

C B U

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S O L I D

S T R O N G

R E S I L I E N T



INVESTMENT CONSIDERATIONS: CBU CONSISTENT BUSINESS MODEL FOR OVER
 20 YEARS / EXCELLENT CORE DEPOSIT BASE / MARKET-LEADING BRANCH SYSTEM SERVING
 PREDOMINANTLY NON URBAN MARKETS / DISCIPLINED GROWTH THROUGH ORGANIC AND
 ACQUIRED OPPORTUNITIES / FOCUSED ON LOW RISK ACCRETIVE TRANSACTIONS / GOAL OF
 10% AVERAGE ANNUAL SHAREHOLDER RETURNS OVER TIME / FOCUSED ON PROFITABLE
 CUSTOMER RELATIONSHIPS / CASH DIVIDEND PAYMENT RAISED EVERY YEAR FOR
 THE PAST 28 YEARS, PROVIDING A MEANINGFUL DIVIDEND AND YIELD / SUCCESSFUL AND
 EFFECTIVE OPERATING STRATEGY / SOLID FUNDAMENTALS WITH STRONG ASSET
 QUALITY ON A CONSISTENT BASIS / FOCUS ON REVENUE DIVERSIFICATION, WHICH HAS
 DRIVEN NONINTEREST INCOME TO 38% OF REVENUE / NYSE-LISTED COMPANY WITH BOTH
 SIGNIFICANT INSTITUTIONAL OWNERSHIP AND SIGNIFICANT LIQUIDITY

TABLE OF CONTENTS

COMPANY AND BUSINESS PROFILE	1	BOARD OF DIRECTORS	21
LETTER TO SHAREHOLDERS	2	ADMINISTRATION	22
PERFORMANCE PROFILE	4	BRANCH LOCATIONS	23
OPERATIONS REVIEW	8	INVESTMENT PROFILE	24
EXECUTIVE MANAGEMENT	20	CORPORATE / SHAREHOLDER INFORMATION	25

COMPANY AND BUSINESS PROFILE

Community Bank System's principal business focus is building additional value into our diversified financial services enterprise through organic growth in core relationships, disciplined lending, selective and strategic acquisitions and a consistent approach to business regardless of economic conditions.

The Company provides a broad array of banking and other financial services to retail, commercial and municipal customers. We provide a comprehensive range of commercial and retail banking services from more than 230 full-service branches operating as Community Bank, N.A. throughout 42 counties in Upstate New York, six counties in Northeastern Pennsylvania, 12 counties in Vermont and one county in Western Massachusetts.

Wholly owned subsidiary Benefit Plans Administrative Services, Inc. is a national provider of retirement plans, benefit plans, fund administration, and collective investment trusts, which supports 3,800 retirement plans, over \$100 billion in trust assets, and more than 450,000 participants. Its wholly-owned subsidiary companies include:

Benefit Plans Administrative Services

RETIREMENT AND HEALTH/WELFARE PLAN ADMINISTRATIVE SERVICES

BPAS Actuarial & Pension Services

ACTUARIAL AND BENEFITS CONSULTING SERVICES

Northeast Retirement Services

INSTITUTIONAL TRANSFER AGENCY, FUND ADMINISTRATION AND RECORDKEEPING SERVICES

Global Trust Company

INSTITUTIONAL TRUST AND COLLECTIVE INVESTMENT FUND FIDUCIARY SERVICES

BPAS Trust Company of Puerto Rico

A PUERTO RICO TRUST COMPANY

Hand Benefits & Trust

COLLECTIVE INVESTMENT FUND ADMINISTRATION AND INSTITUTIONAL TRUST SERVICES

Community Bank offers a range of wealth management and insurance services which generated revenue in excess of \$60 million in 2020. These services are provided to customers either at Community Bank, N.A. branch locations or through wholly-owned subsidiary companies.

