

# Fit for the Future

2014 ANNUAL REPORT





## A Healthy Profile

The Company operates more than **190 customer facilities** across Upstate New York and Northeastern Pennsylvania through its banking subsidiary, Community Bank, N.A. With assets of approximately **\$7.5 billion**, the DeWitt, N.Y. headquartered company is among the country's **150 largest financial institutions**.

We have built a **market-leading branch system** serving predominantly non-urban markets where we have earned the **1st or 2nd leading deposit market** share in 75% of the towns where we operate.

Our principal business focus is **building additional value** into our enterprise through selective and **strategic acquisitions, disciplined lending**, and a **consistent approach** to business regardless of economic conditions. Our goal is to generate a **10% average annual total shareholder return** over time.

Approximately 33% of our revenue comes from **noninterest sources** with approximately half flowing from our benefits administration and wealth management businesses. For 2014, our financial services businesses generated over **\$60 million in revenue**, a strong foundation to build on.

Our disciplined approach to lending has provided an **enviable risk profile** for the Bank where our asset quality metrics have remained **consistently better** than industry and peer group averages.

The Company's Tier I leverage ratio, a primary measure of regulatory capital, was 9.96% at the end of 2014, up 67 basis points from year-end 2013 primarily from **strong net earnings retention**.

Community Bank's healthy approach to business has resulted in it being named **one of the nation's best large banks** in each of the last six years, in the annual Forbes.com analysis of America's 100 largest financial institutions.

Reflecting a history of consistent results, the Company has raised its cash dividend for **22 consecutive years**, a significant milestone and evidence of our belief that payment of a **meaningful and growing dividend** is an important component of providing favorable long-term returns to our shareholders.

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## INVESTMENT RATIONALE

Relentless focus on creating shareholder value

- > Through superior performance
- > Through growing dividends

Consistent execution over the past 20+ years

Effective and proven business model, built for tomorrow

Diversification driving non-interest income expansion

Disciplined approach to growth

- > Through a locally-focused, branch-centric philosophy
- > Through a record of successful and accretive acquisitions

Meaningful dividend and yield

Market cap of more than \$1.4 billion

NYSE listed with significant liquidity

# 4<sup>1</sup>/<sub>2</sub>

The Company's total cumulative return to shareholders of 152.6% over the last seven years is more than 4 and ½ times the median return among America's largest 100 banks for the same period.

## Total Average Annual Shareholder Returns

Through December 31, 2014, Including Reinvestment of Dividends

	2 YEARS	5 YEARS	7 YEARS	15 YEARS
CBU	22.0%	18.9%	14.1%	12.4%
S&P 600 Commercial Bank	25.2%	16.4%	2.5%	6.0%
NASDAQ Bank	21.9%	12.5%	2.4%	5.6%
S&P 500	22.7%	15.4%	7.3%	4.2%
DJIA	19.4%	14.2%	7.2%	5.4%

*Community Bank System's consistent approach to business again yielded very strong results in 2014. For the fifth consecutive year, we produced record operating earnings, alongside encouraging regional economic trends. Record bottom-line results were matched in our record revenues, loans and deposits, all attained with controlled costs and with capital levels that exceeded both historic levels and regulatory requirements.*

Community Bank System has increased its cash dividend for 22 consecutive years, and is one of only eight banks in this very select group of "dividend achievers."

## Fit for the Future

### SHAREHOLDER LETTER

"Health is not valued till sickness comes." Thomas Fuller coined this phrase nearly 400 years ago, and much can be drawn from its relevance to the banking industry in recent years. Since 2007, prior to the start of the economic downturn, through December 31, 2014, the number of FDIC-insured banking institutions in the United States fell by 2,171, or 25%, including more than 500 banks that "failed." Some liken our industry to a Darwinian "survival of the fittest," and in many ways this is accurate. Community Bank is certainly among "the fittest." However, far from simply "surviving," we aim to thrive. We understand the value of being fit and well – for our customers, our communities, our associates and most importantly, our shareholders.

To date, we've done well by this aim. From 2007 through the end of 2014, Community Bank delivered a 152.6% cumulative total return to shareholders, ranking 5<sup>th</sup> among the largest 100 banks in the U.S. by assets and measuring more than four and a half times the median of that group. Further, during this period of banking industry underperformance among the broader universe of stocks, our shareholders received more than twice the rate of return experienced by the S&P 500 and Russell 3000.

The same outperformance holds true over the longer term as well. With consistency, we've rewarded our shareholders with returns few other companies can match. In 2014 the number of years in which we have raised our dividend without interruption reached 22 – a rarity among our industry. Among more than 1,000 publicly traded banks and thrifts, we are among a group of just eight to claim this achievement. In fact, our growing dividend has contributed to our shareholders receiving a compound annual total return of 13% per year over these last 22 years – during which the company has reported consistent quarterly profits, delivered 12% average annual growth in net income and delivered 11% annual growth in revenue. Perhaps most gratifying: the steady increase in our dividend reflects our Board's confidence in the future direction of our business.

We are fit and nimble for a future in which the banking landscape may look wholly different than the one that exists today. With changing customer preferences, rapidly evolving risk management requirements, and shifting regulatory expectations of what constitutes "health," excellence is required. Our agility and strength will serve us – and our customers, communities and shareholders – well.

### RECORD 2014 PERFORMANCE

A look to the future would be incomplete without acknowledging the 2014 successes upon which our growth strategy builds.

We reported record earnings per share of \$2.22, up 9% over 2013. We effectively integrated the eight branches we acquired in Northeast Pennsylvania in December 2013, as well as an add-on acquisition by our Benefit Plans business. We grew fee revenues generated by both our banking and financial services businesses, up 16% over 2013. In total, revenues grew 7%, including the benefit of 3% net interest income expansion. With controlled expenses, our efficiency ratio improved to 57.9% from 59.3% in 2013.

Total assets and disciplined management of deposit funding costs continue to have positive effects on margin results, but have generally not been able to fully offset declining asset yields. We are pleased with our ability to hold net interest margin steady at 3.91% for the second consecutive year. This was aided in large part by loan

growth across all portfolios of \$140 million, along with core deposit growth of over \$190 million.

As the economy has stabilized, so too have the costs we've incurred to manage troubled loans. For example, the ratio of credit losses to average loans on our balance sheet in 2014 fell to just 15 bps – that's 15 hundredths of one percent – marking the lowest level in seven years. Disciplined risk management has been key to this success. We commit resources to continually improve our credit assessment and risk management capabilities, and we are pleased that our outcomes have validated this approach.

In tandem, our profitability grew substantially. Return on average assets – a core measure of how efficiently we use our balance sheet to generate profits – grew to 1.23%, the highest annual rate in 20 years. This high rate of capital generation continued to reinforce our capital position, driving our Tier 1 risk-based capital ratio to 17.61%, more than 480 basis points higher than the median for the largest 100 U.S. banks. Even with our highest-ever capital levels, our return on equity in 2014 grew to 9.65%, our highest level in three years.

