Although Community Bank is firmly committed to maintaining superior asset quality and profitable margins, we have never retreated from our markets or from our customers during economic downturns, including the recessionary period that began in 2007.

When you adhere to a business strategy that is disciplined and effective there is simply never a need to change your approach. And, we believe that our emphasis on profitable customer relationships across all business lines and our conservative risk management makes our returns particularly robust relative to risk assumed.

Following this approach, the Bank's net loans have grown by more than \$1 billion, to \$4.1 billion, a compound annual growth rate of 10.7% since the end of 2010. This increase is reflective of strong organic loan growth within our service footprint, as well as the recent branch and whole-bank acquisitions we've undertaken. During 2013, average loans grew \$326.5 million due to strong organic growth in our consumer mortgage, consumer indirect, direct and business lending portfolios, as well as loans acquired in the HSBC and First Niagara branch transactions.

Our loan portfolio has historically been, and remains, well diversified with residential mortgage loans – all originated within our service area – accounting for 39%, business and commercial loans making up 30%, and consumer installment lending representing the remaining 31% of total loans.

### Total Loans

In billions

04	\$2.4
05	\$2.4
06	\$2.7
07	\$2.8
08	\$3.1
09	\$3.1
10	\$3.0
11	\$3.5
12	\$3.9
<b>13</b>	<b>\$4.1</b>

10-year CAGR = 6.9%

### PERCENTAGE OF ORGANIC GROWTH

Our experienced in-market lenders originated \$243 million of new net loans in 2013, driving organic loan growth of more than 6% over 2012.

6





25

# Saq

Superior Asset  
Quality

We are proud to partner with healthy and growing customers, who are the backbone of our communities and of Community Bank's superior asset quality.



# 25

Community Bank maintains its commitment to generating growth in its loan portfolio in a manner that adheres to its twin goals of maintaining strong asset quality and producing profitable margins. Our approach remains simple: extend fairly-priced, straightforward loans to credit-worthy borrowers seeking financing for everyday needs, from car loans to mortgages to business lines of credit.

In 2013 our asset quality remained exceptional compared to the industry. We attribute this success to strong underwriting, a stable economy in our footprint and solid customer relationships. Our net loan charge-off ratio, non-performing loan ratios and loan delinquency ratios were all favorable to 2012 and to our peers.

Due to our success in achieving significant acquisition and organic loan growth, net charge-offs as a percent of average loans (“net charge-off ratio”) offers a meaningful representation of asset quality trends. Our net charge-off ratio remains best in class, with 2013 losses measuring just 0.17% of average loans compared to 0.69% for the banking industry. While the industry has seen volatile swings in assets quality, our loan losses have consistently measured under 0.25% for the past eight years.

Asset quality results continue to be very favorable across our primary portfolios, with total annual net charge-offs measuring less than 0.25% of average loans in each of our residential mortgage, home equity, business loan and consumer installment businesses.

Our reserve coverage of nonperforming loans is also particularly strong. At 201%, our ratio of reserves to nonperforming loans also far exceeds the 66% average for the industry.

## CONSISTENT LOW NET CHARGE-OFFS

Our net charge-offs have consistently measured under 0.25% for the past eight years.

### Consistent Strong Asset Quality



### Exceptional Asset Quality

At or for the twelve months ended December 31, 2013

	CBU	ACBN <sup>1</sup>	ACBN <sup>1</sup> Assets > \$1 B
Loan loss allowance/ NPLs <sup>2</sup>	<b>201%</b>	66%	64%
NPLs <sup>2</sup> / loans outstanding	<b>0.54%</b>	2.64%	2.74%
Net charge- offs/ average loans <sup>3</sup>	<b>0.17%</b>	0.69%	0.73%

<sup>1</sup> ACBN = All Commercial Banks, National

<sup>2</sup> NPLs = Nonperforming loans

<sup>3</sup> FDIC Statistics - Net charge-off to loans



Community Bank, N.A.  
Regional Advisory Boards

**Pennsylvania**

- Edward A. Coach
- Michael J. Coleman
- John H. Graham
- Scott E. Henry
- Edward I. Johnson, Jr.
- Thomas A. McCullough
- William K. Nasser, Jr.
- Russell G. Newell
- Frank J. Niemiec
- James M. O'Brien

**Adirondack**

- Paul M. Cantwell, Jr.
- William M. Dempsey
- Alexander C. Edwards
- Joseph Vernon Lamb III
- James R. Langley, Jr.
- Carl J. Madonna
- Kim A. Murray

**Central**

- Mary C. Albrecht
- Olon T. Archer
- Joseph P. Mirabito
- Benjamin C. Nesbitt
- James L. Seward
- Geoffrey A. Smith
- Alfred S. Whittet
- David F. Wilber III

## Executive Management

An eleven year Community Bank System veteran, **Mark Tryniski**<sup>1</sup> has led the Company as President and Chief Executive Officer since 2006, previously serving in the roles of Chief Financial Officer and Chief Operating Officer. Prior to joining CBU, Mark was a partner with PricewaterhouseCoopers.

