

PERFORMANCE

It just comes natural.



COMMUNITY BANK SYSTEM, INC.

2019 ANNUAL REPORT

INVESTMENT CONSIDERATIONS: CBU

The 12-year cumulative total return to shareholders of 437% (on 12/31/19), the third highest among the 100 largest publicly-traded US banks

Goal of 10% average annual shareholder returns over time

Cash dividend payment raised every year for the past 27 years, providing a meaningful dividend and yield

Focus on revenue diversification, which has driven noninterest income to more than 39% of revenue

Successful and effective operating strategy

Strong fundamentals with excellent asset quality on a consistent basis

NYSE-listed company with both significant institutional ownership and significant liquidity

INVESTMENT PROFILE

CLOSING PRICE

\$70.94 at 12/31/19

MARKET CAP

\$3.7 billion at 12/31/19

PRICE/EARNINGS (TTM)

22.0

PRICE/TANGIBLE BOOK VALUE

3.5

DIVIDEND

\$1.64 annualized for most recent quarter

DIVIDEND YIELD

2.31% based on closing price of \$70.94 on 12/31/19

DIVIDEND PAYOUT RATIO

48.4%

SHARES OUTSTANDING

51.79 million

AVERAGE TRADING VOLUME

~218,800 3-month average 12/31/19

TABLE OF CONTENTS

LETTER TO SHAREHOLDERS	2
OPERATIONS REVIEW	6
SELECTED FINANCIAL DATA	18
EXECUTIVE MANAGEMENT	20
BOARD OF DIRECTORS	21
ADMINISTRATION	22
INVESTMENT PROFILE	24
CORPORATE / SHAREHOLDER INFORMATION	25

ON THE COVER



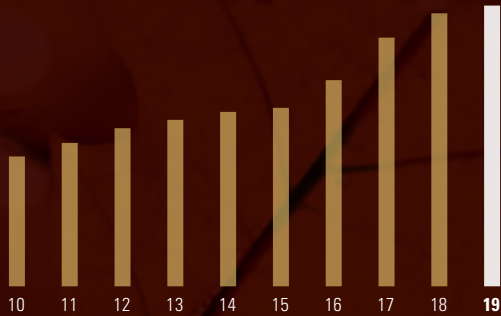
Taughannock Falls, Ulysses
SOUTHERN NEW YORK

PERFORMANCE PROFILE

TOTAL REVENUE¹

\$ in millions

270.5 298.7 329.4 346.8 363.4 371.7 429.5 518.1 568.8 584.9



10-YEAR CAGR = 8.9%

NET INTEREST INCOME

\$ in millions

181.7 209.4 230.4 238.1 244.4 248.4 274.0 315.7 345.1 359.2

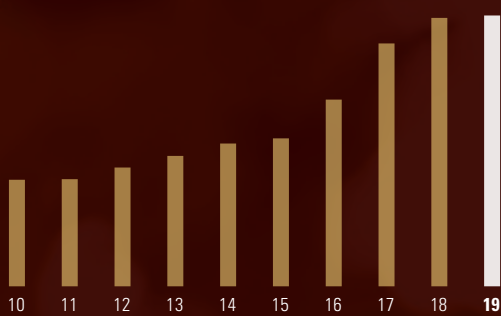


10-YEAR CAGR = 8.1%

NONINTEREST INCOME¹

\$ in millions

88.8 89.3 99.0 108.7 119.0 123.3 155.6 202.4 223.7 225.7

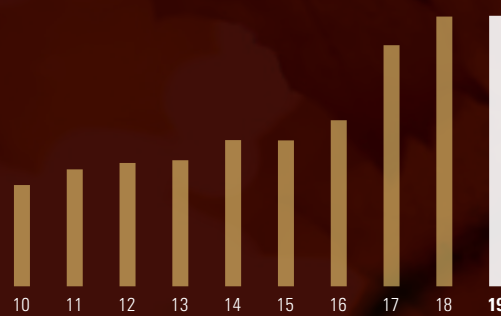


10-YEAR CAGR = 10.5%

NET INCOME

\$ in millions

63.3 73.1 77.1 78.8 91.4 91.2 103.8 150.7 168.6 169.1

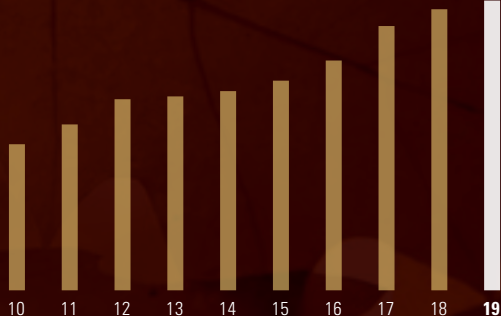


10-YEAR CAGR = 15.1%

INTEREST-EARNING ASSETS

\$ in billions

4.87 5.53 6.37 6.47 6.64 6.99 7.66 8.81 9.37 9.66

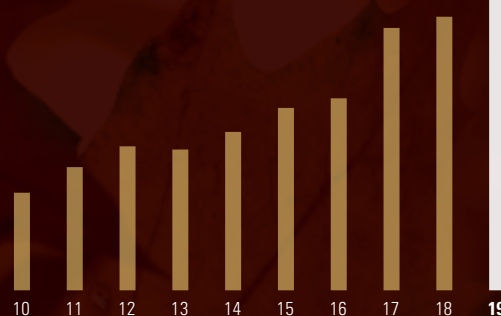


10-YEAR CAGR = 7.3%

SHAREHOLDERS' EQUITY

\$ in billions at 12/31

0.61 0.77 0.90 0.88 0.99 1.14 1.20 1.64 1.71 1.86



10-YEAR CAGR = 12.6%

¹ Excluding securities gains/losses and debt extinguishment charges

To Our Shareholders, Customers and Employees:

Disciplined and consistent performance is something that comes naturally to our team. In 2019, we again delivered strong operating performance and continued top-line growth that was both organic in nature and a result of acquisition activity. We established a retail presence in the desirable Capital Region of New York State and announced an agreement to acquire another solid and well-run financial institution within our service footprint. Growth in average interest-earning assets led to increased net interest income during the year, while our financial services businesses' consistently solid performance contributed meaningfully to noninterest income. Overall, these results enabled a continuation of our record of rewarding shareholders through a substantial dividend, raised for the 27th consecutive year.

PERFORMANCE — IT'S JUST NATURAL

To say that our performance is natural is not to say that it comes easy. Rather, it's the result of a commitment to disciplined execution of an effective and proven strategy focused on long-term value creation that is second nature to our employees. Key elements of this strategy include putting the branch at the center of our business, a focus on non-urban areas where market position can be earned, supplementing organic growth with accretive acquisitions and diversifying our revenue opportunities through the expansion of fee-based businesses. With an experienced and proven management team, an engaged Board, and an exceptional team of employees, we believe this strategy will continue to drive consistent earnings growth and increased shareholder value over the long-term.

As a sizable and growing company, we are committed to supporting the individuals and businesses in the communities and markets we serve and focused on putting the customer at the center of everything we do. Through our bankers' deep knowledge of their markets and our decentralized, local decision-making model, we continue to build long-lasting and profitable relationships with our retail and commercial customers. We focus on serving smaller, in-footprint customers than most of our larger competitors. This philosophy has served us well, earning us first or second deposit market share in approximately two-thirds of the towns where we do business and enabling us to grow from our small community bank roots into the \$11.5-billion-asset company we are today. This customer-centric approach is also naturally abundant in our financial services businesses, where we have continued to expand our market reach and service offerings.