Community Investment Services

COMPREHENSIVE PLANNING AND INVESTMENT SERVICES

OneGroup Wealth Partners

INVESTMENT ADVISORY SERVICES

The Carta Group

PREMIER FEE-BASED COMPREHENSIVE FINANCIAL PLANNING

Community Bank Trust Services

TRUST ADMINISTRATION / INVESTMENT MANAGEMENT

Nottingham Advisors

ASSET MANAGEMENT SERVICES

OneGroup NY

PERSONAL AND COMMERCIAL LINES OF INSURANCE

2020 FINANCIAL SERVICES REVENUE \$161.6M

Employee Benefit Services

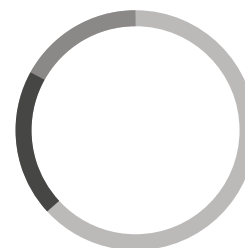
\$101.3 63%

Wealth Management

\$27.9 17%

Insurance

\$32.4 20%



COVID-19 RESPONSE PROVIDED MORE THAN 3,400 OR \$500 MILLION OF PAYCHECK PROTECTION PROGRAM ("PPP") LOANS DURING 2020 / THE COMPANY PROVIDED COVID-19-RELATED LOAN PAYMENT DEFERRALS FOR ITS CUSTOMERS DURING 2020, WITH BALANCES AT YEAR-END DECLINING TO \$66.5 MILLION, OR LESS THAN 1% OF TOTAL LOANS OUTSTANDING AT DECEMBER 31, 2020 / THE COMPANY IS PARTICIPATING IN THE 2021 ROUND OF PPP LENDING ALSO KNOWN AS THE "SECOND DRAW" PROGRAM

building on strength



TO OUR SHAREHOLDERS, CUSTOMERS AND EMPLOYEES:

The beginning of 2020 was not all that different from each year during the past decade — with a mix of challenges and opportunities that our team was prepared to take on. But then the world changed and our customers, employees and communities were impacted in ways not previously imagined. The COVID-19 worldwide pandemic, which essentially stopped the economy in its tracks, was unprecedented, hit quickly, and required that individuals, businesses and financial institutions develop responses in real time. Community Bank System rose to meet those challenges, relying on its solid strategic planning, strong financial position and resilient business model to become a source of strength for our customers, communities and shareholders.

S O L I D

We responded to the economic challenges of 2020 in a manner that was not unlike the approach we successfully used to respond to the economic headwinds of the Great Recession in 2008. We continued to work closely with customers to understand

their individual situations and we supported both customers and the communities within our service area by being an in-footprint lender during a challenging time. Our disciplined approach to business didn't change, nor did our commitment. We were a solid and reliable partner to our customers and communities and, just as they expected us to be, were there for them when the going got tough.

We participated in both rounds of the 2020 Coronavirus Aid, Relief, and Security Act ("CARES Act") Paycheck Protection Program ("PPP"), a low-interest loan program administered by the U.S. Small Business Administration ("SBA"). An important feature of this program is that the SBA may forgive all or a portion of the loan amount if the borrower meets certain conditions. Clearly, this program provided a critical lifeline to small businesses that struggled because of the pandemic and we were proud to respond quickly to help existing and new customers access this important funding. As of December 31, 2020, the Company's business lending portfolio included more than

3,400 PPP loans with a total balance of \$470.7 million.

We are also participating in the 2021 round of the PPP, as it's clear that the economic disruption has not yet passed.

Consistently supporting the local communities that we serve is not only the right thing to do, it's also a good business practice. This approach drives our business and is the reason 2020 was another strong financial performance characterized by growth, strong bottom line results, continued solid asset quality metrics, and a very strong yearend balance sheet.

Our team generated strong earnings results for 2020, with net income of \$164.7 million compared to \$169.1 million for 2019, despite the impact of a difficult credit environment and pressure on margins. These results also reflect significant growth in earning assets due to unprecedented levels of Federal stimulus, our consistently strong asset quality leading into the pandemic, an excellent core deposit base, and our diversified revenue streams. The strength of our nonbanking businesses became increasingly evident as the pandemic ran its course during 2020, with total revenues from these businesses increasing \$6.4 million, or 4.1%, from \$155.2 million in 2019 to \$161.6 million in 2020.