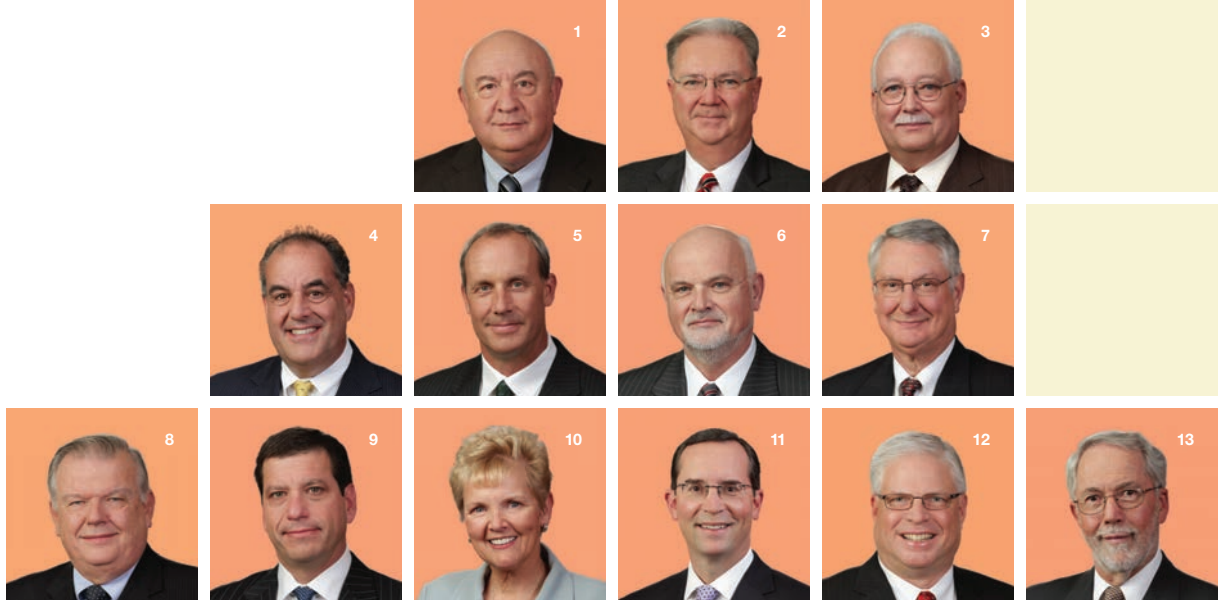
**Scott Kingsley**<sup>2</sup> provides sound leadership as Chief Financial Officer of Community Bank System, a role he has held since 2004. Previously, Scott served as CFO of Carlisle Engineered Products, Inc. in Ohio.

For more than 20 years, CBU has benefited from the talent and experience of **Brian Donahue**<sup>3</sup>. Now the company's Chief Banking Officer, Brian has also served as Chief Credit Officer and Senior Loan Officer for the Southern Region.

**Joe Getman**<sup>4</sup>, Executive Vice President and General Counsel, joined Community Bank System in 2008. Joe joined CBU from Bond, Schoeneck & King, PLLC, where he provided corporate counsel to CBU as a senior partner of the firm.

49

The Community Bank executive leadership team has served the Company for a combined 49 years, bringing extensive financial services experience to its sound strategy and performance.



## Board of Directors



The Board of Directors extends its gratitude to Alfred S. Whittet for his outstanding service to Community Bank System, Inc. Mr. Whittet, the former CEO of The Wilber Corporation, joined the Board in 2011. As a member of our Board, including chair of our trust committee, he provided valuable guidance over the past several years, and he remains a key member of our Central Region Advisory Board.

### 1 Nicholas A. DiCerbo

Chairman of the Board;  
DiCerbo & Palumbo, Partner;  
Director since 1984

### 2 James A. Wilson

Lead Director of the Board;  
Retired, Parente Randolph, LLC, Principal Partner;  
Nominating/ Corporate Governance Committee;  
Audit/ Compliance/ Risk Management Committee, Chair;  
Director since 2009

### 3 Brian R. Ace

Laceyville Hardware, Owner;  
Compensation Committee, Vice Chair;  
Nominating/ Corporate Governance Committee  
Director since 2003

### 4 Mark J. Bolus

Bolus Motor Lines, Inc., President and CEO;  
Compensation Committee, Chair;  
Strategic/ Executive Committee;  
Director since 2010

### 5 Neil E. Fesette

Fesette Realty, LLC and Fesette Property Management,  
Owner, President and CEO;  
Nominating/ Corporate Governance Committee, Chair;  
Trust Committee;  
Director since 2010

### 6 James A. Gabriel

Franklin & Gabriel, Owner;  
Trust Committee, Chair;  
Loans/ ALCO Committee, Vice Chair;  
Strategic/ Executive Committee;  
Director since 1984

### 7 James W. Gibson

Retired, KPMG, LLP, Partner;  
Audit/ Compliance/ Risk Management Committee;  
Compensation Committee;  
Director since 2009

### 8 Edward S. Mucenski

Pinto, Mucenski, Hooper, Van House & Company, P.C.,  
Partner and Managing Director;  
Compensation Committee;  
Audit/ Compliance/ Risk Management Committee, Vice Chair;  
Director since 2010

### 9 John Parente

CP Media, LLC, CEO;  
Loan/ ALCO Committee, Chair;  
Strategic/ Executive Committee;  
Audit/ Compliance/ Risk Management Committee;  
Director since 2010

### 10 Sally A. Steele

Attorney at Law;  
Strategic/ Executive Committee, Chair;  
Trust Committee;  
Director since 2003

### 11 Mark E. Tryniski

Community Bank System, Inc., President and CEO;  
Director since 2006

### 12 John F. Whipple

Buffamante Whipple Buttafaro, P.C., CEO;  
Nominating/ Corporate Governance Committee;  
Audit/ Compliance/ Risk Management Committee;  
Director since 2010

### 13 Brian R. Wright

Hinman, Howard & Kattell, LLP, Attorney, Special Counsel;  
Strategic/ Executive Compensation Committee;  
Nominating/ Corporate Governance Committee;  
Director since 2011