2019 FINANCIAL PERFORMANCE

Our disciplined and differentiated strategy for growth led to continued solid financial performance in 2019 even in the face of a number of operating headwinds. In addition to the low-rate environment that all banks have been facing, 2019 included a full-year impact of the long-anticipated Durbin-related debit card interchange price restrictions that initially went into effect for our company during the second half of 2018. We are pleased with our overall ability to manage these challenges and still achieve a solid operating performance.

We reported GAAP-basis diluted earnings per share totaling \$3.23 for 2019, compared to \$3.24 per share earned in 2018. Importantly, these results include the considerable impact of Durbin amendment reductions in debit interchange fees, which reduced 2019 earnings by \$0.11 per share.

Our results also included a number of non-operating items that somewhat muted what our team accomplished last year, including \$8.6 million of acquisition expenses compared to a prior-year recovery of approximately \$0.8 million of vendor contract termination charges. Excluding acquisition-related and other non-operating items, which include gains on sale of investments, unrealized gains on equity securities and losses on debt extinguishment, operating earnings per share totaled \$3.29 in 2019 compared to \$3.23 in 2018, an increase of \$0.06 year-over-year.

2019 total revenues of \$584.9 million were up \$16.1 million, or 2.8%, from 2018, excluding gains on investments and securities. Net interest income totaled \$359.2 million, a \$14.1 million, or 4.1%, increase over the prior year reflecting average earning asset growth of \$733 million compared to 2018, along with a relatively stable net interest margin of 3.76% for 2019, as compared to 3.73% in 2018.

To say that our performance is natural is not to say that it comes easy.

OPPORTUNITY IN OUR NATURAL ENVIRONMENT

The natural environment for Community Bank System is primarily non-urban and sometimes rural communities throughout the Northeast where growth is typically modest, but steady. Through a robust network of branches across Upstate New York, Northeastern Pennsylvania, Vermont, and Western Massachusetts, we serve a growing number of retail and commercial banking clients. At a time when branches are declining across our industry, we know that they are still highly valued in the communities we serve and are at the core of our customer-focused and "bank happy" business model. With the addition of Kinderhook Bank Corp. in third quarter 2019, we now operate more than 230 customer facilities across our four-state footprint.

2019 PERFORMANCE HIGHLIGHTS

GAAP earnings of \$3.23 per share, compared to \$3.24 for 2018

Operating earnings of \$3.29 per share, a six-cent improvement over 2018

Record net income of \$169.1 million

Total revenue of \$584.9 million

Continuation of excellent asset quality metrics

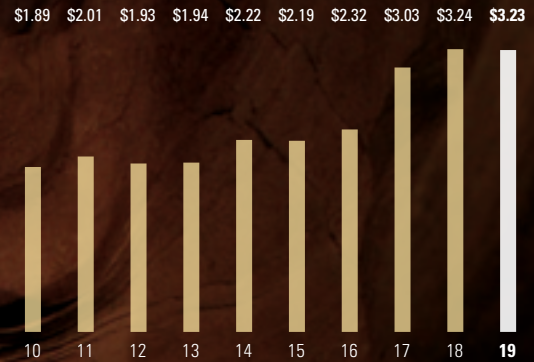
Cash dividend raised for the 27th consecutive year to an annualized \$1.64

Core non-time deposits of \$8.1 billion make up 89.6% of total deposits

2019 net interest margin of 3.76%, up from 3.73% in 2018

EARNINGS PER SHARE

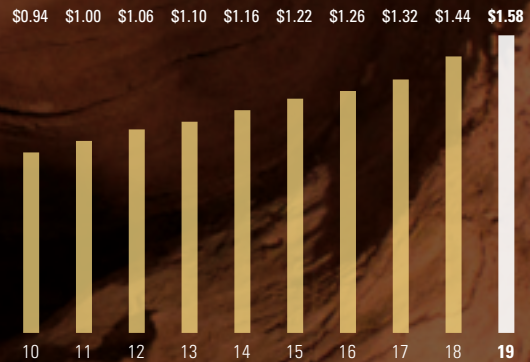
Diluted



10-YEAR CAGR = 9.9%

DIVIDEND GROWTH

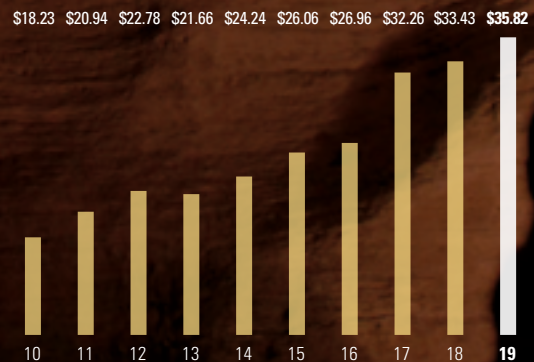
Declared



10-YEAR CAGR = 6.0%

BOOK VALUE PER SHARE

At 12/31



10-YEAR CAGR = 7.6%



Howe Caverns
CENTRAL NEW YORK

This expanding market footprint reflects some organic growth, but is primarily a result of our acquisition activity that expands our customer base, adds earning assets and provides reasonably priced funding to support future organic growth. Importantly, these transactions also add the talent we need to successfully compete across our service area. Since 2011 we have completed six whole-bank or multiple-branch acquisitions that have expanded and enhanced our overall footprint.

In July 2019, we closed on our acquisition of Kinderhook Bank Corp. and its subsidiary, The National Union Bank of Kinderhook. This transaction added a high quality, low risk partner that provided important density in the attractive Albany market where we had added a commercial banking team in 2018. Through Kinderhook, we gained 11 branches across five counties in the Capital District and added approximately \$640 million in assets, including a loan portfolio with very sound asset quality. The closing and integration process were among the best we've executed to date, and we've been pleased to have a very capable team with a history of solid financial performance contributing to our results in the second half 2019. We expect this transaction to contribute to additional earnings per share growth in 2020.

Approximately three months after closing on our Kinderhook transaction, we announced a definitive agreement to acquire Steuben Trust Company, a move that further strengthens our market presence in the Southern Tier region of Western New York. Steuben Trust is a Hornell, N.Y.-headquartered bank with approximately \$570 million in assets, \$480 million in deposits and 14 branch locations. This merger, which we expect to close in the second quarter of 2020, adds significant density to our existing Western New York service area and provides entry into two new counties in the region. Because of the overlap of some of our branch footprints, we expect to consolidate some locations, while retaining a convenient and efficient branch network to service the market and meet customer demand. As with Kinderhook, we expect this transition to be additive to 2020 earnings.

GROWTH IS IN OUR NATURE

Ending total loans at December 31, 2019 were up \$609.4 million, or 9.7%, over one year prior, driven by a combination of organic loan growth and the impact of our Kinderhook transaction. Loan growth was led by a 15.8% year-over-year increase in business lending, followed by an 8.7% increase in consumer mortgage lending. We are encouraged by our very healthy early 2020 loan pipeline and we expect solid origination activity during the year to supplement the loans that will be acquired through the Steuben Trust transaction.

The consistent quality of our loan portfolio reflects the conservative approach to risk management we employ and as a result, our asset quality metrics continue to compare very favorably to peers and the industry overall. At December 31, 2019, nonperforming loans totaled \$24.3 million, or just 0.35% of total loans, a five-basis-point improvement from one year prior. By comparison, the median 2019 ratio reported by the country's largest 100 banks was 0.63%, a full 28 basis points higher. Our allowance for loan losses to nonperforming loans measured 206% at December 31, 2019, nine percentage points stronger than at the end of 2018 and approximately 70 percentage points higher than the median for the top 100 banks. Net charge-offs for 2019 were \$7.8 million, or just 12 basis points on the average loan portfolio.