We successfully completed our acquisition of Steuben Trust during the second quarter of the year, strengthening our Western New York service footprint. The conversion and integration have gone nearly flawlessly and we've been very pleased by the positive reaction of Steuben's customers, with very strong loan and deposit retention. This was a solid in-market transaction that further enhanced one of our key regions, along with providing suburban locations near Buffalo and Rochester, two markets we believe offer longer-term potential. As has been the case with all of our bank acquisitions, this transaction was immediately accretive to earnings and contributed meaningfully to our balance sheet growth during the year.

Along with producing strong financial results for 2020, we had a highly productive year from an operational perspective. We significantly improved our online customer interface by developing and implementing several new digital products and platforms. We took action to improve the overall efficiency of our branch network by consolidating 13 locations in localities that provided convenient alternative Community Bank locations for our current and prospective customers. We also conducted a detailed review of our vendor relationships and successfully

204 OUR 10-YEAR CUMULATIVE
TOTAL RETURN TO
SHAREHOLDERS OF 204%
(11.8% ANNUALIZED)
THROUGH DECEMBER 31, 2020 COMPARES
FAVORABLY TO THE KBW REGIONAL BANKING
INDEX RETURN OF 125% (8.5% ANNUALIZED).

restructured a number of service agreements — primarily related to technology — productively realizing more favorable terms and cost structures. We remain focused on evaluating each and every expense line item to determine how to better capture efficiencies and reduce cost.

S T R O N G

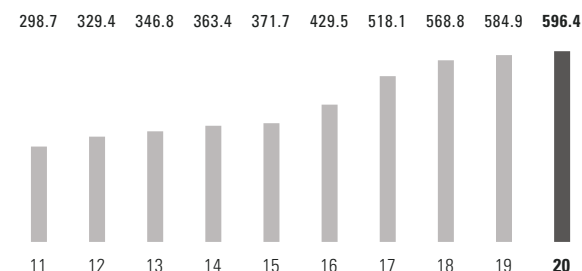
Our balance sheet growth in 2020 was very strong, with total assets increasing by \$2.52 billion, or 22.1%, to \$13.93 billion at December 31, 2020. This substantial growth was largely a result of significant inflows of government stimulus-related deposit funding, along with the successful completion of the Steuben Trust acquisition in the second quarter of 2020. Average earning assets also grew substantially over the prior year, increasing \$2.28 billion, or 22.7%, to \$12.31 billion in the fourth quarter of 2020, compared to the prior year period. The growth was primarily driven by an increase in average total investment securities of \$1.11 billion, or 41.4%, along with an increase in average cash equivalents of \$574.4 million from fourth quarter 2019.

Total deposits of \$11.22 billion at yearend increased \$2.23 billion, or 24.8%, compared to December 31, 2019. The growth in deposits was due to an \$895.9 million increase in noninterest-bearing deposits and a \$1.34 billion increase in non-maturity checking and savings accounts. The increase in deposits was due in large measure to the retention of a significant portion of Federal stimulus-related funds received by customers, and to a lesser extent, completion of the Steuben acquisition.