Note: All bank board members participate in the Loan/ ALCO Committee

## ADMINISTRATION

### Executive

Mark E. Tryniski, President and  
Chief Executive Officer

Scott A. Kingsley, Executive Vice President,  
Chief Financial Officer

Brian D. Donahue, Executive Vice President,  
Chief Banking Officer

George J. (Joe) Getman, Executive Vice President,  
General Counsel

### Retail & Business Banking

Richard M. Heidrick, Senior Vice President,  
Consumer Banking

Joseph F. Serbun, Senior Vice President,  
Chief Credit Officer

Joseph E. Sutaris, Senior Vice President,  
Regional Banking Executive

Hal Wentworth, Senior Vice President,  
Retail Banking and Marketing

Scott J. Boser, Vice President,  
Retail Lending Manager

George J. Burke, Vice President,  
Director of Mortgage Banking

Cynthia L. Lefko, Vice President,  
Cash Management Product and Sales Manager

Judith A. Meyer, Vice President,  
Branch Services Administrator

Tammy R. Neumann, Vice President,  
Regional Branch Coordinator

J. Randall Palko, Vice President,  
Regional Branch Administrator

Michael J. Stacey, Vice President,  
Collections Manager

Pamela S. Dent, Recovery Specialist

Jennifer Hernandez, Mortgage Processing Manager

Sherry Stone, Branch Services  
Regional Administrator

### Credit Administration

Stephen G. Hardy, Senior Vice President,  
Chief Credit Administrator

Nancy Mastrucci, Vice President,  
Senior Credit Manager

Mark A. Guenther, Vice President,  
Special Assets Manager

Denise Rhoads, Vice President,  
Commercial Appraisal Manager

Michael J. Brassard, Vice President,  
Special Assets Officer

Noel I. Donnelly, Vice President,  
Special Assets Officer

Barry J. Westington, Vice President,  
Special Assets Officer

Stephen B. Dupree, Reports Analyst

### Finance & Treasury Management

Joseph J. Lemchak, Senior Vice President,  
Chief Investment Officer

Susan S. Fox, Vice President, Corporate Controller

Robert R. Frost, Vice President,  
Director of Planning & Financial Analysis

Sean M. Howard, Vice President,  
Senior Treasury Officer

Randy Pray, Vice President,  
Corporate Purchasing Manager

Brian Fancher, Benefits Accounting Manager

Laura J. Mattice, General Accounting Manager

Dennelle T. Michalski, Financial Controls Manager

Robert E. Pierce, Financial Reporting Manager

### Administrative Services

Timothy J. Baker, Senior Vice President,  
Director of Special Projects

Bernadette R. Barber, Senior Vice President,  
Chief Human Resources Officer

Michael N. Abdo, Associate General Counsel

Kristine M. Besaw, Vice President,  
Senior Regional Human Resources Manager

Danielle M. Cima, Associate General Counsel,  
Corporate Secretary

Brett C. Fisk, Vice President, Director of Facilities

Robert D. Harder, Vice President,  
Senior Regional Human Resources Manager

Michael F. Joyce, Vice President,  
Director of Real Estate

Lorie M. Semmel, Vice President,  
HR Operations Manager

Donna Skechus, Vice President,  
Special Projects Manager

Rhoda Awinyo, Associate Marketing Manager

Donna J. Drengel, Board Secretary and  
Shareholder Relations

John A. Puchir, Sales Manager

### Technology & Operations

J. Michael Wilson, Senior Vice President,  
Chief Technology Officer

Aaron S. Friot, Vice President,  
Director of Information Technology

Robin E. Dumas, Vice President,  
Electronic Banking Manager

Barbara L. Snyder, Vice President,  
Loan Operations Manager

Christina E. Sullivan, Vice President,  
Deposit Operations Manager

Tracie M. Clayton, Loan Operations  
Unit Manager

Deanna L. Foster, Loan Operations  
Unit Manager

Allyson B. Krieger, Project Administrator

Tami L. Ozogar, Loan Operations Unit Manager

Frank A. Palmisano, Manager Network  
Administration

### Risk Management

Paul J. Ward, Senior Vice President,  
Chief Risk Officer

Mark S. Ackerly, Vice President,  
Director of Information Security

Melissa R. Cloce, Vice President,  
Compliance Manager

Mark J. Houghtaling, Vice President,  
Credit Risk Manager

Daniel P. O'Connell, Vice President,  
Director of Internal Audit

Dorothy A. Quartrere, Vice President,  
Compliance Manager

Lynne M. Wadsworth, Vice President,  
Asst. Director of Internal Audit

Anthony A. Antonello, Assistant Vice President,  
Asst. Corporate Security Officer

Teresa Bower, Loan Review Team Leader

Lawrence D. Witter, Financial Intelligence  
Unit Director

## COMMUNITY BANK

### Business Banking

#### Buffalo

David McKinley, Vice President,  
Commercial Banking

#### Canton

Nicholas S. Russell, Senior Vice President of  
Commercial Banking Northern Region

#### Clifton Springs

Tina Bounds, Assistant Vice President,  
Mortgage Specialist

#### DeWitt/Syracuse

Luke Fagan, Vice President,  
Commercial Banking Team Leader

William D. McIncrow, Vice President,  
Commercial Banking Officer

Russell E. Sturtz, Assistant Vice President,  
Commercial Banking Officer

James R. Ferguson, Senior Indirect  
Loan/Business Development Officer

#### Elmira

Arthur J. Sable, Vice President,  
Commercial Banking Officer

#### *Erwin/Painted Post*

Michael G. Austin, Vice President,  
Small Business Loan Manager  
John D. Clark, Vice President,  
Commercial Banking Officer  
Richard R. Sisson, Vice President,  
Commercial Banking Officer