Deposits at year-end of \$9.0 billion were \$672.6 million, or 8.1%, greater than December 31, 2018, and reflected both organic and acquired growth. The increase in deposits in 2019 fully funded our lending activity for the year. Noninterest bearing deposit balances, primarily commercial accounts, grew by \$153.1 million, or 6.6%, year-over-year. Checking and savings accounts made up 68.3% of the Company's total deposits at December 31, 2019.

The Kinderhook acquisition added a high quality, low risk partner that provided important density in the attractive Albany market.

DIVERSIFIED BUSINESSES DRIVE PERFORMANCE

While community banking remains the core of our businesses and makes up more than 70% of our revenues, we have diversified and expanded our financial services offerings over the years, including through a national employee benefit services business line that contributes approximately 17% to total revenue, a wealth management business making up approximately 4% of revenue and an insurance operation which accounts for another 6%. These financial services businesses have helped to push our overall noninterest income to 39% of total revenue, compared to a median of just 18% for the top-100 U.S. bank by assets. In the challenging interest rate environment that our industry has been operating in for some time, the ability to reduce our reliance on net interest income is all the more important.

Our commitment to building a substantial fee-based revenue stream and lessening our dependence on the net interest margin side of our business continues to pay dividends. Noninterest revenues, excluding securities gains and losses, totaled \$225.7 million for 2019, even with a \$4.9 million decline in banking fee revenue as a result of the Durbin impact. This was more than offset by \$6.9 million of growth in our financial services revenues. Wealth management and insurance revenues increased 3.5% and our employee benefits revenues grew 5.3% during the year, generating non-banking financial services revenues of \$155.2 million in 2019. This is nearly 5% greater than the prior year and together these revenues comprised 27% of total revenue for 2019.

While we have an ongoing commitment to growth, we have an equally strong commitment to efficiency. We are focused on carefully managing core expenses and being smart about the investments we make. Our core operating expenses, which exclude acquisition-related costs, increased 5% year-over-year due principally to the Kinderhook acquisition. In addition, we maintained an efficiency ratio of 59.6% for 2019, achieving our goal of below 60% even as we invest in our business. In addition to a convenient, efficient and effective branch presence, advanced technology is both a necessity to meet customer expectations and an efficient method of providing customer service. Ongoing investments in enhanced digital banking services continue to be well-received by our customers and we continue to see an increase in usage. Our digital banking adoption rates have been growing steadily over the past three years, and during 2019 online banking users neared 275,000 and mobile banking grew to approximately 185,000 users.

We are focused on generating superior long-term shareholder returns through a combination of continuous growth and improved performance.

EXCEPTIONAL PERFORMANCE AND TEAM

The Company's performance in 2019, along with our overall financial strength once again earned recognition as a top performing financial institution by Forbes.com® in its annual analysis of "America's Best Banks." During the 11 years that Forbes® has produced this analysis of the 100 largest publicly-traded financial institutions, Community Bank System placed among the top 10 nine times, and has never ranked lower than 12th. We are particularly proud of our record of consistently ranking among the country's best large banks in an analysis that considers operating performance, capital strength and asset quality, all metrics that we take very seriously.

We also ranked in the top ten in the J.D. Power 2019 U.S. Retail Banking Satisfaction StudySM for the Mid-Atlantic region. The J.D. Power analysis directly reflects the opinions of our loyal customers and the results provide a strong endorsement of the quality of our customer-facing employees. These accolades are a testament to the deep bench of talent we have throughout all levels of the company. We are committed to attracting, retaining and developing top talent, along with providing an inclusive work environment where everyone is treated with dignity and respect. We work to provide a positive culture where our associates can perform at their best. It appears that this approach is yielding results.

On November 20, 2019, we announced the appointment of Kerrie D. MacPherson, FCPA, FCA, as a new independent director. Kerrie is a true financial expert who brings more than 30 years of experience that includes banking, audit, financial advisory services, marketing, sales, and mergers and acquisitions. She previously served as a senior partner of Ernst & Young, LLP in the New York office, working with clients across a broad array of industries and developing extensive experience in the financial services sector. Kerrie's addition expands our Board to 12 directors, 11 of whom are independent.

FOCUSED ON VALUE CREATION AND THE FUTURE

Our focus has been, and remains, on generating superior long-term shareholder returns through a combination of continuous growth and improved performance. This combination of growth and enhanced profitability has enabled our Board to make a significant and growing dividend an important element of returning value to our investors. In 2019, we raised the dividend by 7.9%, marking the 27th consecutive year for a dividend increase. At \$1.64 per share on an annualized basis, this is a meaningful dividend that we believe is a valuable way to accrete shareholder value. This type of consistent dividend has earned us a position as one of 112 companies named to the S&P's High Yield Dividend Aristocrats.

Our record of strong and consistent profitability has enabled the Company to build and maintain strong capital levels which provide ample room to support our ongoing strategic growth efforts. Our Tier 1 leverage ratio was 10.80% and our tangible equity to assets ratio was 10.01% at year-end, providing significant flexibility to consider expansion opportunities. We are an experienced and respected buyer in the banking and non-banking spaces and continue to explore opportunities to grow our franchise through accretive acquisitions, as part of our long-term focus on value creation.

Looking ahead to 2020, we expect to successfully close and integrate Steuben Trust during the second quarter and look forward to welcoming its customers, employees and shareholders to Community Bank System. We believe we are very well-positioned to build on the solid results achieved in 2019, in order to deliver even greater success in 2020 and beyond. On behalf of our Board and leadership team, thank you for your continued interest in and support of Community Bank System, Inc.

Sincerely,



Sally A. Steele Chairman of the Board



Mark E. Tryniski President and Chief Executive Officer

Community Bank continues to place a strong emphasis on community service, earning the United Way of Northern New York's 2018 Macsherry Family Community Spirit Award, which honors businesses exemplifying this quality.



MARKET PRESENCE 12/31/19

BRANCH LOCATIONS	45
BRANCH DEPOSITS	\$2.3 billion
EMPLOYEES	544
REGIONAL ADMINISTRATIVE OFFICE	Canton, NY



Blue Mountain Lake
NORTHERN NEW YORK



A BROAD PRESENCE IN THE NORTH COUNTRY New York State's vast North Country is an original market of Community Bank System and remains an important region with demographics perfectly fitted to the Bank's strategic focus on non-urban markets. Community Bank has established a strong share of the deposit and lending markets in the micropolitan cities of the North Country, which include Canton, Malone, Massena, Plattsburgh and Potsdam.

With close proximity to Quebec and Eastern Ontario, the region is a prime gateway to Canada, making it attractive to companies seeking growth opportunities and cross-border markets. The Alexandria Bay and Champlain ports rank in the top 10 for truck traffic entering the United States. Its prime location has attracted a diverse assortment of industry clusters, which include pharmaceutical, bio tech, materials processing, transportation equipment, wood products distribution and food processing. In addition, the region has a strong agricultural economy and boasts a growing \$1 billion plus tourism industry.

Our history in the North Country reaches back to the 1866 charter that created St. Lawrence County National Bank. The merger that formed Community Bank in 1983 provided the impetus for the substantial expansion of the Bank's North Country footprint, including multiple branch and whole bank acquisitions. Our 45 branch locations provide a substantial market presence across the mostly rural 16,000 square miles that reach from the Canadian provinces through the Adirondacks and east to the Vermont border. We are a strong competitor across the region and have built the number one deposit market share for the 10-county area with deposits of \$2.3 billion at June 30, 2019.