PERFORMANCE PROFILE

TOTAL REVENUE¹

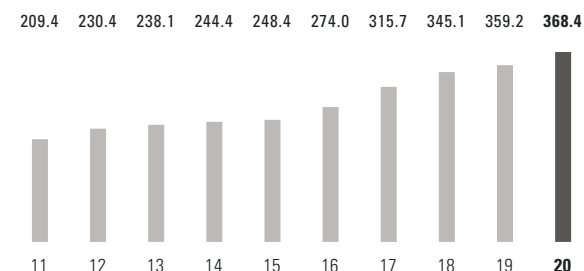
\$ IN MILLIONS



10-YEAR CAGR = 8.2%

NET INTEREST INCOME

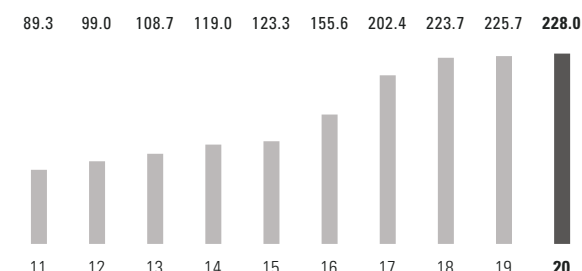
\$ IN MILLIONS



10-YEAR CAGR = 7.3%

NONINTEREST INCOME¹

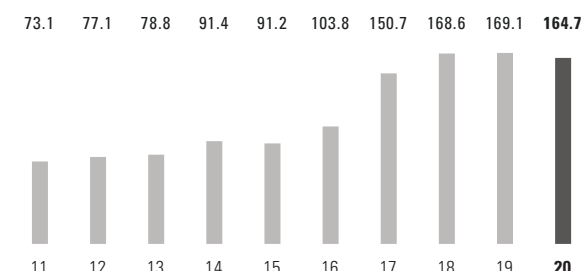
\$ IN MILLIONS



10-YEAR CAGR = 9.9%

NET INCOME

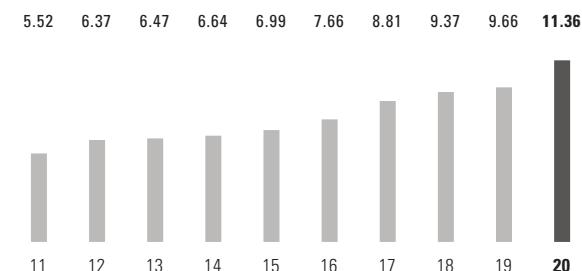
\$ IN MILLIONS



10-YEAR CAGR = 10.0%

INTEREST-EARNING ASSETS

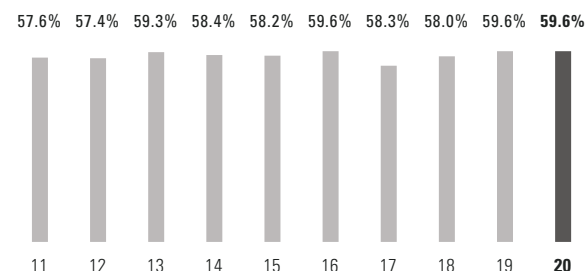
\$ IN BILLIONS



10-YEAR CAGR = 8.8%

EFFICIENCY RATIO²

AT 12/31



¹ Excluding gains/(losses) on securities and debt extinguishment

² Efficiency ratio provides a ratio of operating expenses to operating income. Operating expenses are total noninterest expenses excluding acquisition expenses, litigation accrual, and amortization of intangible assets. Operating income is net interest income on a fully tax-equivalent basis excluding acquired non-impaired loan accretion plus noninterest revenues excluding insurance-related recoveries, net gain on sale of investment securities, unrealized gain/loss on equity securities, and gain/loss on debt extinguishment. The efficiency ratio is not a financial measurement required by accounting principles generally accepted in the United States of America. However, the efficiency ratio is used by management in its assessment of financial performance specifically as it relates to noninterest expense control.

We continuously manage our businesses to ensure that the Company has a strong balance sheet and, we are pleased to be able to say that the financial strength of your Company remains extremely solid. Our capital levels are strong, with each of the Company's regulatory capital ratios significantly exceeding well-capitalized standards at December 31, 2020. The tier 1 leverage ratio, a common measure to evaluate a financial institution's capital strength, was 10.16% at December 31, 2020, which is more than two times the regulatory well-capitalized standard of 5.0%. This ratio is down modestly compared to 10.80% at the end of the fourth quarter of 2019, reflecting the significant asset growth generated during the year.