#### *Geneva*

Loren C. Herod, Vice President,  
Agricultural Banking Team Leader  
Charles Van Hooft, Vice President,  
Agricultural Banking Officer  
Stephen H. Rich, Vice President,  
Commercial Banking Team Leader  
D. James Vedora, Vice President,  
Commercial Banking Officer  
Mark Miller, Assistant Vice President,  
Commercial Banking Officer  
Rebecca L. Snyder, Agricultural Banking Officer

#### *Johnson City*

Edward P. Michalek, Vice President,  
Commercial Banking Team Leader

#### *Lakewood*

David S. Alm, Vice President,  
Senior Commercial Banking Officer

#### *Lowville*

Kevin J. Kent, Vice President,  
Commercial Banking Officer

#### *Malone*

Lawrence P. Fleury, Assistant Vice President,  
Senior Indirect Loan/Business Development  
Officer

#### *North Creek*

Eugene M. Arsenault, Vice President,  
Commercial Banking Officer

#### *Olean*

Mark P. Saglimben, Vice President,  
Senior Commercial Banking  
Scott P. Brechbuehl, Vice President,  
Commercial Banking Officer  
Gretchen Copella, Vice President,  
Commercial Banking Officer

#### *Oneonta*

Jeffrey C. Lord, Vice President,  
Commercial Banking Team Leader  
John M. Connolly, Vice President,  
Commercial Banking Officer  
Jonathan M. Luce, Assistant Vice President,  
Commercial Banking Officer  
Allison M. Mosher, Assistant Vice President,  
Commercial Banking Officer

#### *Orchard Park*

Patrick M. Gorman, Vice President,  
Commercial Banking Officer

#### *Plattsburgh*

Paul Connelly, Vice President,  
Commercial Banking Officer

#### *Potsdam*

Ronald J. Bacon, Vice President,  
Senior Commercial Banking Officer  
Matthew J. Rollins, Assistant Vice President,  
Agricultural Banking Officer

#### *Saranac Lake*

Craig Stevens, Vice President,  
Commercial Banking Officer

#### *Springville*

Michael Boza, Agricultural Banking Officer

#### *Watertown*

Duane M. Pelkey, Vice President,  
Senior Commercial Banking Officer  
Jeffrey T. Fallon, Vice President,  
Commercial Banking Officer  
Andrew Rice, Assistant Vice President,  
Agricultural Banking Officer

#### *Wellsville*

Douglas O. Frank, Vice President,  
Commercial Banking Officer  
James M. Knapp, Vice President,  
Business Development Officer

### **PENNSYLVANIA**

Robert P. Matley, Executive Vice President,  
President Pennsylvania Banking  
Robert A. Cirko, Senior Vice President,  
Regional Retail Banking Manager

#### **Business Banking**

##### *Hazleton*

Paul Baynum, Vice President,  
Commercial Banking Officer

##### *Scranton*

Warren C. Rozelle, Senior Vice President,  
Commercial Banking Team Leader  
Matthew Dougherty, Senior Vice President,  
Commercial Banking Officer  
Mary Elizabeth D'Andrea, Senior Vice President,  
Commercial Banking Officer  
Samuel DeStefano, Vice President,  
Senior Indirect Market Manager  
Joseph S. Tomko, Senior Vice President,  
Commercial Banking Officer  
Neil D. King, Assistant Vice President,  
Commercial Banking Officer

#### *Tunkhannock*

Walter Sarafinko, Vice President,  
Commercial Banking Officer

#### *Wilkes-Barre*

David M. McHale, Senior Vice President,  
Commercial Banking Officer  
A. Edward Nork, Senior Vice President,  
Commercial Banking Officer  
Stacia L. Arnaud, Assistant Vice President,  
Commercial Banking Officer  
John Pekarovsky, Commercial Banking Officer

### **WEALTH MANAGEMENT GROUP**

Paul A. Restante, Managing Director  
Barbara Toczko-Maculloch, Senior Vice President,  
Regional Sales Manager  
John Klobusicky, Senior Vice President,  
Market – Investment Manager  
Theresa Kalil-Lennon, Vice President,  
Regional Sales Manager

#### **Trust and Investment Services**

Catherine B. Koebelin, Senior Vice President,  
Chief Trust Officer, Olean  
Charles J. Perrillo, Senior Vice President,  
Chief Trust Investment Officer, Oneonta  
Herbert A. Simmery, Vice President,  
Senior Trust Officer, Oneonta  
Vincent L. Mastrucci, Vice President,  
Trust Officer, Scranton PA  
Paul J. Snodgrass, Vice President,  
Trust Officer, Canton  
Priscilla R. Welch, Vice President,  
Senior Trust Officer, Oneonta  
Patricia E. Barie, Trust Officer, Olean  
Michael Byrne, Trust Officer, Geneva  
Lauren Carlson, Trust Officer, Oneonta  
Patricia A. Crolley, Trust Officer, Scranton PA  
Robert P. Jewell, Trust Officer, Elmira  
Thomas LaPage, Assistant Vice President,  
Trust Officer, Canton  
Patricia A. Lowe, Trust Operations Officer  
Adam C. Niebanck, Trust Officer, Oneonta  
Amy B. Schlee, Trust Officer, Oneonta  
**Nottingham Advisors, LLC**  
*500 Essjay Road, Suite 220,  
Williamsville, NY*  
Thomas S. Quealy, Chief Executive Officer  
Lawrence V. Whistler, President,  
Chief Investment Officer  
Karen A. Mohn, Chief Compliance Officer,  
Client Services Manager  
Nicholas Verbanic, Vice President, Portfolio Manager

## **Community Investment Services, Inc.**

Paul A. Restante, President  
Audrey Pound, Vice President,  
Operations Manager CISI Lockport