Assuming responsibility as a proactive citizen is an essential part of how Community Bank has conducted business since its founding. Helping customers to effectively manage their finances is an important part of the service we provide. The way we serve our communities by helping businesses prosper, providing good jobs, serving on organization boards and volunteer efforts, is equally important. Contributing to the growth and quality of life in our communities is good business as well as the right thing to do. We do this throughout our service area, and Northern New York is no exception. For the last two years, the Bank has sponsored the Empire State Winter Games in Lake Placid. The Games bring together athletes from 15 states and three countries to compete in over 30 winter sports, with 2,100 attending the 2019 event. This certainly raises our profile in Northern New York, but just as important, it helps to provide an economic stimulus to the Northern New York communities we serve.

Data sources: Empire State Development Corporation, U.S. Census Bureau American Fact Finder Surveys

OPPORTUNITY IS ALWAYS ON OUR HORIZON Our Southern New York market area covers 16 counties, 12,600 square miles and stretches across three upstate economic regions: Western New York, the Finger Lakes and the Southern Tier. Despite its predominantly rural geographic character, this market has a relatively vibrant economy.

In the five Western New York counties in this market there are more than 35,000 businesses and more than 523,000 private-sector jobs. Community Bank's roots reach back to this region and the Exchange National Bank of Olean, one of the three community banks that merged in 1983 to form the Company. Today we have a strong market presence in the region, with 35 branch locations spread across Allegany, Cattaraugus, Chautauqua and Erie counties. The Western New York economy has rebounded in recent years and is attracting more entrepreneurs, capital and attention due to initiatives like 43 North, the world's largest business plan competition. Western New York provides a strong foundation for this market with its strategic proximity to Canada through four international bridge crossings, and its reach to 40% of North America's population which is located within a 500-mile radius.

We have a strong 25-branch market presence in six Finger Lakes counties (Cayuga, Livingston, Ontario, Seneca, Wayne, and Yates) that will grow stronger in 2020 with the addition of the Steuben Trust locations. The Finger Lakes region has rich agricultural resources and is a leading producer of apple, dairy and grape products in the Eastern U.S. The nine-county Finger Lakes region, which includes the city of Rochester, has a large and innovative range of industries, including optics, photonics and imaging, advanced manufacturing, high-tech electronics and software, life sciences, telecommunications and IT, medical devices, breweries, and alternative energy. This region is also fortunate to have 19 colleges and universities, providing the skilled workers necessary to keep the area's technology-based business moving forward.

New York's Southern Tier reaches across the state immediately north of the Pennsylvania border. This region also has a strong agricultural economy with more than 5,300 farms. Like the Finger Lakes, the region boasts dozens of higher educational institutions, including top-ranked Cornell University, Binghamton University and Ithaca College. The region has an estimated annual payroll of \$2 billion and a wide range of industries, including defense, distribution and insurance, as well as being a rail manufacturing hub. We have a significant 14-branch presence in seven Southern Tier counties that reaches from Steuben County to Tioga County. During 2020 we'll complete the acquisition of Steuben Trust, adding 14 additional locations across the region.

Data source: Empire State Development Corporation



MARKET PRESENCE 12/31/19

BRANCH LOCATIONS	72
BRANCH DEPOSITS	\$2.9 billion
EMPLOYEES	769
REGIONAL ADMINISTRATIVE OFFICE	Olean, NY



Chimney Bluffs, Wolcott
SOUTHERN NEW YORK



STEBEN TRUST CORPORATION ACQUISITION SUMMARY

14 Steuben Trust Company banking locations | Multiple locations in Allegany and Steuben counties | Additional scale in Erie and Livingston counties | Entry into Wyoming and Monroe counties
Locations in suburban Buffalo and Rochester | Assets of approximately \$580 million | Deposits of approximately \$480 million

Our 2019 acquisition of Kinderhook provided significant retail and business banking presence in the Capital District.



MARKET PRESENCE 12/31/19

BRANCH LOCATIONS	49
BRANCH DEPOSITS	\$2.3 billion
EMPLOYEES	591
CORPORATE HEADQUARTERS	DeWitt, NY

 Sam's Point, Catskill Mountains
CENTRAL NEW YORK

PERFORMANCE WITH A LONG VIEW Our Central New York market area reaches from Syracuse to Albany, two of the largest metropolitan areas in Upstate New York. On July 12, 2019 we completed the acquisition of The National Union Bank of Kinderhook, which added 11 branch locations across a five-county area (Albany, Columbia, Fulton, Montgomery, and Rensselaer) in the state's Capital District. The transaction established a broader and deeper banking presence in the Capital District, supporting our retail and business banking growth efforts there. We have long considered the Capital Region attractive for targeted expansion, with an economy driven by diverse technology and manufacturing industries. The Albany area has become one of the nation's fastest growing tech job markets because of a highly productive and educated workforce, where one-third of workers have a bachelor's degree or higher.

When Community Bank System was created with the 1983 merger of the Exchange National Bank of Olean, St. Lawrence County National Bank and the First National Bank of Ovid, we established the current Central New York headquarters location. At that time the Bank didn't have a significant presence in the area beyond our administrative facility. Since then, our business profile in Central New York has changed dramatically. Through a series of acquisitions, we have built a sizable presence in the region with nearly 50 branch locations and more than \$2 billion in deposits.

Our 2011 acquisition of The Wilber Corporation extended the Community Bank brand to the south and east of Syracuse, providing branch locations in Otsego, Onondaga, Chenango, Broome, Delaware and Schoharie counties. The Mohawk Valley to the east also seemed to be a natural fit with markets that shared similar demographics as our existing service areas. Our 2015 acquisition of Oneida Financial Corp. added 12 full-service locations in Madison and Oneida counties and connected the Syracuse and Utica metropolitan areas. The Mohawk Valley is experiencing growth in industries related to distribution, materials processing, industrial machinery and services, agriculture and technology. In addition, an innovation corridor is developing in Central New York, with a focus on the Unmanned Aerial Systems (UAS) industry and the development of a 50-mile flight traffic management system between Syracuse and Griffiss International Airport in Rome, New York.

Our Central New York market now covers more than 12,600 square miles from the southeast corner of Lake Ontario to the state's border with Massachusetts. The area offers considerable opportunity with more than 155,000 businesses, annual business revenues that exceed \$173.8 billion and total payrolls of approximately \$29.4 billion.

Data sources: Empire State Development Corporation, U.S. Census Bureau American Fact Finder Surveys




We combine a deep-rooted commitment to slow-growth, non-urban markets with targeted expansion into higher-growth, mid-size urban areas.



MARKET PRESENCE <small>12/31/19</small>	
BRANCH LOCATIONS	30
BRANCH DEPOSITS	\$1.1 billion
EMPLOYEES	279
REGIONAL ADMINISTRATIVE OFFICE	Wilkes-Barre, PA

 Ricketts Glen State Park
NORTHEASTERN PENNSYLVANIA



FLOWING INTO NORTHEAST PENNSYLVANIA Our market-leading branch system thrives primarily in non-metropolitan markets with stable local economies that support steady and sustainable growth. While more densely populated than most of our other markets, the six Northeastern Pennsylvania counties where our branches are located offer a perfect fit. Community Bank began investing in the Northeast Pennsylvania market in 2001, and after three whole-bank transactions and the 2013 acquisition of eight branches, we have built a competitive local presence in and around the region's two urban centers – Scranton and Wilkes-Barre. Our market area includes approximately 4,100 square miles and a population of 721,000, that we service through a network of 30 branch locations with approximately \$1.1 billion in local deposits.