Strong and stable asset quality metrics have been a consistent feature of our loan portfolio, and that remains true today. Amid the ongoing pandemic, we have continued to take prudent action to limit any potential deterioration to our loan portfolio. Along with working closely with customers to stay on top of their individual situations, we recorded higher-than-normal provisions for credit losses earlier in 2020 to strengthen reserves in light of the uncertainty around the severity and duration of the COVID-19 disruption. At December 31, 2020, nonperforming loans were \$76.9 million, or 1.04%, of total loans outstanding, compared to \$24.3 million, or 0.35%, at the end of 2019. The increase reflects the reclassification of several commercial loans in the hardest hit industries from accruing to nonaccrual status in fourth quarter 2020. Net charge-offs for 2020 were a very manageable \$5.0 million, or 0.07% of average loans

28 OUR 28 CONSECUTIVE YEARS OF INCREASED CASH DIVIDENDS IS 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.

outstanding, compared with \$7.8 million, or 0.12%, for 2019.

While considerable uncertainty remains surrounding the potential for business disruption in 2021, we believe that the actions taken in the past year leave the Company solidly positioned to continue its strong performance in 2021.

For the past 12 years *Forbes*[®] has analyzed data related to the growth, credit quality and profitability of the 100 largest publicly-traded banks and thrifts by asset size. Launched in 2009, as the financial industry sought to recover from the Great Recession, this analysis evaluates a variety of financial metrics related to capital strength, performance and asset quality — all measures that are important to the sustainability of a company's growth and profitability track. Each year since then, Community Bank System's formidable size and successful performance have placed it near the top of the annual ranking. This year was no different, as we earned the 7th best overall ranking from *Forbes*[®]. While ranking at or near the top of *Forbes*[®] analysis for any period is notable, to be there year after year speaks to the quality of our Company and is a reflection of how we manage our business.

We were also pleased that our exceptional 20-year total shareholder return earned us a position among the top 20 performance powerhouses in the *Bank Director 2021 RankingBanking* analysis sponsored by Crowe LLP. Using data for a five-year period, the study seeks to identify the strengths of banks that have built enviable value for shareholders — and awarded Community Bank the added distinction of having the top retail strategy. The study credits our long-standing core deposit gathering strategy's contributions to the low cost of funds we have been able to attain. This provides a significant distinction and differentiation for our balance sheet in relation to peers, with more than 70% of deposits in low-cost and loyal checking and savings accounts. In addition, our ranking also reflected our strong retail focus, as well as upgrades to our digital platform. Many of these enhancements took place prior to the pandemic, including upgrades to our digital marketing capabilities and customer-facing technology that created robust, consumer friendly, and easy to use platforms. Our improved mobile experience has earned positive feedback from customers, based on app store ratings and reviews. Beyond our retail strategy, the Company also earned top-five rankings in the *RankingBanking* study for our attributes as an employer, as well as for our credit risk strategy.

2020 PERFORMANCE HIGHLIGHTS GAAP EARNINGS OF \$3.08 PER SHARE AND NET INCOME OF \$164.7 MILLION / OPERATING DILUTED EARNINGS OF \$3.24 PER SHARE / TOTAL REVENUE OF \$596.4 MILLION / NONINTEREST REVENUES REPRESENTED 38.2% OF OPERATING REVENUES / CORE NON-TIME DEPOSITS OF \$10.3 BILLION MAKE UP 91.7% OF TOTAL DEPOSITS / TOTAL COST OF DEPOSITS FOR 2020 OF 0.16% / CONTINUATION OF STRONG ASSET QUALITY METRICS, WITH ANNUALIZED NET CHARGE-OFFS OF 0.07% / CASH DIVIDEND RAISED FOR THE 28TH CONSECUTIVE YEAR TO AN ANNUALIZED \$1.68

RESILIENT

The combination of strong and consistent earnings growth and stable and favorable asset quality metrics has enabled the Company to build and maintain very strong levels of capital. Capital that positions Community Bank System to navigate a challenging operating environment, as well as pursue organic and acquisition growth opportunities consistent with our long-term strategies. Importantly, it also enables the payment of a meaningful cash dividend on our common stock.