Our 2014 profitability increased an already strong capital base and positioned Community Bank to continue building additional value into our enterprise. Indeed, 2014 was the most productive year in Community Bank System's history.

### STRENGTH AND POSITIONING

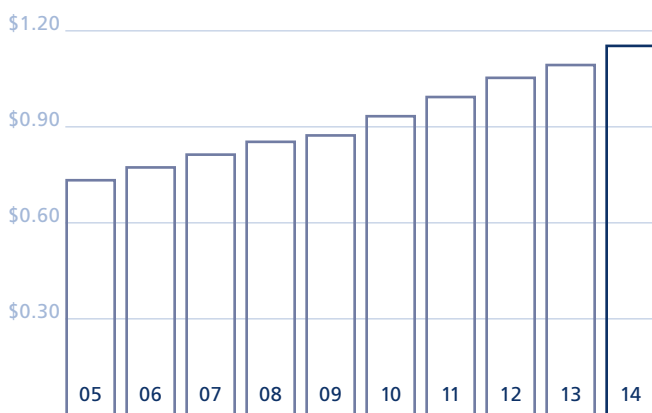
We concluded 2014 with the best balance sheet we've ever had in terms of asset mix, funding, credit quality and capital strength.

This, in part, reflects significant measures we've taken over the last two years to position our balance sheet with a stronger mix of loans and core deposits. For example, in the fourth quarter of 2014, average earning assets were up just 1.6% from the fourth quarter of 2013. However, all of the growth in earning assets was in loans, rather than investment securities – a very positive mix development. Likewise, the multi-year trend away from time deposits and into core checking, savings and money market accounts continued in 2014, resulting in a further decline in overall funding costs. The outcome was a stable 2014 net interest margin, which at 3.91% was a considerable 60 basis points higher than the median among the 100 largest banks, which fell 11 basis points from 2013 to 2014.

What's more, for an institution of our size, our average loan sizes are uniquely granular. Our average commercial loan totals just \$301,000, while our average residential mortgage and home equity loans total just \$102,000 and \$41,000, respectively. With more than 130,000 loan accounts and 566,000 deposit accounts, we are most

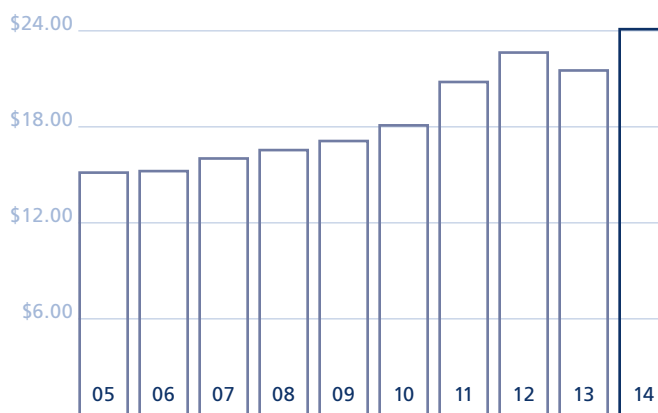
The Company's book value per share has grown nearly 60% since the end of 2005.

### Dividend Growth Per Share



10-year CAGR = 5.5%

### Book Value Per Share



10-year CAGR = 4.6%

CBU has been a component of the S&P 1500 Dividend Aristocrats Index since 2012, when it raised its cash dividend for the 20<sup>th</sup> consecutive year.

pleased that our margins and returns are particularly robust relative to risk taken. Our reserve coverage of non-performing loans further supports our conservative approach: our reserves could adequately absorb more than 7 years of credit losses at our recent loss rate.

Outstanding results have made capital accumulation over the past several years considerable, which creates particularly favorable opportunity. With risk-based capital ratios today that are above the industry and above where we've typically ranged, we have ample capital, and we are eager to use it.

We are tremendously well-positioned in 2015, and will work hard to deploy capital to continue to grow earnings and grow dividends for the benefit of our shareholders. We haven't been shy about our desire to expand through acquisition, which we believe offers a supplemental opportunity for delivering added shareholder value over time. We continue to focus on building additional value into our enterprise through selective acquisitions, disciplined lending and a consistent approach to business regardless of economic conditions.

You can be sure our historic approach to growth will remain at the core of our strategy for the foreseeable future. Namely, we'll pursue opportunity where others don't, we'll put the branch and the communities we serve at the center of our business, and we'll seek orderly diversification across our banking and financial services targets. Despite considerable industry and economic change, we believe this approach will continue to support our strong performance and solid results.

#### DIVERSIFICATION LEADS THE WAY

The rising significance of fee-driven revenue streams is among the most important shifts in our industry today. The reasons are many. The current low-interest-rate environment has persisted well beyond most economists' predictions, challenging interest-driven revenues earned from offering loans. Likewise, increasing regulatory capital requirements have reinforced the merits of delivering value-added services for which customers are willing to pay a fee, and which carry minimal capital requirements.

Much like the competitive triathlete who trains across a number of sports, diversification is a key component of our success. Today, fee income streams comprise 33% of our revenues, compared to 25% for the largest 100 U.S. banks. Specifically, our Benefit Plans Administration Services (BPAS) and Wealth Management businesses contribute half of Community Bank's non-interest income and 17% of total revenue.

Our national provider of retirement plan administration, actuarial, consulting and fund administration services, BPAS reaches a diverse array of clients spanning the United States and Puerto Rico. In essence, BPAS is a technology business with a scalable platform. From just nine office locations, our 248 BPAS employees serve 350,000 plan participants and 3,600 professional engagements, with trust assets exceeding \$18 billion. Momentum is strong. In fact, BPAS' 2014 revenues of \$42.6 million were more than double our 2007 level. Over the past ten years this platform has produced 17% compound annual growth in revenues, and we believe significant growth opportunities remain.

Similarly, our Wealth Management Group is a national business seeing strong growth due to referrals and customer-adviser loyalty. We see a clear opportunity to leverage synergies between Wealth Management and the Community Bank branch network, with the bank's resources, branding and deep market penetration providing an excellent source of referrals. With a portion of the group's distribution coming through Community Bank's non-urban branch network, we are able to thrive in markets where the bigger names in the financial services industry have exited or can't justify operating. With full-service brokerage and insurance offerings, investment advisory and trust services, we offer unmatched capabilities in many of our markets.

This strength generated 16% compound annual growth in revenue over the past five years, reaching \$17.9 million in 2014. We believe our wealth management group is positioned well for both organic and acquisition growth.



Looking ahead, perhaps our strongest asset in building out our financial services offerings is the strength of the Community Bank franchise. Simply put, it makes us an attractive acquirer to potential sellers. Combining the strong reputation and capital position of Community Bank and the capital-light structure of our BPAS and Wealth Management businesses means a strong, available currency and attractive returns. We fully expect to continue executing our growth strategy for these fee-driven businesses.