Community Bank's success at achieving best-in-class returns over the long term is a result of our regional approach to business, which is exemplified by our experience in Pennsylvania. We combine a deep-rooted commitment to slow-growth, non-urban markets with targeted expansion into higher-growth, mid-size urban areas that are then directed by knowledgeable regional market leadership teams. The smaller markets we have focused on provide deep and loyal deposit accounts with outstanding retention, and as a result, we enjoy a market-leading presence in most of the communities we bank.

While our Northeastern Pennsylvania service area includes two mid-sized metropolitan areas, it is also home to many mid-sized and smaller towns. Lackawanna and Luzerne counties, with the population centers of Scranton and Wilkes-Barre, are one of the state's most densely populated areas outside of Pittsburgh and Philadelphia. The other four counties – Bradford, Carbon, Susquehanna and Wyoming – are non-urban in character, similar to the Bank's other markets across Upstate New York. Our 10 locations in these four counties provides a strong market presence.

The Northeast Pennsylvania region is noteworthy for its business and economic diversity across multiple industry segments, including healthcare, manufacturing, high-tech, logistics, distribution, defense and transportation. It's also home to more than 20 higher educational institutions, including top-ranked graduate and undergraduate universities and community colleges, which attract more than 50,000 college students to the region.

In addition to donations and volunteering across our four-state banking service area, each year we adopt community programs that provide assistance to a portion of the local population that could benefit from their targeted support activities. In Northeastern Pennsylvania, Community Bank sponsors the Hazleton Integration Project, securing proceeds to support the Hazleton One Community Center. The funding propels a community-based effort that seeks to embrace and unite people of many different cultures across the Hazleton area.

Data sources: Wilkes-Barre Chamber of Business & Industry, PennsNortheast.com, U.S. Census American Community Survey

A MOUNTAIN OF OPPORTUNITY IN VERMONT The Vermont market has always been geographically close to the Bank's service area, and actually resides much closer to our North Country service area than those same locations are to our branches in the central, south and western parts of New York State. With Community Bank's commitment to the philosophy of serving the financial needs of customers in smaller towns and cities within its geographic market areas, the move into Vermont was natural.

In 2017, we secured this positioning with the acquisition of Merchants Bancshares, Inc., extending the Company's footprint into the Vermont and Western Massachusetts markets. This transaction meant that Community Bank would immediately secure a strong market presence with the addition of 31 branch locations in 12 Vermont counties and a single location in Massachusetts.

Vermont has a solid business economy and leads the region in job concentration in the semi-conductor and complex electronics industry sub-sector. Advanced manufacturing is an important part of the employment landscape, and half of all Vermont counties employ at least 25% of their manufacturing workforce in advanced sectors. There are more than 1,000 manufacturing firms located across Vermont's 8,800 square miles, and these firms are responsible for approximately 11% of its GDP. Along with manufacturing, the state also has strong agriculture and energy sectors, and more than 31,000 people are employed in Vermont's \$2.6 billion tourism business. The strength of its economy is reflected in the state's 2019 year-end unemployment rate of 2.3% and median household income of \$57,808. In 2018, Vermont was ranked the second-best state by the Opportunity Index, which provides data that indicates what opportunity looks like in the United States, based on a combination of economy, education, health and community factors.

Community Bank's approach to business will always remain focused on the communities where we operate. Our branch managers are empowered to make loan decisions at the branch level, eliminating the wait for approval from far-off corporate offices. In New England, as in our other markets, we loan local and we decide local.

Across our multi-state banking footprint, Community Bank has made monetary contributions to nearly 600 cultural, civic, economic development and social service organizations. Team members have also chosen to give generously of their time and expertise by actively participating in causes for the greater good. Our New England market employees have also committed to making a positive difference outside of their work. In Vermont, the Bank recently presented Special Olympics Vermont with a donation of \$11,154, which included \$6,154 raised by our New England employees and a \$5,000 sponsorship for the organization's Penguin Plunge. Almost 30 bank employees participated in the event as part of the Bank's Super-Hero Team, raising additional funds through personal donations and fundraisers.

Data sources: ThinkVermont.com, Vermont Department of Labor Economic & Labor Market Information, Vermont Department of Tourism & Marketing 2015 Benchmark Report



MARKET PRESENCE	12/31/19
BRANCH LOCATIONS	32
BRANCH DEPOSITS	\$1.3 billion
EMPLOYEES	225
REGIONAL ADMINISTRATIVE OFFICE	SOUTH BURLINGTON, VT



Mount Mansfield, Vermont
NEW ENGLAND



In New England, as with our other markets, our employees are committed to making a positive difference.

FINANCIAL SERVICES

BPAS

A national provider of retirement plans, benefit plans, fund administration, and collective investment trusts, which supports 3,800 retirement plans, \$86 billion in trust assets, and more than 450,000 participants. BPAS services its clients from five New York State locations, along with locations in New Jersey, Pennsylvania, Massachusetts, Texas and Puerto Rico.

BPAS is a wholly-owned subsidiary of Community Bank System, Inc., that through a series of acquisitions has assembled a broad range of related services which enables them to solve all of a client's benefit plan challenges without engaging multiple providers. BPAS works to continually create differential value for its customers by hiring and training top talent; by staying at the forefront of technology, compliance and regulatory changes; and by assuming a higher level of responsibility for its clients' plans.

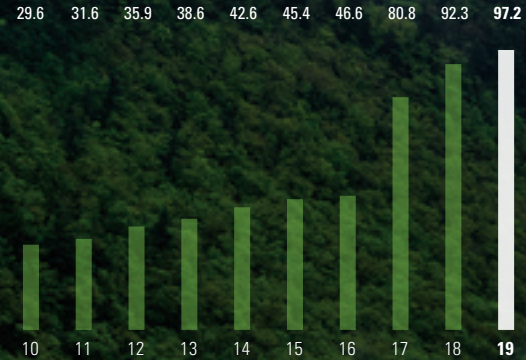
This approach enabled BPAS to grow revenue to more than \$97 million in 2019, a compound annual growth rate of 13.3% over the last 10 years.

BPAS SERVICES

Plan Administration & Recordkeeping | TPA
 Actuarial & Pension | VEBA & HRA/HSA | Fiduciary
 AutoRollovers & MyPlanLoan | Healthcare Consulting
 Transfer Agency | Fund Administration | Custody
 Collective Investment Trusts

BPAS REVENUE

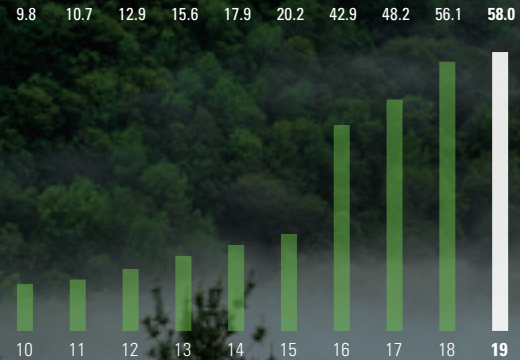
\$ in millions



10-YEAR CAGR = 13.3%

WEALTH MANAGEMENT AND INSURANCE SERVICES

\$ in millions



10-YEAR CAGR = 21.1%

FINANCIAL SERVICES

2019 REVENUE: \$155.2M

In millions



Pine Creek

NORTHEASTERN PENNSYLVANIA

COMMUNITY BANK WEALTH MANAGEMENT AND INSURANCE SERVICES

Investments | Insurance | Trust Services

Community Bank offers a range of wealth management and insurance services available either in branch or from wholly-owned subsidiary companies. These businesses generated revenue in excess of \$58 million in 2019.