We have assembled a large community banking franchise in lower-growth markets that offer limited organic growth opportunities, and instituted an effective and efficient operating model consistent with these characteristics. Therefore, to achieve the level of growth we target to provide our shareholders a double-digit return over time, we have historically executed high-value acquisitions that expand or strengthen our footprint and which provide additional operating efficiencies. During the last 10 years we have been an active and effective acquirer and we have developed this process into a core competency. The seven bank transactions we completed during this time enabled us to grow exponentially from total assets of \$5.44 billion at the end of 2010 to our current size of \$13.93 billion at yearend.

We never stop searching for or evaluating high-value acquisition opportunities which will benefit our shareholders, whether it's in the banking space or in complementary financial service areas. Sufficient opportunities exist within our targeted markets that we are not tempted by opportunities which take us afield from our disciplined operating model. In addition, it is our belief based on the many of the institutions that we have conversations with, that Community Bank System is considered a preferred acquirer, given our corporate culture, the opportunities provided for employees, and our history of providing significant long-term returns to acquired shareholders.

While COVID-19 made 2020 a challenging year to pursue new acquisition opportunities, it is our hope that with vaccine distribution ramping up, we will be able to once again begin evaluating opportunities to strengthen or expand our current banking service footprint or enhance our financial services offerings.

In November 2020, we announced the election of Susan E. Skerritt to our Board of Directors as a new independent director. Ms. Skerritt brings extensive experience in banking and financial services, having served in leadership positions at premier banking institutions, including Deutsche Bank, Bank of New York Mellon, and RBC U.S. Group Holdings LLC. She currently serves as a

EARNINGS PER SHARE

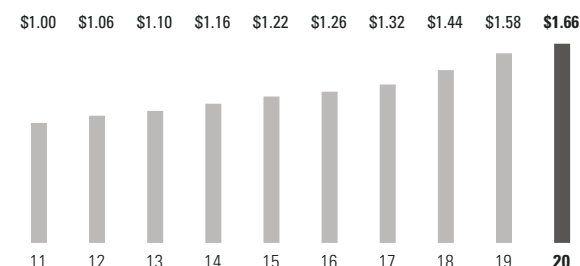
DILUTED



10-YEAR CAGR = 5.0%

DIVIDEND GROWTH

DECLARED



10-YEAR CAGR = 5.9%

Senior Advisor with Promontory Financial Group, an IBM company that provides consulting services to financial institutions on regulatory, governance, and risk management matters. Our Board has determined that Ms. Skerritt is a qualified financial expert and she will serve on the Board's Audit and Compliance Committee and its Risk Committee.

In addition, at the end of 2020, Michael R. Kallet retired from the Board of Directors due to the Company's mandatory retirement age requirements. Mr. Kallet joined the Board of Directors in 2015 in connection with the Oneida Financial Corp. merger where he previously served as Chairman and CEO. He most recently served as a member of the Company's Risk Committee and Chair of the Trust and Financial Services Committee. We will miss Mr. Kallet's 40 years of experience in the banking industry and wish him well in his retirement. The Company's Board now stands at 12 Directors, 11 of whom are independent.

Our Board of Directors approved a stock repurchase program in December that authorized the repurchase of up to approximately 2.7 million shares of the Company's common stock during a twelve-month period beginning January 1, 2021. Repurchases may be made at the discretion of senior management depending on market conditions and other relevant factors.

The Board also elected to increase the quarterly cash dividend by 2.4% to \$0.42 per share during the third quarter of 2020. This marks the 28th consecutive annual increase to the Company's cash dividend, a record which maintains our inclusion as a member of the Dividend Aristocrats Index. Based on the December 31, 2020 closing price of \$62.31 for Community Bank System common stock, the cash dividend represents an annualized yield of 2.7%.