### **Financial Consultants**

Peter Albano, Wilkes-Barre PA  
Jonathan Bartholomew, Cicero  
Robert Bittner, Geneva  
Eric E. Brunet, Ogdensburg  
Lucas A. Burton, Olean  
Joseph M. Butler, Jr., Watertown  
Thomas Ciolek, Avon  
Daniel P. Drappo, Black River  
James G. Durso, Waterloo  
Timothy Forman, Lake Placid  
Kevin C. Gildner, Wellsville  
Jason Grover, Canandaigua  
Justin P. Hooper, Plattsburgh  
Randall J. Hulick, Springville  
Kyle A. Leikam, Dunkirk  
Rick P. Little, Tunkhannock PA  
Andrew Lomanto, Plattsburgh/Malone  
David Long, Horseheads/Consumer Square  
Jude R. McDonough, Scranton PA  
Chad J. Murray, Falconer  
Charles A. Nicosia, Oneonta  
David H. O'Neil, Jr., Boonville  
Joseph Topichak, Corning  
Michele Wilck, Newark/Palmyra  
Michael Bufalini, Watertown  
Andrew Mangano, Fulton

## **CBNA Insurance Agency**

Mark J. Moeller, President  
*117 Park Street, Tupper Lake, NY*  
*173 Margaret Street, Plattsburgh, NY*  
*6 Clinton Street, Heuvelton, NY*  
*8242 Route 3, Harrisville, NY*  
*217 West Main Street, Malone, NY*

## **BENEFIT PLAN SERVICES**

Barry S. Kublin, President

### **Benefit Plans Administrative Services, LLC**

*6 Rhoads Drive, Utica, NY*  
Paul M. Neveu, Senior Vice President,  
Sales & Marketing  
Linda S. Pritchard, Senior Vice President,  
Recordkeeping Services

*3501 Masons Mill Road, Suite 505,  
Huntingdon Valley, PA*

Mary Anne Geary, Senior Vice President,  
Plan Administrative Services

Richard Schultz, Senior Vice President,  
Fiduciary Services

### **Harbridge Consulting Group, LLC**

*One Lincoln Center, Syracuse, NY*  
Vincent F. Spina, President  
Steven P. Chase, Senior Vice President  
Sarah E. Dam, Senior Vice President  
*335 Lexington Ave., 5th Floor, New York, NY*  
Sheryl Gabriel, Senior Vice President

### **Hand Benefits & Trust**

*820 Gessner, Suite 1250, Houston, TX*  
W. David Hand, Chief Executive Officer  
Stephen Hand, President  
James Goodwin, Senior Vice President,  
VEBA/HRA Services  
Kathy Harvey, Senior Vice President,  
Trust Operations

## **BRANCH LOCATIONS**

### **Community Bank Northern New York Market**

#### *Adams*

Christopher M. Castle, Assistant Vice President,  
Manager

#### *Alexandria Bay*

Matthew Honeywell, Assistant Vice President,  
Manager

#### *Ausable Forks*

Valerie A. Daniels, Assistant Vice President,  
Manager

#### *Black River*

Christina S. Meagher, Assistant Vice President,  
Manager

#### *Boonville*

*(101 Main Street and Headwaters Plaza)*  
Debra Roberts, Assistant Vice President,  
Manager