## 2015... AND BEYOND

2015 is off to a terrific start, highlighted by the February announcement of our planned acquisition of Oneida Financial Corp. The merger will combine two institutions with a long history of community-focused service and with a deposit base that will rank fourth largest by market share in the Syracuse, New York area. Equally exciting, Oneida's impressive insurance, benefits administration, and wealth management businesses will meaningfully strengthen and complement Community Bank's existing non-banking service capacity. Most importantly, Oneida has an impeccable history of service to its customers and its communities, reflecting a culture that aligns very well with that of Community Bank. We look forward to welcoming the Oneida team when the transaction closes this summer.

2015 also brings the retirement of Brian R. Wright, a member of our Board of Directors since 2011. Our Board is a driving force behind Community Bank's consistent philosophy and strength, and it is with great appreciation that we recognize Brian for his dedicated service. Brian previously served as a director and Chairman of the Wilber Corporation since 1982, and the wise counsel he brought to our Board affirms our continued preference for welcoming directors through our regional bank acquisitions. We are pleased that Community Bank will continue to benefit from Brian's insight and experience, as he will remain a member of the company's Central New York Advisory Board.

Community Bank System's disciplined approach to business, similar to maintaining a healthy lifestyle, has provided sustainable growth and bottom-line results, while positioning the company to be "in shape" to seize new opportunities. We are committed to healthy habits – disciplined business practices and consistent execution – which we believe bodes well for our future. With healthy returns, healthy performance, healthy relationships, healthy communities, and a healthy outlook, we are truly fit for the future. Most importantly, we are pleased that our strength and health contributes to the financial well-being of our customers, businesses, communities and shareholders.

This year and always, you can expect us to maintain our relentless focus on creating shareholder value, through superior performance and meaningful dividends. We thank you for your continued support of Community Bank System, Inc.



**Nicholas A. DiCerbo** Chairman of the Board



**Mark E. Tryniski** President and Chief Executive Officer

We haven't been shy about our desire to expand through acquisition, which we believe offers a very productive opportunity for delivering added shareholder value over time.



6

For the sixth consecutive year CBU was ranked among America's best large banks by performance.

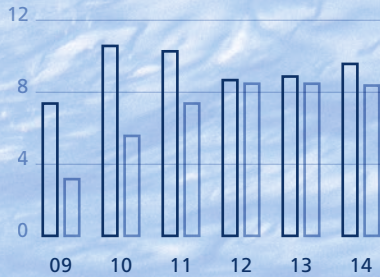
## Performing Consistently Among the Best Large Banks

In 2014, Forbes.com published its sixth annual analysis of "America's Best and Worst Banks," and once again Community Bank System was ranked near the top. The Forbes® analysis ranked CBU 12<sup>th</sup> best among America's 100 largest banks and thrifts, based on a comparison of nine different metrics related to asset quality, capital adequacy and profitability. The Company was ranked 11<sup>th</sup> in 2012, and top 10 for each of the remaining years of this analysis, demonstrating a consistent ability to deliver superior performance across these important industry financial metrics.

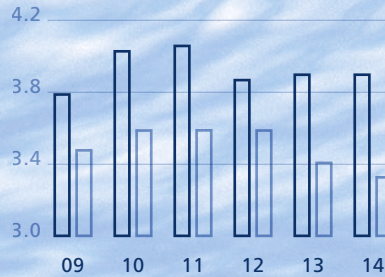


The nine charts included here display the financial metrics used in the annual Forbes® analysis of the "Best and Worst Large Banks." Comparing CBU to the median values of the institutions included in the Forbes® analysis illustrates why it has ranked among the country's best performing banks during the six years this comparison has been published. The metrics include net interest margin; nonperforming loans (NPLs) as a percentage of loans; nonperforming assets as a percentage of assets; reserves as a percentage of NPLs; two capital ratios (Tier 1 and Total risk-based), leverage ratio, return on average equity and revenue growth.

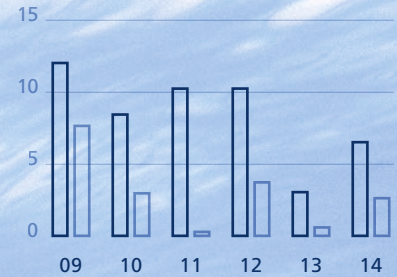
### Return on Average Equity %



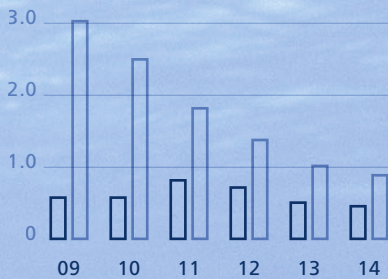
### Net Interest Margin (FTE) %



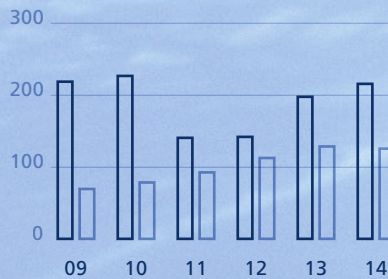
### Revenue Growth %



### Nonperforming Loans / Loans Outstanding %



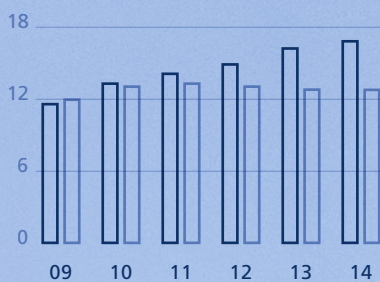
### Allowance for Loan Losses / Nonperforming Loans %



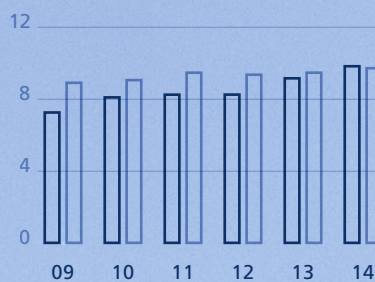
### Nonperforming Assets / Total Assets %



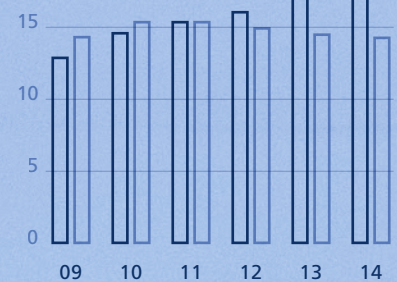
### Tier 1 Risk Based Capital Ratio %



### Leverage %



### Total Risk Based Capital Ratio %



CBU  
 Median of Top 100 Banks

# 75

CBU holds the 1<sup>st</sup> or 2<sup>nd</sup> deposit market share in 75% of the towns where it has a branch location.

## A Disciplined and Differentiated Approach to Growth

At Community Bank System, we understand that the journey to long-term success is not a sprint – but rather, it's achieved through consistent and disciplined execution of a proven growth strategy. Operating primarily in non-metropolitan markets, we've continued to find that the branch is still an effective way for us to connect with our current and prospective retail and small business customers. To support this philosophy, we've bolstered our branch network significantly in recent years through strategic acquisitions. Since 2006, we've added a net of more than 70 branches and \$3 billion in assets through seven branch or whole-bank acquisitions that have added density to our Upstate New York and Pennsylvania footprint.