COMMUNITY INVESTMENT SERVICES

PERSONAL & BUSINESS RETIREMENT PLANNING
EDUCATION PLANNING
COMPREHENSIVE FINANCIAL PLANNING
ESTATE PLANNING
LIFE, DISABILITY & LONG-TERM CARE INSURANCE
INVESTMENT MANAGEMENT
INDIVIDUAL MANAGED ADVISORY ACCOUNTS

ONEGROUP

Full-service investment services firm providing comprehensive investment fiduciary advice to plan sponsors

COMPETITIVE FEE & BENCHMARKING STUDY
EMPLOYEE EDUCATION ROADMAP TO RETIREMENT
FIDUCIARY SUPPORT

THE CARTA GROUP

A premier fee-based comprehensive financial planning firm

FINANCIAL INDEPENDENCE/RETIREMENT PLANNING
INVESTMENT PLANNING
RISK MANAGEMENT PLANNING
ESTATE PLANNING
BUSINESS SUCCESSION PLANNING
EDUCATION PLANNING

COMMUNITY BANK TRUST SERVICES

TRUST ADMINISTRATION
INVESTMENT MANAGEMENT
ESTATE PLANNING
ESTATE ADMINISTRATION & SETTLEMENT
CUSTODY AND BILL PAYING
RETIREMENT PLANNING
FOUNDATION MANAGEMENT & ACCOUNTING
GUARDIANSHIPS
EMPLOYEE BENEFIT PLAN SERVICING

NOTTINGHAM ADVISORS

Manages and advises on over \$1 billion of client assets
Specializing in low-cost, risk-aware Exchange Traded Fund (ETF)-based investment strategies

GLOBAL ASSET ALLOCATION SPECIALISTS
SOCIALY RESPONSIBLE INVESTMENT PORTFOLIOS
INDIVIDUAL AND INSTITUTIONAL PORTFOLIO
MANAGEMENT
PIONEERS IN THE USE OF EXCHANGE
TRADED FUNDS

INSURANCE SERVICES

LIFE INSURANCE
DISABILITY INSURANCE
LONG-TERM CARE INSURANCE
EXECUTIVE BENEFIT
CUSTOMIZED INSURANCE PLANS
ESTATE PLAN FUNDING
AUTO INSURANCE
HOME INSURANCE
PROPERTY & CASUALTY INSURANCE
BUSINESS INSURANCE
RISK MANAGEMENT

SELECTED FINANCIAL HIGHLIGHTS

Income Statement		2019	2009	CAGR
<i>In millions</i>				<i>(10-year)</i>
Net interest income	\$	359.2	\$ 165.5	8.1%
Noninterest income		230.6	83.5	10.7%
Total revenue ¹		584.9	249.0	8.9%
Noninterest expenses		372.0	186.2	7.2%
Net income	\$	169.1	\$ 41.4	15.1%
Net interest margin		3.76%	3.80%	N/A
Per Share Data (Diluted)				
Diluted earnings per share	\$	3.23	\$ 1.26	9.9%
Operating earnings per share		3.29	1.30	9.7%
Cash dividends declared		1.58	0.88	6.0%
Book value		35.82	17.25	7.6%
Tangible book value	\$	20.52	\$ 8.09	9.8%
Balance Sheet Data				
<i>End of period, In millions</i>				
Assets	\$	11,410	\$ 5,403	7.8%
Loans		6,891	3,099	8.3%
Deposits		8,995	3,924	8.6%
Shareholders' equity	\$	1,855	\$ 566	12.6%

¹ Excluding securities gains/losses and debt extinguishment charges



Green Mountains, Vermont
NEW ENGLAND

NONPERFORMING LOANS / TOTAL LOANS

At 12/31

0.61% 0.85% 0.75% 0.54% 0.56% 0.50% 0.48% 0.44% 0.40% 0.35%



10 11 12 13 14 15 16 17 18 19

NET CHARGE-OFFS / AVERAGE LOANS

At 12/31

0.21% 0.15% 0.23% 0.17% 0.15% 0.15% 0.13% 0.18% 0.15% 0.12%



10 11 12 13 14 15 16 17 18 19

EFFICIENCY RATIO¹

59.4% 57.6% 57.4% 59.3% 58.4% 58.2% 59.6% 58.3% 58.0% 59.6%



10 11 12 13 14 15 16 17 18 19

¹ Efficiency ratio provides a ratio of operating expenses to operating income. It excludes intangible amortization, acquisition expenses, and litigation settlement from expenses and acquired non-impaired loan accretion, gains and losses on investment securities and loss on debt extinguishment from income while adding a fully-taxable equivalent adjustment.

EXECUTIVE MANAGEMENT

Mark E. Tryniski

President and Chief Executive Officer

Joined CBU in 2003 and has previously served as CFO and COO. Prior to joining the company, he was a partner with PriceWaterhouse Coopers.



Scott A. Kingsley

Executive Vice President, Chief Operating Officer

Joined CBU in 2004 and previously served as CFO. Prior to joining the Company, he served as CFO of Carlisle Engineered Products.



George J. Getman

Executive Vice President, General Counsel

Prior to joining CBU in 2008, he provided corporate counsel to CBU as a senior partner at Bond, Schoeneck & King, PLLC.



Joseph F. Serbun

Executive Vice President, Chief Credit Officer

Joined the Company in 2008. Prior to that, he had worked at Partners Trust Bank and JPMorgan Chase Bank.



Joseph E. Sutaris

Executive Vice President, Chief Financial Officer

Joined CBU in 2011 following the Company's acquisition of The Wilber Corporation, where he held several roles, including CFO.



COMMUNITY BANK, N.A. PENNSYLVANIA REGIONAL ADVISORY BOARD

Colleen Doyle, Esq.
John Graham
Donald Karpovich, Esq.
Gerard O'Donnell
William Ruark
Lissa Bryan-Smith
James Shoemaker, Esq.

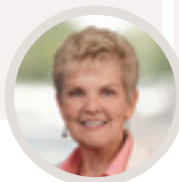
BOARD OF DIRECTORS

Sally A. Steele

Chairman of the Board

Attorney at Law

DIRECTOR SINCE 2003



Brian R. Ace

Retired Owner of
Laceyville Hardware

COMMITTEES

Governance;
Trust and Financial Services;
Compensation

DIRECTOR SINCE 2003



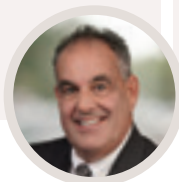
Mark J. Bolus

President and CEO of
Bolus Motor Lines, Inc.

COMMITTEES

Risk, *Chair*;
Compensation, *Vice Chair*;
Strategic/Executive

DIRECTOR SINCE 2010



Jeffrey L. Davis

President of J.L. Davis, Inc.

COMMITTEES

Governance, *Chair*;
Audit/Compliance

DIRECTOR SINCE 2017



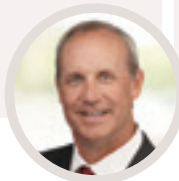
Neil E. Fesette

Owner, President and CEO of
Fesette Realty, LLC and Fesette
Property Management

COMMITTEES

Compensation, *Chair*;
Governance; Strategic/Executive

DIRECTOR SINCE 2010



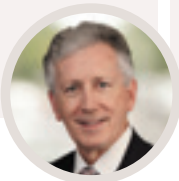
Michael R. Kallet

Retired Chairman and CEO
of Oneida Financial Corp.