#### *Brushton*

Bryon Tuthill, Vice President, District Manager

#### *Canton*

David R. Peggs, Vice President, Manager  
Julie A. Rhodes, Retail Srv Officer II

#### *Champlain*

Melissa M. Peryea, Assistant Vice President,  
Manager

#### *Chateaugay*

Barbara J. LaVoie, Manager

#### *Clayton*

Lori E. Fearnside, Manager

#### *Fort Covington*

Gayle E. Miner, Branch Supervisor

#### *Gouverneur*

Diane Easton, Vice President, Manager

#### *Harrisville*

Karen Pierce, Branch Supervisor

#### *Hermon*

Connie J. Green, Branch Manager

#### *Heuvelton*

Carol Peacock, Branch Supervisor

#### *Indian Lake*

Brenda K. Lanphear, Manager

#### *Lake Placid*

Katie R. Stephenson, Assistant Vice President,  
Manager

#### *Long Lake*

Viccann Novak, Manager

#### *Lowville (7605 State Street)*

Tina M. Paczkowski, Vice President,  
District Manager

Mary L. Peters, Assistant Vice President,  
Retail Service Officer

Joseph Monnat, Assistant Vice President,  
Retail Service Officer

#### *Lowville (7395 Turin Road)*

Stephen H. Allen, Vice President, Manager

#### *Lyons Falls*

Nancy Fruin, Assistant Vice President, Manager

#### *Madrid*

Marsha L. Watson, Manager

#### *Malone (Elm Street)*

Byron Tuthill, Vice President, District Manager

#### *Malone (West Main Street)*

Stacey Brunell, Assistant Vice President,  
Manager

#### *Massena*

Joy Graves, Assistant Vice President, Manager

#### *North Creek*

Lori A. DeMars, Assistant Vice President,  
Manager

#### *Norwood*

Adrienne Smith, Manager

#### *Ogdensburg (825 State Street)*

Robert L. Seymour, Vice President,  
District Manager

#### *Ogdensburg (320 Ford Street)*

Denise Barse, Manager

*Old Forge*

Barbara B. Criss, Vice President, Manager

*Plattsburgh (Margaret Street)*

Kent G. Backus, Vice President,  
Regional Retail Banking Manager

*Plattsburgh (Route 3)*

James E. Snook, Vice President, Manager

*Plattsburgh (468 Route 3)*

Kent G. Backus Vice President,  
Regional Retail Banking Manager

*Plattsburgh (In-store – Wal-Mart)*

Arlene Favreau, Branch Supervisor

*Potsdam (64-70 Market Street and May Road)*

Victoria G. Strader, Vice President,  
Branch Manager

*Pulaski*

Steven P. Gaffney, Vice President, Manager

*Saranac Lake (Broadway)*

Brenda Darrah, Assistant Vice President,  
Manager

*Saranac Lake (Lake Flower)*

Renee L. Darrah, Manager

*St. Regis Falls*

Byron Tuthill, Vice President, District Manager

*Star Lake*

Connie Green, Branch Manager

*Ticonderoga*

Maria E. Beuerlein, Assistant Vice President,  
Manager

*Tupper Lake (Hosely)*

John W. Salamy, Vice President, Manager

*Tupper Lake (Park Street)*

John W. Salamy, Vice President, Manager  
Claire Brown, Retail Service Officer

*Waddington*

Adrienne Smith, Branch Manager

*Watertown (1125 Arsenal Street)*

Elizabeth A. Brown, Assistant Vice President,  
Manager

*Watertown (216 Washington Street)*

Rita J. Walldroff, Vice President,  
Regional Retail Banking Manager  
Catherine Ward, Vice President, Manager

*West Carthage*

Naura L. Christman, Assistant Vice President,  
Manager

*Whitehall*

Holly A. Rabideau, Manager

**Community Bank Southern New York Market**

*Addison*

Robin K. Knapp, Assistant Vice President,  
Manager

*Alfred*

Beth L. Plaisted, Manager

*Allegany*

Stephanie L. Kolkowski, Assistant Vice President,  
Manager

*Avon*

Deborah K. Fitch, Branch Manager

*Angelica*

Diana L. Grastorf, Branch Supervisor

*Bath*

Joel P. Brazie, Assistant Vice President,  
Manager

*Belfast*

Lisa Perry, Branch Supervisor

*Bolivar*

Judy Gilliland, Manager

*Brocton*

Phyllis A. Crockett, Manager

*Canandaigua (County Road 10)*

Paul E. Lepore, Vice President, District Manager

*Canandaigua (South Main Street)*

Christopher Bross, Vice President, Manager

*Cassadaga*

Susan C. Sekuterski, Manager

*Cato*

Tiesha Combes, Manager

*Cicero*

Robert M. Liedka, Jr., Manager

*Clifton Springs*

(26 East Main Street and Clifton Plaza)

Theresa P. Dorgan, Vice President, Manager

*Clymer*

Laurie L. Harvey, Manager

*Corning (West Market Street)*

Wendy B. Daines, Vice President, Manager

*Corning North*

Robert Awampato, Assistant Vice President,  
Manager

*Cuba*

Shavonne Henderson, Manager

*Dansville*

Jody R. Tonkery, Vice President, District Manager  
Jessica Thomas, Retail Service Officer

*Dunkirk (3909 Vineyard Drive)*

Jason DeChard, Manager

*Dunkirk (345 Central Avenue)*

Jean M. Coughlin, Assistant Vice President,  
Manager

*Elmira*

Denise E. Allen, Vice President, District Manager  
Christy Parsons, Retail Service Officer  
Courtney Shaw, Retail Service Officer  
Vicki Weller, Retail Service Officer