The "plug and play" flexibility of our branch-centric model allows us to efficiently allocate resources and serve clients in historically lower-growth areas. This strategy has been highly effective for us. During the fourth quarter of 2014, our year-over-year average loan balances were up 4%, while average deposits were up 5%. We believe that this level of high-quality, sustainable growth allows us the opportunity to create incremental stakeholder value.

As we look ahead to 2015 and beyond, we expect to capitalize on the progress we've made through growth initiatives in recent years. With a very healthy balance sheet, our team is well-positioned to continue to pursue growth opportunities, both organic and acquired. Utilizing our strong financial position, we recently announced a definitive agreement to merge with Oneida Financial Corp. for approximately \$142 million in stock and cash. The Oneida acquisition will add nearly \$800 million in total assets, deposits of \$690 million, and 12 banking offices across Madison and Oneida Counties in Upstate New York. The transaction also adds benefits administration, wealth management, and insurance businesses which will complement and expand our existing financial services offerings.

### Loan and Deposit Growth

In millions



Our emphasis is on building and maintaining profitable customer relationships across all business lines.



## Financial Services Revenue

In millions



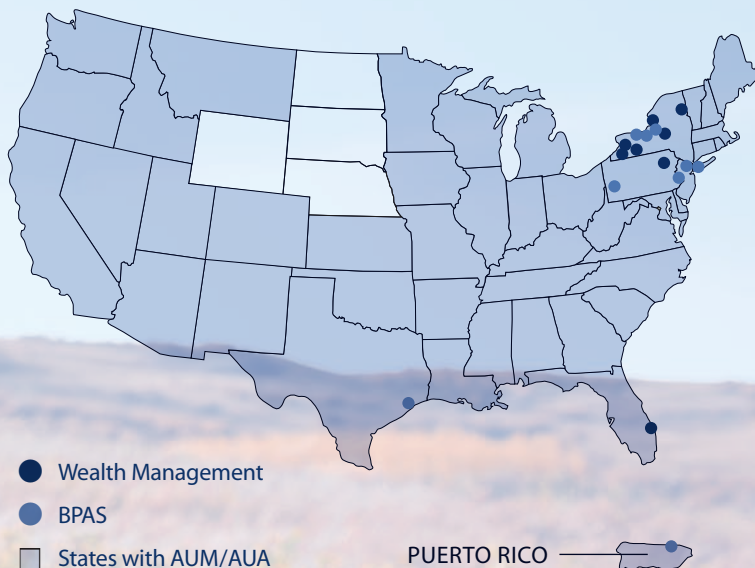
10-year CAGR = 13.7%

## Diversification Drives Non-Interest Income Expansion

In 2014, Community Bank System grew non-interest income by more than 9% year-over-year, to \$119 million. In the past five years, that figure has grown by 34%. This notable non-interest income expansion is the result of strategic efforts to diversify our revenue streams, aimed at making us less dependent on net interest income, and less susceptible to changes in the interest rate environment.

Not only do we have a healthy mix of interest and non-interest income, but we've also worked to create similar diversification within our non-interest income sources. In 2014, financial services revenue from wealth management and employee benefit services of more than \$60 million made up approximately half of total non-interest income for the year. Our financial services businesses, Community Bank Wealth Management and Benefit Plans Administrative Services, Inc. (BPAS), operate well beyond the footprint of our local banking operations, with offices in New York, Pennsylvania, Florida, Texas and Puerto Rico, and assets under management or administration in 46 states. BPAS is a leading provider of employee benefits administration and trust services, actuarial and consulting services to customers on a national scale, and is complemented by our wealth management group, made of four branded firms providing a suite of insurance, investment, and personal and institutional trust services.

### Financial Services Coverage



# 60.5

At \$60.5 million for 2014, CBU's Financial Services revenue has more than tripled since 2005.

# 33

33% of our 2014 total revenue came from non-interest income sources.

# 202

Average loan balances grew by \$202 million during 2014.

## Superior Execution Builds Value

Long-term value creation is built through excellence across the board, and it's something we strive for throughout all levels and business lines within our Company. Our philosophy of discipline that enables us to achieve this is defined by high-quality credit, strong capital, consistent operational execution and strategic M&A activity.

While our primarily non-urban footprint offers a slower level of growth, we are comfortable with the stability found in these markets and excel at capitalizing on it. We've maintained our hallmark risk management standards while organically growing our lending portfolio and producing strong asset quality metrics, regardless of the economic conditions facing the industry.

At year-end, non-performing loans made up just 0.56% of loans outstanding, compared to 1.95% for all commercial banks in the U.S. Reserves for loan losses represented 1.14% of our legacy loans and 1.07% of total loans outstanding and based on full-year 2014 results, represent over seven years of annualized net charge-offs. We expect Community Bank's superior asset quality to remain a differentiating feature of our business model into the future.

## Exceptional Asset Quality

At or for the twelve months ended December 31, 2014

	<b>CBU</b>	<b>ACBN<sup>1</sup></b>	<b>ACBN &gt; \$1B</b>	<b>ACBN \$1B-\$10B</b>	<b>ACBN &gt; \$10B</b>
Loan loss allowance/NPLs <sup>2</sup>	<b>190%</b>	76%	73%	99%	71%
NPLs <sup>2</sup> /loans outstanding	<b>0.56%</b>	1.95%	2.02%	1.42%	2.10%
Net charge-offs/ average loans <sup>3</sup>	<b>0.15%</b>	0.49%	0.51%	0.30%	0.54%
Provision to net charge-offs	<b>117%</b>	72%	71%	91%	70%
Earnings coverage of net charge-offs (x)	<b>14.73</b>	6.28	6.15	8.93	5.94

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

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

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

## Total Loans

In billions



10-year CAGR = 6.0%







The steady increase in our dividend reflects our Board's confidence in the future direction of our business.

## Consistent Long-Term Performance

We have delivered successful performance over the long-term for one simple reason – we have a business model that is, and has always been, built for tomorrow. Through economic downturns and periods of prosperity alike, our markets have remained stable and predictable. That, coupled with our conservative risk management, means that our returns are particularly robust relative to risk taken.

This strategy has been the key to Community Bank System's long-term value creation and is what sets us apart from our peers and much of the industry. In July, we raised our quarterly dividend for the 22<sup>nd</sup> consecutive year to \$0.30 per share, an increase of more than 7%. We are proud to be among a select group of banks that have consistently increased their annual dividend over this period. Our executive team and Board believe that a consistent and growing dividend is integral to delivering long-term value to our shareholders.