COMMITTEES

Trust and Financial Services, *Chair*

DIRECTOR SINCE 2015



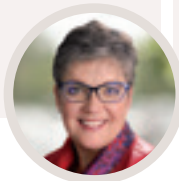
Kerrie D. MacPherson

Retired senior partner
of Ernst & Young, LLP

COMMITTEES

Audit/Compliance

DIRECTOR SINCE 2019



John Parente

CEO of CP Media, LLC

COMMITTEES

Strategic/Executive, *Chair*;
Risk, *Vice Chair*;
Audit/Compliance

DIRECTOR SINCE 2010



Raymond C. Pecor, III

President of Lake Champlain
Transportation Company

COMMITTEES

Compensation; Trust and
Financial Services

DIRECTOR SINCE 2017



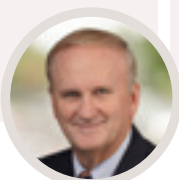
Eric E. Stickels

Retired President, COO and
Secretary of Oneida Financial Corp.

COMMITTEES

Strategic/Executive;
Trust and Financial Services

DIRECTOR SINCE 2015



Mark E. Tryniski

President and CEO of
Community Bank System, Inc.

DIRECTOR SINCE 2006



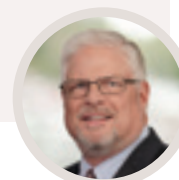
John F. Whipple, Jr.

Lead Director
CEO of Buffamante
Whipple Buttafaro, P.C.

COMMITTEES

Audit/Compliance, *Chair*;
Governance

DIRECTOR SINCE 2010



Note: All bank board members participate in the Risk Committee

ADMINISTRATION

EXECUTIVE

Mark E. Tryniski, President and
Chief Executive Officer
Scott A. Kingsley, Executive Vice President,
Chief Operating Officer
Joseph E. Sutaris, Executive Vice President,
Chief Financial Officer
George J. (Joe) Getman, Executive
Vice President, General Counsel
Joseph F. Serbun, Executive Vice President,
Chief Credit Officer

RETAIL BANKING

Hal Wentworth, Senior Vice President,
Retail Banking and Marketing
Kent Backus, Regional Retail Banking Manager
Anita Bourgeois, Retail and Municipal
Banking Manager
George Cooper, Vice President Capital District
Eric M. Garvin, Regional Retail Banking Manager
Paul Lepore, Regional Retail Banking Manager
Barbara Maculloch, Regional President
Pennsylvania
Rita J. Walldroff, Regional Retail Banking Manager
Lynne Wadsworth, Branch Services Administrator

COMMERCIAL/CONSUMER LENDING AND CREDIT ADMINISTRATION

Scott Boser, Senior Vice President,
Director of Consumer and Mortgage Lending
Luke Fagan, Senior Vice President,
Commercial Banking
Mark Houghtaling, Director of Credit Administration

FINANCE & TREASURY MANAGEMENT

Joseph Lemchak, Senior Vice President,
Chief Investment Officer
Deresa Durkee, Corporate Contoller
Robert Frost, Vice President of Finance,
Director of Capital Planning and Analysis
Sean Howard, Senior Treasury Officer

ADMINISTRATIVE SERVICES

Bernadette Barber, Senior Vice President,
Chief Human Resources Officer
Michael Abdo, Senior Vice President,
Senior Associate General Counsel
Danielle Cima, Associate General Counsel,
Corporate Secretary
Dorothy Quarler, Chief Compliance Officer
Brett Fisk, Director of Facilities
Randy Pray, Corporate Purchasing Manager

INFORMATION TECHNOLOGY & OPERATIONS

Aaron Friot, Senior Vice President,
Chief Technology Officer
Susan Fox, Senior Vice President,
Chief Information Officer
Christina Sullivan, Director of Business
Information Systems
Robin Dumas, Electronic Banking Manager
Barbara Snyder, Loan Operations Manager
Paula Demo, Deposit Operations Manager

RISK MANAGEMENT

Paul Ward, Senior Vice President, Chief Risk Officer
Dennelle Michalski, Director of Risk Management
Timothy Miller, Director of Information Security
Daniel O'Connell, Director of Internal Audit
Larry Witter, Bank Secrecy Officer

COMMUNITY BANK COMMERCIAL BANKING

WESTERN REGION

James Rahill, Commercial Banking Team Leader
Richard Ferrari, Commercial Banking Officer

NORTHERN REGION

Nicholas Russell, Senior Vice President,
Commercial Banking Group Manager

SYRACUSE/ONEIDA REGION

Russell Sturtz, Commercial Banking Team Leader
Russell Brewer, Commercial Banking Team Leader

SOUTHERN REGION

Stephen Rich, Senior Vice President,
Commercial Banking Group Manager
D. James Vedora, Commercial Banking Team Leader

CENTRAL REGION

Jeffrey Lord, Senior Vice President,
Commercial Banking Group Manager

CAPITAL REGION

Jeffrey Levy, Senior Vice President,
Commercial Banking Group Manager
Ken Countermine, Commercial Banking Team Leader

PENNSYLVANIA REGION

Richard Kazmerick, Commercial Banking
Team Leader
Matthew Dougherty, Commercial Banking
Team Leader

NEW ENGLAND REGION

Bruce Bernier, Senior Vice President,
Commercial Banking Group Manager
Patrick Calecas, Commercial Banking Team Leader

WEALTH MANAGEMENT GROUP

Paul Restante, Managing Director

COMMUNITY INVESTMENT SERVICES, INC.

Theresa Kalil-Lennon, Senior Vice President,
Sales and Marketing Director
Scott Duggleby, Senior Vice President,
Regional Sales Manager
Chasity Jaynes, Senior Vice President,
Director of Operations

TRUST SERVICES

Catherine Koebelin, Senior Vice President,
Chief Trust Officer, Olean
Charles Perrillo, Senior Vice President,
Chief Trust Investment Officer,
South Burlington

NOTTINGHAM ADVISORS, LLC

100 Corporate Parkway, Suite 338, Amherst, NY
Thomas Quealy, Chief Executive Officer
Lawrence Whistler, President,
Chief Investment Officer

ONEGROUP

706 North Clinton Street, Syracuse, NY
Pierre Morrisseau, Chief Executive Officer
Chris Mason, President
Kevin Bryans, Chief Financial Officer

BENEFIT PLAN SERVICES

BPAS

6 Rhoads Drive, Utica, NY
Barry Kublin, Chief Executive Officer
Paul M. Neveu, President, BPAS, LLC
Linda S. Pritchard, Senior Vice President,
Recordkeeping Services
3401 Masons Mill Road, Suite 601,
Huntingdon Valley, PA
Mary Anne Geary, Senior Vice President,
DC Plan Services

BPAS ACTUARIAL AND PENSION SERVICES

706 North Clinton Street, Syracuse, NY
Vincent F. Spina, President
Steven P. Chase, Senior Vice President
Sarah E. Dam, Senior Vice President
60 East 42nd Street, Suite 1062, 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

BPAS TRUST COMPANY PUERTO RICO

VIG Tower, 1225 Ponce De Leon Ave, Suite 804
San Juan, PR

Alfredo Matheu, BPAS President, Puerto Rico

NORTHEAST RETIREMENT SERVICES, INC. (NRS)

12 Gill Street, Suite 2600, Woburn, MA
Chris Hulse, Chief Executive Officer
Arvind Kesireddy, Chief Operating Officer
Frank Lалos, Chief Business Officer
Christopher Ellis, Chief Financial Officer
Freddie Jacobs, Chief Risk Officer