*Erwin/Painted Post*

Angela M. Long, Branch Supervisor

*Falconer*

Joann W. Anderson, Assistant Vice President,  
Manager

*Fillmore*

Julie A. Hall, Assistant Vice President,  
District Manager

*Franklinville*

Sandra S. Wolfer, Manager

*Fulton*

Tina Stephens, Assistant Vice President,  
Manager

*Geneva (Canandaigua Road)*

Tina Jackson, Assistant Vice President, Manager

*Geneva (Seneca Street)*

John Latanyshyn, Manager

*Gowanda*

Ralph Swanson, Vice President, Manager

*Hammondsport*

Kelly L. Bussmann, Assistant Vice President,  
Manager

*Hannibal*

Debra A. Davis, Assistant Vice President,  
District Manager

*Hornell*

Melissa M. Ponticello, Assistant Vice President,  
Manager

*Horseheads-Consumer Square*

Cynthia A. Welliver, Assistant Vice President,  
Manager

*Houghton College*

Julie A. Hall, Assistant Vice President,  
District Manager

*Interlaken*

Denise Ector, Manager

*Ithaca*

Michael MacDonald, Manager

*Jamestown (1281 North Main Street)*

Kathleen S. Bemus, Assistant Vice President,  
Manager

**Jamestown (25 Main Street - Brooklyn Square)**

Glori A. Taylor, Manager

**Lakewood**

Lisa R. Allenson, Vice President, District Manager

**Livonia**

Ronda Howard, Manager

**Moravia**

Kathleen M. Longyear, Manager

**Mount Morris**

Susan Neelin, Manager

**Naples**

Joilette M. Pendleton, Manager

**Newark (Church Street)**

Phyllis A. Adriansen, Vice President, Manager

**Newark Plaza**

Brenda K. Westcott, Manager

**Nichols**

Kathleen M. Bowen, Assistant Vice President,  
Manager

**North Collins**

Ellen M. Pavlovic, Assistant Vice President,  
Manager

**Olean (201 North Union Street)**

Eric M. Garvin, Vice President,  
Regional Retail Banking Manager

Jody L. Spears, Vice President, District Manager

Theresa M. Raftis, Assistant Vice President,  
Retail Service Officer

**Olean (Delaware Park)**

Kelly Crandall, Manager

**Orchard Park**

Cynthia Andrews, Assistant Vice President,  
Manager

**Oswego**

Fred Aldrich IV, Vice President, Manager

**Ovid**

Jacqueline M. Robinson, Manager

**Owego**

Florence Rossi, Assistant Vice President,  
Manager

**Palmyra**

Cheryl A. Ford, Vice President, Manager

**Penn Yan (151 Main Street)**

Thomas R. May, Vice President, Manager  
Dana L. Crans, Retail Service Officer

**Penn Yan (272 Lake Street)**

Teresa A. Vivier, Manager

**Phelps**

Amy Shaffer, Manager

**Portville (1471 East State Road)**

Brenda Blackwell, Manager

**Portville (7 North Main Street)**

Katrina Savitcheff, Branch Supervisor

**Randolph**

Diane M. Lecceardone, Manager

**Ripley**

Patricia J. Knight, Manager

**Rushville**

Christine M. Copper, Manager

**Salamanca**

Robin K. Bowser, Manager

**Seneca Falls**

David W. Sloan, Vice President,  
Regional Retail Banking Manager

Christine Plate, Manager

**Sherman**

Shannon R. Stevens, Manager

**Silver Creek**

Mark J. Catalano, Assistant Vice President,  
District Manager

**Skaneateles**

Desiree R. Murphy, Assistant Vice President,  
Manager

**Springville (Cascade Drive)**

Mary Ann Lutz, Assistant Vice President,  
Manager

Jason Mongillo, Retail Service Officer

**Springville (North Buffalo Street)**

Brooke Baker, Vice President, Manager

Kristen Woodarek, Retail Service Officer

**Waterloo**

Larry D. Ledgerwood, Vice President,  
Manager

**Watkins Glen**

Anthony Fraboni, Vice President, Manager

Laurel M. Fox, Retail Service Officer

**Wellsville (4196 Bolivar Road)**

Lori Dzielski, Manager

**Wellsville (113 Main Street)**

Virginia L. Elliott, Assistant Vice President,  
Manager

**Westfield**

Carl Swan, Manager

**Woodhull**

Lynn S. Vitale, Manager

**Yorkshire**

Joseph D. Fore, Assistant Vice President,  
Manager

**Community Bank Central New York Market**

**Boiceville**

Brad Bernard, Manager

**Cobleskill**

Arthur C. Lafleur, III, District Manager

**Cooperstown (Main Street)**

Naomi G. Grigoli, Manager

**Cooperstown Otsego (State Highway)**

Wende E. Ebberts, Manager

**Delhi**

Tina A. Seguire, Manager

**Downsville**

Jean M. Lacey, Manager

**Fleischmanns**

Marilee A. Asher, Manager

**Halfmoon**

Richard A. Griesche, Manager

**Johnson City**

Michelle Carlsson, Manager

**Milford**

Rosemary Aborn, Manager

**Morris**

Michael Walling, District Manager

**Norwich (State Highway)**

Caryn M. Wake, Manager

**Norwich (Broad Street)**

Jason C. Yager, Manager

**Oneonta (Main Street)**

Susan M. DeCostello, Manager

**Oneonta (Chestnut Street)**

Paula M. Morell, Manager

**Oneonta (Southside)**

Sean A. Hall, Manager

**Oneonta (FoxCare Center)**

Richard J. Follett, Assistant Vice President,  
District Manager

Lesley A. Bohacek, Manager

**Otego**

Dorothy J. Kelley, Manager

**Schenevus**

Gerald V. Coombs, Jr., Manager

**Sidney**

Bridget Fisk, Assistant Vice President,  
District Manager

Sharon D. Cutting, Manager

**Walton**

Donna A. Bundy, Manager



*Gold Club*

Nancy Miller, Assistant Vice President  
& Gold Club Manager

**Community Bank Pennsylvania Market**

*Carbondale*

Bobbiann Davis, Manager

*Clarks Summit*

David C. Griffin, Vice President, Manager

*Daleville*

Susan M. Pitoniak, Manager

*Dickson City*

Lisa Rochinski, Manager

*Edwardsville*

Denise M. Johnson, Manager

*Freeland*

Daniel J. Boote, Assistant Vice President,  
Manager

*Hazleton (Airport Road)*

Paula Palance, Vice President, Manager

*Hazleton (North Church Street)*

Lori A. Roth, Vice President, Manager

*Hazleton (West Broad Street)*

Emmanuel Marte, Manager

*Jermyn*

Lisa Browning, Assistant Vice President,  
Manager

*Jessup*

Mary Z. Bieszczad, Vice President, Manager

*Kingston (Wyoming Avenue)*

Susan M. Russick, Assistant Vice President,  
Manager

*Kingston (James Street)*

Karen R. Shuster, Vice President, Manager

*Laceyville*

Annette Gravelle, Manager

*Lansford*

Sarah A. White, Manager

*Lawton*

Greg M. Culver, Manager

*Lehighton*