### Our Growth Story

10-Year CAGR

Loans	5.8%	▲
Average Deposits (core)	11.8%	▲
Net Interest Income	4.9%	▲
Non-Interest Income (banking)	7.8%	▲
Non-Interest Income (financial services)	13.7%	▲
Total Revenues	6.4%	▲

## LEADERSHIP

### Community Bank, N.A. Regional Advisory Boards

#### 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  
Tom Harding  
Joseph P. Mirabito  
Benjamin C. Nesbitt  
James L. Seward  
Geoffrey A. Smith  
Alfred S. Whittet  
David F. Wilber III  
Brian R. Wright

#### 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

## EXECUTIVE MANAGEMENT

### Mark Tryniski

President and Chief Executive Officer  
With CBU since 2003. Formerly served as Chief Financial Officer and Chief Operating Officer. Partner with Pricewaterhouse Coopers prior to joining CBU.



### Scott Kingsley

Chief Financial Officer  
With CBU since 2004. Served as CFO of Carlisle Engineered Products prior to joining CBU.



### Brian Donahue

Chief Banking Officer  
With CBU since 1992. Formerly served as Chief Credit Officer and as Senior Loan Officer for the Southern Region.



### Joe Getman

Executive Vice President and General Counsel  
With CBU since 2008. Provided corporate counsel to CBU as a senior partner at Bond, Schoeneck & King, PLLC prior to joining CBU.

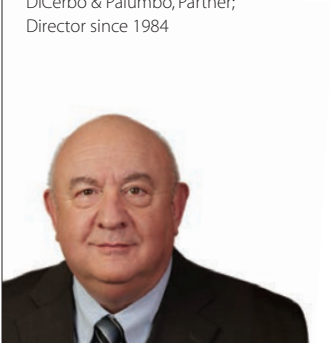



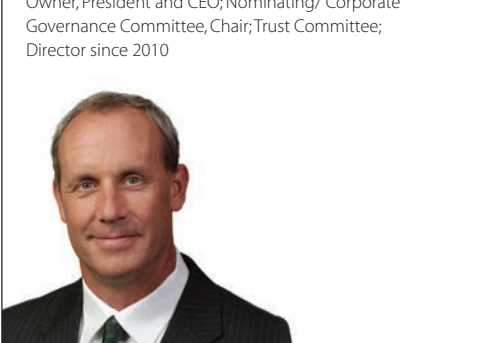
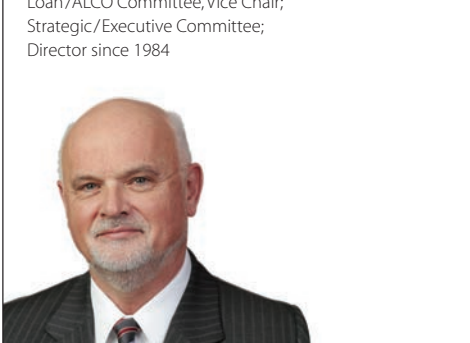

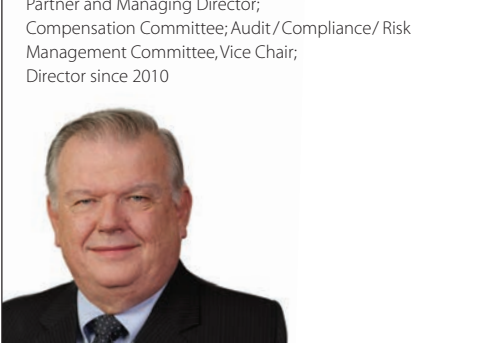

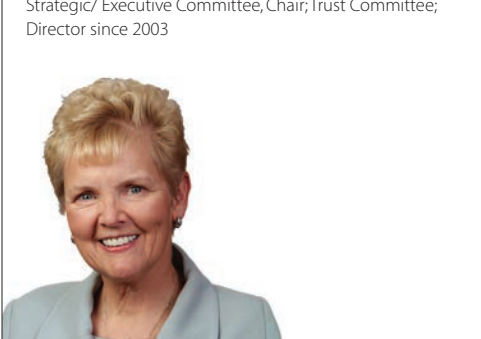




### Brian R. Wright

The Board of Directors recognizes Brian R. Wright for his tremendous service to Community Bank System, Inc. Prior to joining the Board in 2011, he had served as a director and Chairman of the Wilber Corporation since 1982. Mr. Wright, an attorney, special counsel with Hinman, Howard & Kattell, LLP, has provided exceptional guidance as a member of both the Strategic/Executive, Compensation and the Nominating/Corporate Governance Committees. Community Bank will continue to benefit from his insight and experience, as he will remain an important member of the company's Central New York Advisory Board.



## BOARD OF DIRECTORS

<p><b>Nicholas A. DiCerbo</b> Chairman of the Board; DiCerbo &amp; Palumbo, Partner; Director since 1984</p> 	<p><b>James A. Wilson</b> Lead Director of the Board; Retired, Parente Randolph, LLC, Principal Partner; Nominating/ Corporate Governance Committee; Audit/ Compliance/ Risk Management Committee, Chair; Director since 2009</p> 	<p><b>Brian R. Ace</b> Laceyville Hardware, Owner; Compensation Committee, Vice Chair; Nominating/ Corporate Governance Committee; Director since 2003</p> 
<p><b>Mark J. Bolus</b> Bolus Motor Lines, Inc., President and CEO; Compensation Committee, Chair; Strategic/ Executive Committee; Director since 2010</p> 	<p><b>Neil E. Fesette</b> Fesette Realty, LLC and Fesette Property Management, Owner, President and CEO; Nominating/ Corporate Governance Committee, Chair; Trust Committee; Director since 2010</p> 	<p><b>James A. Gabriel</b> Franklin &amp; Gabriel, Owner; Trust Committee, Chair; Loan/ALCO Committee, Vice Chair; Strategic/Executive Committee; Director since 1984</p> 
<p><b>James W. Gibson</b> Retired, KPMG, LLP, Partner; Audit/ Compliance/ Risk Management Committee; Compensation Committee; Director since 2009</p> 	<p><b>Edward S. Mucenski</b> Pinto, Mucenski, Hooper, Van House &amp; Company, P.C., Partner and Managing Director; Compensation Committee; Audit/ Compliance/ Risk Management Committee, Vice Chair; Director since 2010</p> 	<p><b>John Parente</b> CP Media, LLC, CEO; Loan/ ALCO Committee, Chair; Strategic/ Executive Committee; Audit/ Compliance/ Risk Management Committee; Director since 2010</p> 
<p><b>Sally A. Steele</b> Attorney at Law; Strategic/ Executive Committee, Chair; Trust Committee; Director since 2003</p> 	<p><b>Mark E. Tryniski</b> Community Bank System, Inc., President and CEO; Director since 2006</p> 	<p><b>John F. Whipple</b> Buffamante Whipple Buttafaro, P.C., CEO; Nominating/ Corporate Governance Committee; Audit/ Compliance/ Risk Management Committee; Director since 2010</p> 