BRANCH LOCATIONS

NORTHERN NEW YORK

Adams
Alexandria Bay
Ausable Forks
Black River
Boonville (Main St and Headwaters Plaza)
Canton
Champlain
Chateaugay
Clayton
Fort Covington
Gouverneur
Harrisville
Hermon
Heuvelton
Indian Lake
Lake Placid
Long Lake
Lowville (State St)
Lowville (Turin Rd)
Lyons Falls
Madrid
Malone (Elm St)
Malone (West Main St)
Massena
North Creek
Norwood
Ogdensburg (Ford St)
Ogdensburg (State St)
Old Forge
Plattsburgh (Margaret St)
Plattsburgh (Route 3)
Plattsburgh (Wal-Mart)
Potsdam (Market St)
Potsdam (May Rd)
Saranac Lake (Broadway)
Saranac Lake (Lake Flower)
St. Regis Falls
Star Lake
Ticonderoga
Tupper Lake
Waddington
Watertown (Arsenal St)
Watertown (Washington St)
West Carthage
Whitehall

SOUTHERN NEW YORK

Addison
Alfred
Allegany
Angelica
Avon
Bath
Belfast
Bolivar
Canandaigua
Cassadaga
Cato
Clifton Springs (Main St)
Clifton Springs (Clifton Plaza)
Clymer
Corning (West Market St)
Corning North
Cuba
Dansville
Dunkirk (Central Ave)
Dunkirk (Vineyard Dr)
Elmira
Erwin/Painted Post
Falconer
Fillmore
Franklinville
Geneseo
Geneva (Canandaigua Rd)
Geneva (Seneca St)
Gowanda
Hammondsport
Hornell

Horseheads (Consumer Square)
Houghton College
Interlaken
Ithaca
Jamestown (Brooklyn Square)
Jamestown (North Main St)
Lakewood
Livonia
Moravia
Mount Morris
Naples
Newark (Church St)
Newark Plaza
Nichols
North Collins
Olean (North Union St)
Olean (Delaware Park)
Orchard Park
Ovid
Owego
Palmyra
Penn Yan (Lake St)
Penn Yan (Main St)
Phelps
Portville (East State Rd)
Portville (North Main St)
Randolph
Ripley
Rushville
Salamanca
Seneca Falls
Sherman
Silver Creek
Springville (Cascade Dr)
Springville (North Buffalo St)
Waterloo
Watkins Glen
Wellsville (Bolivar Rd)
Wellsville (Main St)
Westfield
Woodhull
Yorkshire

CENTRAL NEW YORK

Albany
Amsterdam
Boiceville
Camden
Canajoharie
Canastota
Cazenovia
Chatam
Chittenango
Cicero
Cobleskill
Cooperstown (Main St)
Cooperstown (Otsego)
Delhi
Delmar
Dewitt
Downsville
East Greenbush
Fleischmanns
Fulton
Greenport
Hamilton
Hannibal
Johnson City
Johnstown
Kinderhook
Latham
Milford
Morris
Norwich (State Highway)
Norwich (Broad St)
Oneida (182 Main St)
Oneida (585 Main St)
Oneonta (Foxcare Center)
Oneonta (Main St)
Oneonta (Chestnut St)

Oneonta (Southside)
Oswego
Otego
Pulaski
Rome (Griffiss Park)
Rome (Turin Rd)
Schenevus
Sidney
Skaneateles
Valatie (Hannaford Shopping Plaza)
Vernon
Walton
Westmoreland

NEW ENGLAND

Barre
Bennington
Bradford
Brattleboro
Bristol
Burlington (College St)
Burlington (North Ave)
Enosburg
Essex Junction
Fair Haven
Hardwick
Hinesburg
Jericho
Johnston
Manchester
Northfield
Rutland (Green Mountain Plaza)
Rutland (Woodstock Ave)
South Burlington (Kennedy Dr)
South Burlington (Shelburne Rd)
South Burlington (Williston Rd)
South Hero
Springfield, VT
Springfield, MA
St. Albans
St. Johnsbury
Thetford
Vergennes
Waterbury
White River Junction
Wilmington
Winooski

PENNSYLVANIA

Carbondale
Clarks Summit
Daleville
Dickson City
Edwardsville
Freeland
Hazleton (Airport Rd)
Hazleton (South Church St)
Jermyn
Jessup
Kingston
Laceyville
Lansford
Lehighton
Little Meadows
Meshoppen
Montrose
Noxen/Bowman's Creek
Olyphant
Pittston
Scranton (Keyser Ave)
Scranton (Minooka)
Scranton (North Washington Ave)
Scranton (Wyoming Ave)
Towanda
Tunkhannock
Trucksville/Back Mountain
Wilkes Barre (North Franklin St)
Wilkes Barre (South Main St)
Wyalusing

INVESTOR OVERVIEW

INSTITUTIONAL OWNERSHIP SUMMARY

51.8

million shares outstanding

37.2

million shares held by institutions

72%

of shares outstanding

274

institutional holders

349

portfolio positions

TOTAL SHAREHOLDER RETURNS (ANNUALIZED)

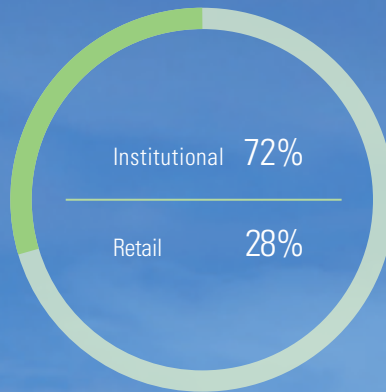
Through December 31, 2019, or most recent available, including reinvestment of dividends.

	1 YEAR	5 YEARS	10 YEARS	12 YEARS
CBU	13.2%	17.6%	15.8%	13.5%
S&P 600 Commercial Bank	1.8%	11.2%	11.7%	4.5%
KBW Regional Bank	3.4%	9.7%	10.0%	4.5%
S&P 500	21.7%	12.4%	14.0%	9.6%
DJIA	6.4%	13.2%	13.7%	9.7%

Source: Bloomberg

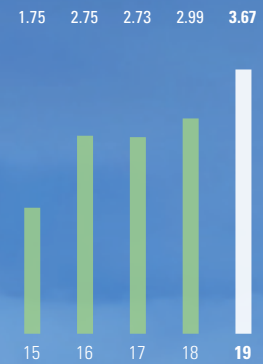
STOCK OWNERSHIP

At 12/31/19



MARKET CAP

\$ in billions at 12/31



Boldt Castle, Thousand Islands
NORTHERN NEW YORK

CORPORATE AND 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
cbna.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, 2020
11:00 am EST
Wolferts Roost Country Club
120 Van Rensselaer Boulevard
Albany, NY 12204

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:

AST
Operations Center
6201 15th Avenue
Brooklyn, NY 11219
astfinancial.com
General questions: 877.253.6847

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: cbna.com

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

Ms. Marguerite Geiss
Investor Relations Department
Community Bank System, Inc.
5790 Widewaters Parkway
DeWitt, NY 13214-1883
315.445.7313
marguerite.geiss@cbna.com

INDEPENDENT AUDITORS

The Board of Directors appointed PricewaterhouseCoopers, LLP as auditor for the company for the year ended December 31, 2019.

ANALYST COVERAGE

The following analysts published research about Community Bank System in 2019:

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

Boenning & Scattergood
Erik E. Zwick / 610.862.5322
ezwick@boenninginc.com

D.A. Davidson & Co.
Russell E. T. Gunther / 212.223.5403
rgunther@dadco.com

Hovde Group LLC
Joseph A. Fenech / 646.281.4946
jfenech@hovdegroupp.com

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

Piper Sandler
Alexander Twerdahl / 212.466.7916
alex.twerdahl@psc.com

Raymond James Financial Inc.
William J. Wallace IV / 703.749.1485
william.wallace@raymondjames.com

INVESTOR'S CHOICE PROGRAM

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

AST
Operations Center
6201 15th Avenue
Brooklyn, NY 11219
astfinancial.com
General questions: 877.253.6847

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. The Company undertakes no obligation to update or revise publicly any forward-looking statements.

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