Dana M. Cannariato, Assistant Vice President,  
Manager

*Little Meadows*

Mary A. Sivers, Branch Manager

*Meshoppen*

Jennifer Ramey, Branch Manager

*Montrose*

Steven Stranburg, Vice President, Manager

*Noxen/Bowman's Creek*

Colleen M. Bullock, Manager

*Olyphant*

Theresa A. Collins, Vice President,  
District Manager

*Pittston*

Nolan Ayres, Assistant Vice President,  
Manager

*Scranton (Keyser Avenue)*

John Peterson, Vice President,  
District Manager

*Scranton (Linden Street)*

Suzanne Kennedy, Assistant Vice President,  
Manager

*Scranton (Minooka - Davis Street)*

David H. Lencicki, Vice President, Manager

*Scranton (North Washington Avenue)*

Karen E. Sweeney, Manager

*Scranton (Wyoming Avenue)*

Karen E. Sweeney, Manager

*Towanda*

Lori A. Smith, Manager

Sue McClary, Business Development Officer

*Tunkhannock*

Karen Fuller, Vice President,  
District Manager

Jennifer Chesner, Manager

Brigitte S. Meskers, Retail Service Officer

*Trucksville/Back Mountain*

Susanne M. Mullin, Vice President, Manager

*Wilkes Barre (Franklin Street)*

David P. Dobbs, Vice President,  
District Manager

Gary J. Missal, Assistant Vice President,  
Manager

Sandra A. Wheeler, Retail Service Officer

*Wilkes Barre (South Main Street)*

Sandra A. Wheeler, Retail Service Officer

*Wyalusing*

Douglas M. Jackson, Manager

## Selected Financial Highlights

Income Statement In millions	2013	2006	CAGR (7-year)
Net interest income	\$ 238.1	\$ 134.8	8.5%
Non-interest income	108.7	51.7	11.2%
Operating expenses	221.3	127.2	8.2%
Provision for loan loss	8.0	6.6	2.8%
Net income	\$ 78.8	\$ 38.4	10.8%
Net interest margin	3.91%	3.91%	—

### Per Share Data

Diluted			
Earnings per share	\$ 1.94	\$ 1.26	6.4%
Cash dividends declared	1.10	0.78	5.0%
Book value	21.66	15.37	5.0%
Tangible book value	\$ 12.80	\$ 7.17	8.6%

### Balance Sheet Data

End of period, In millions			
Assets	\$ 7,096	\$ 4,498	6.7%
Loans, net	4,109	2,702	6.2%
Deposits	5,896	3,168	9.3%
Shareholders' equity	\$ 876	\$ 462	9.6%

### Book Value per Share

04	\$ 15.49
05	\$ 15.28
06	\$ 15.37
07	\$ 16.16
08	\$ 16.69
09	\$ 17.25
10	\$ 18.23
11	\$ 20.94
12	\$ 22.78
<b>13</b>	<b>\$ 21.66</b>

10-year CAGR = 4.2%

## Shareholder Information

### Corporate Headquarters

Community Bank System, Inc.  
5790 Widewaters Parkway  
DeWitt, NY 13214-1883  
Phone: 315.445.2282 or 800.724.2262  
Fax: 315.445.7347  
www.communitybankna.com

### Stock Listing

Common stock of Community Bank System, Inc. is listed on the New York Stock Exchange (NYSE) under the symbol: CBU. Newspaper listing for common stock: CmntyBkSys.

### Annual Meeting

Wednesday, May 14, 2014  
1:00 P.M. EST  
DoubleTree by Hilton Hotel Syracuse  
6301 State Route 298  
East Syracuse, NY 13057

### Transfer Agent and Registrant of Stock

Shareholders requiring a change of name, address or ownership of stock, or information about shareholder records, lost or stolen certificates, and dividend checks, direct deposit and reinvestment should contact:

American Stock Transfer & Trust Company  
Operations Center  
6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219  
800.937.5449  
www.amstock.com

### Investor Information

Investor and shareholder information regarding Community Bank System, Inc., including all filings with the Securities and Exchange Commission, is available through the company's website: www.communitybankna.com

Copies may also be obtained without charge upon written request to:

Ms. Josephine Anne E. Rurka  
Investor Relations Department  
Community Bank System, Inc.  
5790 Widewaters Parkway  
DeWitt, NY 13214-1883  
315.445.7300  
josie.rurka@communitybankna.com

### Independent Auditors

The Board of Directors appointed PricewaterhouseCoopers, LLP as auditor for the company for the year ended December 31, 2013

### Analyst Coverage

The following analysts published research about Community Bank System in the last twelve months:

Boenning & Scattergood  
Matthew Schultheis / 610.832.5290  
mschultheis@boenninginc.com

Guggenheim Partners  
David Darst / 615.208.1224  
david.darst@guggenheimpartners.com

Keefe, Bruyette & Woods Inc.  
Collyn Gilbert / 973.549.4092  
collyn.gilbert@kbw.com

Macquarie Securities Group  
John Moran / 212.231.0662  
john.moran@macquarie.com

Raymond James & Associates  
Anthony Polini / 212.856.4897  
anthony.polini@raymondjames.com

RBC Capital Markets  
Jake Civello / 617.725.2152  
jake.civello@rbccm.com

Sandler O'Neill & Partners LP  
Joseph Fenech / 212.466.7938  
jfenech@sandleroneill.com

Sterne Agee  
Matthew Breese / 207.699.5800  
mbreese@sterneagee.com

### Investor's Choice Program

CBU offers convenient, low-cost options for investors wishing to steadily buy shares. For information, contact:

Ms. Donna J. Drengel  
Shareholder Relations Department  
Community Bank System, Inc.  
5790 Widewaters Parkway  
DeWitt, NY 13214-1883  
Phone: 315.445.7313  
donna.drengel@communitybankna.com

or

American Stock Transfer & Trust Co.  
Operations Center  
6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219  
800.937.5449  
www.amstock.com

## Safe Harbor Statement

The Community Bank System, Inc. Annual Report contains forward-looking statements, within the provisions of the Private Security Litigation Reform Act of 1995, that are based on current expectations, estimates, and projections about the industry, markets and economic environment in which the company operates. Such statements involve risks and uncertainties that could cause actual results to differ materially from the results discussed in these statements. These risks are detailed in the company's periodic reports filed with the Securities and Exchange Commission.

bank happy<sup>®</sup>



**COMMUNITY BANK SYSTEM, INC.**

5790 Widewaters Parkway

DeWitt, NY 13214-1883

800.724.2262

315.445.7347 fax

[communitybankna.com](http://communitybankna.com)