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

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

Hal Wentworth, Senior Vice President,  
Retail Banking and Marketing

Richard M. Heidrick, Senior Vice President,  
Indirect Lending

George J. Burke, Director of Mortgage Banking

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

Robert A. Cirko, Senior Vice President,  
Regional Retail Banking Manager

Scott J. Boser, Retail Lending Manager

Judith A. Meyer, Branch Services Administrator

Cynthia L. Lefko, Cash Management Product  
and Sales Manager

Michael J. Stacey, Collections Manager

### Credit Administration

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

Nancy Mastrucci, Senior Credit Manager

Mark A. Guenthner, Special Assets Manager

Denise Rhoads, Commercial Appraisal Manager

## Finance & Treasury Management

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

Susan S. Fox, Corporate Controller

Robert R. Frost, Director of Planning  
& Financial Analysis

Sean M. Howard, Senior Treasury Officer

Randy Pray, 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

Danielle M. Cima, Associate General Counsel,  
Corporate Secretary

Michael N. Abdo, Associate General Counsel

Brett C. Fisk, Director of Facilities

Donna J. Drengel, Board Secretary  
and Shareholder Relations

### Technology & Operations

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

Aaron S. Friot, Director of Information Technology

Robin E. Dumas, Electronic Banking Manager

Barbara L. Snyder, Loan Operations Manager

Christina E. Sullivan, Deposit Operations Manager

### Risk Management

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

Mark J. Houghtaling, Director of Loan Review

Daniel P. O'Connell, Director of Internal Audit

Dorothy A. Quarltre, Chief Compliance Officer

Timothy Miller, Director of Information Security

Lawrence D. Witter, Financial Intelligence  
Unit Director

## COMMUNITY BANK

### Commercial Banking Officers

#### WESTERN REGION

David McKinley, Commercial Banking Officer

David S. Alm, Senior Commercial Banking Officer

Mark P. Saglimben, Senior Commercial  
Banking Officer

Scott P. Brechbuehl, Commercial Banking Officer

Gretchen Copella, Commercial Banking Officer

Patrick M. Gorman, Commercial Banking Officer

Douglas O. Frank, Commercial Banking Officer

Michael Boza, Agricultural Banking Officer

#### NORTHERN REGION

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

Kevin J. Kent, Commercial Banking Officer

Paul Connelly, Commercial Banking Officer

Ronald J. Bacon, Senior Commercial  
Banking Officer

Craig Stevens, Commercial Banking Officer

Jeffrey T. Fallon, Commercial Banking Officer

Amy Downey, Commercial Banking Officer

Patricia Duffy, Agricultural Banking Officer

Matthew J. Rollins, Commercial Banking Officer

Andrew Rice, Agricultural Banking Officer

#### DEWITT/SYRACUSE REGION

Luke Fagan, Commercial Banking Team Leader

William D. McIncrow, Commercial  
Banking Officer

Russell E. Sturtz, Commercial Banking Officer

Joseph Pedrotti, Commercial Banking Officer

#### **SOUTHERN REGION**

Stephen H. Rich, Commercial Banking  
Team Leader

Loren C. Herod, Agricultural Banking  
Team Leader

Arthur J. Sable, Commercial Banking Officer

J. David Clark, Commercial Banking Officer

D. James Vedora, Commercial Banking Officer

Mark Miller, Commercial Banking Officer

Charles Van Hooft, Agricultural Banking Officer

Rebecca L. Snyder, Agricultural Banking Officer

#### **CENTRAL REGION**

Jeffrey C. Lord, Commercial Banking  
Team Leader

Edward P. Michalek, Commercial  
Banking Officer

John M. Connolly, Commercial Banking Officer

Jonathan M. Luce, Commercial Banking Officer

Allison M. Mosher, Commercial Banking Officer

#### **SMALL BUSINESS UNDERWRITING**

Michael G. Austin, Small Business  
Loan Manager

Richard R. Sisson, Underwriter

Beth Robbins, Underwriter

#### **PENNSYLVANIA REGION**

Robert P. Matley, Senior Vice President,  
President Pennsylvania Banking

Warren C. Rozelle, Commercial Banking  
Team Leader

Richard Kazmerick, Commercial Banking  
Team Leader

Paul Baynum, Commercial Banking Officer

Matthew Dougherty, Commercial  
Banking Officer

Mary Elizabeth D'Andrea, Commercial  
Banking Officer

Joseph S. Tomko, Commercial Banking Officer

Neil D. King, Commercial Banking Officer

Walter Sarafinko, Commercial Banking Officer

David M. McHale, Commercial Banking Officer

A. Edward Nork, Commercial Banking Officer

Stacia L. Arnaud, Commercial Banking Officer

John Pekarovsky, Commercial Banking Officer

#### **WEALTH MANAGEMENT GROUP**

Paul A. Restante, Managing Director

Barbara Toczko-Maculloch, Senior Vice President,  
Pennsylvania Market Director

Theresa Kalil-Lennon, Senior Vice President,  
Regional Sales Manager - Central/East

David B. Coon, Senior Vice President,  
Regional Sales Manager - Western NY

Daniel P. Drappo, Senior Financial Consultant,  
Regional Sales Coordinator, ADK/North

#### **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

Adam C. Niebanck, Trust Investment Officer,  
Oneonta

Amy B. Allen, Senior Trust Officer, Oneonta

Vincent L. Mastrucci, Trust Officer, Scranton, PA

Paul J. Snodgrass, Trust Investment Officer, Canton

Robert P. Jewell, Trust Officer, Elmira

Patricia E. Barie, Trust Officer, Olean

Thomas LaPage, Trust Officer, Canton

Patricia A. Crolley, Trust Officer, Scranton, PA

Patricia A. Lowe, Trust Operations Officer

Priscilla R. Welch, Trust Officer, Oneonta

#### **Nottingham Advisors, LLC**

*100 Corporate Parkway, Suite 338  
Amherst, NY 14226*

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, Operations Manager

#### **Financial Consultants**

Peter Albano, Wilkes-Barre, PA

Eric E. Brunet, Ogdensburg

Michael Bufalini, Watertown

Joseph M. Butler, Jr., Watertown

Thomas Ciolek, Olean/Avon

Shawn Derrick, Wellsville

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, Jermyn, PA

Andrew Lomanto, Plattsburgh/Malone

David Long, Horseheads/Consumer Square

Andrew Mangano, Fulton

Jude R. McDonough, Scranton, PA

Tim McNamara, Scranton, PA

Chad J. Murray, Falconer

Charles A. Nicosia, Oneonta

David H. O'Neil, Jr., Boonville

Brent Patry, Oneonta/Norwich

Joseph Topichak, Corning

Michele Wilck, Newark/Palmyra

#### **CBNA Insurance Agency**

Mark J. Moeller, President/CEO

Elaina Bradley

*117 Park Street, Tupper Lake, NY*

John Duprey

*173 Margaret Street, Plattsburgh, NY*

Diane Hazelton

*6 Clinton Street, Heuvelton, NY*

Andrew Ellis

*8242 Route 3, Harrisville, NY*

Yvonne Webb

*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, Executive Vice President

Robert A. Malczyk, Vice President,  
Director of Sales

Linda S. Pritchard, Senior Vice President,  
Recordkeeping Services

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

Mary Anne Geary, Senior Vice President,  
DC Plan 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., 5<sup>th</sup> 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, Vice President

Kathy Harvey, Senior Vice President

#### **BPAS Trust Company, Puerto Rico**

*644 Fernandez Juncos Ave, Suite 301, San Juan, PR*

Alfredo Matheu, President, BPAS Puerto Rico

#### **BRANCH LOCATIONS**

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

###### **Adams**

Christopher M. Castle, Manager

###### **Alexandria Bay**

Matthew Honeywell, Manager

###### **Ausable Forks**

Valerie A. Daniels, Manager

###### **Black River**

Christina S. Meagher, Manager

###### **Boonville (101 Main Street and Headwaters Plaza)**

Debra Roberts, Manager

###### **Canton**

David R. Peggs, Manager

###### **Champlain**

Melissa M. Peryea, Manager

###### **Chateaugay**

Candice Pelkey, Branch Supervisor

###### **Clayton**

Lori E. Fearnside, Manager

###### **Fort Covington**

Gayle E. Miner, Branch Supervisor

###### **Gouverneur**

Diane Easton, Manager

###### **Harrisville**

Karen Pierce, Branch Supervisor

###### **Hermon**

Connie J. Green, Manager

###### **Heuvelton**

Richard Tacchino, Branch Supervisor

###### **Indian Lake**

Brenda K. Lanphear, Manager

###### **Lake Placid**

Katie R. Stephenson, Manager

###### **Long Lake**

Viccann Novak, Manager

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

Tina M. Paczkowski, District Manager

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

Stephen H. Allen, Manager

###### **Lyons Falls**

Nancy Fruin, Manager

###### **Madrid**

Marsha L. Watson, Manager

###### **Malone (Elm Street)**

Byron Tuthill, District Manager

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

Stacey Brunell, Manager

<i>Massena</i> Joy Graves, Manager	<i>Waddington</i> Adrienne Smith, Branch Manager	<i>Cicero</i> Denise Cavallo, Manager
<i>North Creek</i> Lori A. DeMars, Manager	<i>Watertown (1125 Arsenal Street)</i> Elizabeth A. Brown, Manager	<i>Clifton Springs</i> <i>(26 East Main Street and Clifton Plaza)</i> Theresa P. Dorgan, Manager
<i>Norwood</i> Adrienne Smith, Manager	<i>Watertown (216 Washington Street)</i> Rita J. Walldroff, Regional Retail Banking Manager Catherine Ward, Manager	<i>Clymer</i> Laurie L. Harvey, Manager
<i>Ogdensburg (825 State Street)</i> Robert L. Seymour, District Manager	<i>West Carthage</i> Naura L. Christman, Manager	<i>Corning (West Market Street)</i> Wendy B. Daines, Manager
<i>Ogdensburg (320 Ford Street)</i> Denise Barse, Manager	<i>Whitehall</i> Holly A. Rabideau, Manager	<i>Corning North</i> Robert Avvampato, Manager
<i>Old Forge</i> Barbara B. Criss, Manager	<b>Community Bank Southern New York Market</b>	<i>Cuba</i> Shavonne Henderson, Manager
<i>Plattsburgh (Margaret Street)</i> Kathie Collier, Manager	<i>Addison</i> Robin K. Knapp, Manager	<i>Dansville</i> Jody R. Tonkery, District Manager
<i>Plattsburgh (Route 3)</i> James E. Snook, Vice President, Manager	<i>Alfred</i> Beth L. Plaisted, Manager	<i>Dunkirk (3909 Vineyard Drive)</i> Jason DeChard, Manager
<i>Plattsburgh (468 Route 3)</i> Kent G. Backus, Regional Retail Banking Manager James E. Snook, Manager	<i>Allegany</i> Stephanie L. Kolkowski, Manager	<i>Dunkirk (345 Central Avenue)</i> Jean M. Coughlin, Manager
<i>Plattsburgh (In-store – Wal-Mart)</i> Arlene Favreau, Branch Supervisor	<i>Avon</i> Deborah K. Fitch, Manager	<i>Elmira</i> Denise E. Allen, District Manager
<i>Potsdam (64-70 Market Street and May Road)</i> Victoria G. Strader, Branch Manager	<i>Angelica</i> Diana L. Grastorf, Branch Supervisor	<i>Erwin/Painted Post</i> Angela M. Long, Branch Supervisor
<i>Pulaski</i> Steven P. Gaffney, Manager	<i>Bath</i> Joel P. Brazie, Manager	<i>Falconer</i> Joann W. Anderson, Manager
<i>Saranac Lake (Broadway)</i> Brenda Darrah, Manager	<i>Belfast</i> Lisa Perry, Branch Supervisor	<i>Fillmore</i> Julie A. Hall, District Manager
<i>Saranac Lake (Lake Flower)</i> Renee L. Darrah, Manager	<i>Bolivar</i> Judy Gilliland, Manager	<i>Franklinville</i> Sandra S. Wolfer, Manager
<i>St. Regis Falls</i> Sherri Fleury, Branch Supervisor	<i>Canandaigua (County Road 10)</i> Paul E. Lepore, District Manager	<i>Fulton</i> Tina Stephens, Manager
<i>Star Lake</i> Connie Green, Manager	<i>Canandaigua (South Main Street)</i> Christopher Bross, Manager	<i>Geneva (Canandaigua Road)</i> Tina Jackson, Manager
<i>Ticonderoga</i> Maria E. Beuerlein, Manager	<i>Cassadaga</i> Susan C. Sekuterski, Manager	<i>Geneva (Seneca Street)</i> John Latanyshyn, Manager
<i>Tupper Lake (Park Street)</i> John W. Salmay, Manager	<i>Cato</i> Tiesha Combes, Manager	<i>Gowanda</i> Ralph Swanson, Manager

<i>Hammondspont</i> Kelly L. Bussmann, Manager	<i>Olean (201 North Union Street)</i> Eric M. Garvin, Regional Retail Banking Manager Jody L. Spears, District Manager	<i>Silver Creek</i> Mark J. Catalano, District Manager
<i>Hannibal</i> Debra A. Davis, District Manager	<i>Olean (Delaware Park)</i> Kelly Crandall, Manager	<i>Skaneateles</i> Desiree R. Murphy, Manager
<i>Hornell</i> Melissa M. Ponticello, Manager	<i>Orchard Park</i> Kristen Woodarek, Manager	<i>Springville (Cascade Drive)</i> Mary Ann Lutz, Manager
<i>Horseheads-Consumer Square</i> Glenn Parsons, Manager	<i>Oswego</i> Fred Aldrich IV, Manager	<i>Springville (North Buffalo Street)</i> Brooke Baker, Manager
<i>Houghton College</i> Julie A. Hall, District Manager	<i>Ovid</i> Jacqueline M. Robinson, Manager	<i>Waterloo</i> Larry D. Ledgerwood, Manager
<i>Interlaken</i> Denise Ector, Manager	<i>Owego</i> Florence Rossi, Manager	<i>Watkins Glen</i> Anthony Fraboni, Manager
<i>Ithaca</i> Michael MacDonald, Manager	<i>Palmyra</i> Cheryl A. Ford, Manager	<i>Wellsville (4196 Bolivar Road)</i> Lori Dzielski, Manager
<i>Jamestown (1281 North Main Street)</i> Kathleen S. Bemus, Manager	<i>Penn Yan (151 Main Street)</i> Thomas R. May, Manager	<i>Wellsville (113 Main Street)</i> Virginia L. Elliott, Manager
<i>Jamestown (25 Main Street - Brooklyn Square)</i> Glori A. Taylor, Manager	<i>Penn Yan (272 Lake Street)</i> Teresa A. Vivier, Manager	<i>Westfield</i> Carl Swan, Manager
<i>Lakewood</i> Lisa R. Allenson, District Manager	<i>Phelps</i> Amy Shaffer, Manager	<i>Woodhull</i> Ashley Quick, Manager
<i>Livonia</i> Ronda Howard, Manager	<i>Portville (1471 East State Road)</i> Brenda Blackwell, Manager	<i>Yorkshire</i> Joseph D. Fore, Manager
<i>Moravia</i> Tracey Pille, Manager	<i>Portville (7 North Main Street)</i> Katrina Savitcheff, Branch Supervisor	<b>Community Bank Central New York Market</b>
<i>Mount Morris</i> Susan Neelin, Manager	<i>Randolph</i> Diane M. Lecceardone, Manager	<i>Boiceville</i> Brad Bernard, Manager
<i>Naples</i> Joilette M. Pendleton, Manager	<i>Ripley</i> Patricia J. Knight, Manager	<i>Cobleskill</i> Arthur C. Lafleur, III, District Manager
<i>Newark (Church Street)</i> Phyllis A. Adriaansen, Manager	<i>Rushville</i> Christine M. Copper, Manager	<i>Cooperstown (Main Street and Otsego, State Highway)</i> Naomi G. Grigoli, Manager
<i>Newark Plaza</i> Ann Young, Manager	<i>Salamanca</i> Robin K. Bowser, Manager	<i>Delhi</i> Tina A. Seguire, Manager
<i>Nichols</i> Kathleen M. Bowen, Manager	<i>Seneca Falls</i> David W. Sloan, Regional Retail Banking Manager Christine Plate, Manager	<i>Downsville</i> Jean M. Lacey, Manager
<i>North Collins</i> Robin Hohman, Manager	<i>Sherman</i> Shannon R. Stevens, Manager	<i>Fleischmanns</i> Marilee A. Asher, Manager
		<i>Halfmoon</i> 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)*  
Terri Slater, Manager

*Oneonta (Main Street)*  
Richard J. Follett, District Manager

*Oneonta (Chestnut Street)*  
Paula M. Morell, Manager

*Oneonta (Southside)*  
Sean A. Hall, Manager

*Oneonta (FoxCare Center)*  
Lesley A. Bohacek, Manager

*Otego*  
Beth Braun, Manager

*Schenevus*  
Gerald V. Coombs, Jr., Manager

*Sidney*  
Bridget Fisk, District Manager  
Sharon D. Cutting, Manager

*Walton*  
Donna A. Bundy, Manager

*Gold Club*  
Nancy Miller, Gold Club Manager

**Community Bank Pennsylvania Market**

*Carbondale*  
Bobbiann Davis, Manager

*Clarks Summit*  
David C. Griffin, Manager

*Daleville*  
Susan M. Pitoniak, Manager

*Dickson City*  
Lisa Rochinski, Manager

*Edwardsville*  
Denise M. Johnson, Manager

*Freeland*  
Daniel J. Boote, Manager

*Hazleton (Airport Road)*  
Paula Palance, Manager

*Hazleton (North Church Street)*  
Lori A. Roth, Manager

*Hazleton (West Broad Street)*  
Emmanuel Marte, Manager

*Jermyn*  
John Peterson, Manager

*Jessup*  
Mary Z. Bieszczad, Manager

*Kingston (James Street)*  
Karen R. Shuster, Manager

*Laceyville*  
Greg Culver, Manager

*Lansford*  
John Greybosh, Manager

*Lawton*  
Doug Jackson, Manager

*Lehighton*  
Dana M. Cannariato, Manager

*Little Meadows*  
Mary A. Sivers, Manager

*Meshoppen*  
Jennifer Ramey, Manager

*Montrose*  
Steven Stranburg, Manager

*Noxen/Bowman's Creek*  
Colleen M. Bullock, Manager

*Olyphant*  
Theresa A. Collins, District Manager

*Pittston*  
Gary Missal, Manager

*Scranton (Keyser Avenue)*  
Lisa Browning, Manager

*Scranton (Minooka - Davis Street)*  
David H. Lencicki, Manager

*Scranton (North Washington Avenue)*  
Suzanne Kennedy, Manager

*Scranton (Wyoming Avenue)*  
Michelle Cook, Manager

*Towanda*  
Lori A. Smith, Manager

*Tunkhannock*  
Jennifer Chesner, Manager

*Trucksville/Back Mountain*  
Susanne M. Mullin, Manager

*Wilkes Barre (Franklin Street)*  
David P. Dobbs, District Manager  
Susan Russick, Manager

*Wilkes Barre (South Main Street)*  
Sandra A. Wheeler, Manager

*Wyalusing*  
Karen Fuller, District Manager



## Selected Financial Highlights

<b>Income Statement</b>	<b>2014</b>	<b>2006</b>	<b>CAGR</b>
<small>In millions</small>			<small>(8-year)</small>
Net interest income	\$ 244.4	\$ 134.8	7.7%
Non-interest income	119.0	51.7	11.0%
Operating expenses	226.6	129.6	7.2%
Provision for loan loss	7.2	6.6	1.1%
Net income	\$ 91.4	\$ 38.4	11.5%
Net interest margin	3.91%	3.91%	0.0%
<b>Per Share Data</b>			
<small>Diluted</small>			
Earnings per share	\$ 2.22	\$ 1.26	7.3%
Cash dividends declared	1.16	0.78	5.1%
Book value	24.24	15.37	5.9%
Tangible book value	\$ 15.63	\$ 7.17	10.2%
<b>Balance Sheet Data</b>			
<small>End of period, In millions</small>			
Assets	\$ 7,489	\$ 4,498	6.6%
Loans, net	4,191	2,665	5.8%
Deposits	5,935	3,168	8.2%
Shareholders' equity	\$ 988	\$ 462	10.0%

## 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 20, 2015  
10:00 a.m. EST  
The Regina A. Quick Center for the Arts  
St. Bonaventure University  
3261 New York 417  
St. Bonaventure, New York 14778

### 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, 2014

### Analyst Coverage

The following analysts published research about Community Bank System in 2014:

American Capital Partners  
Anthony Polini / 908.625.1931  
apolini@acpweb.com

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

Raymond James  
William Wallace / 703.749.1485  
william.wallace@raymondjames.com

RBC Capital Markets  
Jake Civiello / 617.725.2152  
jake.civiello@rbccm.com

Sandler O'Neill  
Alexander Twerdahl / 212.466.7916  
atwerdahl@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

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