We began 2021 well positioned for any business environment, with a strong balance sheet, very high levels of capital and liquidity, a history of strong credit performance and diversified revenue streams from our financial services businesses that will help to mitigate potential margin compression. The COVID-19-related economic and credit challenges that surfaced in 2020 will likely influence results through at least the early part of 2021; however, we believe that the strength and resiliency of our business model will drive solid results for the year. Our focus will remain on effectively countering ongoing margin pressure, driving organic performance, and continuing to grow and invest in our nonbanking businesses. We'll continue to invest in enhancements to our digital service platform, analyze the efficiency of our existing service footprint, and evaluate strategic acquisition opportunities with the potential to create additional value for our shareholders. We appreciate your continued interest in Community Bank System and we look forward to discussing our progress throughout 2021.

Sally A. Steele Chairman of the Board

Mark E. Tryniski President and Chief Executive Officer



LEADERSHIP IN TARGETED MARKETS

As a community bank more than 150 years old, our success reflects our long-term strategy to put customers first throughout the more non-urban markets we serve in the Northeast United States.

LEADERSHIP IN TARGETED MARKETS



WELL-DEFINED NORTHEAST MARKETS Community Bank System's success reflects a consistent strategy followed for more than 20 years, investing in and growing a market-leading branch system which serves predominantly non-urban markets. We continuously expand our service area by locating and successfully executing high-value acquisitions with banks in similar markets that share our service philosophy. Using acquisitions to expand and strengthen our market position has been a core operating strategy that we have utilized since the 1990s. Our banking service footprint has been enhanced and expanded through seven successful acquisitions since 2011.

Our growth and consistent performance are driven by our ability to attract and retain customer relationships, with an ongoing focus on growing core (non-time) deposits through proactive marketing efforts, competitive product offerings and exemplary customer service. We rank first or second in deposit market share in 65% of the communities where we have retail locations. In 2020, we gained deposit market share in several counties in New York State, reflecting the addition of both the Kinderhook and Steuben acquisitions, as well as strong organic deposit gathering efforts.

The Kinderhook acquisition, completed in July 2019, expanded our banking service area east into the Capital District of New York, and the acquisition of Steuben Trust Company in June 2020 strengthened our profile in the western part of New York's Southern Tier. Both transactions productively utilized the Company's strong and expanding capital position, and importantly, were immediately accretive to operating earnings per share.

SUPPORTING OUR CUSTOMERS Community Bank has supported our customers and communities through every environment; never have we faced a more challenging period or has that support been more important, than in 2020. We were an active participant in both rounds of the Coronavirus Aid, Relief, and Security Act ("CARES Act"), a specialized low-interest loan program funded by the U.S. Treasury Department and administered by the U.S. Small Business Administration ("SBA"). At its highest point the Bank's business lending portfolio included 3,473 Paycheck Protection Program ("PPP") loans with a total balance of \$507.2 million. At year end, the business lending portfolio still had 3,417 PPP loans with a total balance of \$471 million.

For borrowers that meet certain conditions established by the SBA, all or a portion of the loan amount may be forgiven. In late September, we opened a loan forgiveness customer portal and we continue to assist the Company's PPP borrowers, a substantial majority of which are submitting forgiveness requests. This process is expected to continue through much of 2021. Despite the ongoing economic challenges, our asset quality metrics remain very strong, reflecting conservative underwriting and the relative stability of the local economies of our predominantly non-urban service areas. However, we continue to closely monitor the changing market conditions and remain very focused on asset quality and the mitigation of potential credit loss.

AT YEAR END, THE BUSINESS LENDING PORTFOLIO STILL HAD 3,417 PPP LOANS WITH A TOTAL BALANCE OF \$471 MILLION.

LEADERSHIP IN TARGETED MARKETS



MARKET-LEADING PRESENCE Our consistent record of strong performance reflects the commitment of our employees to serving the financial needs of our customers and communities regardless of the economic environment. We have maintained our profile as an in-footprint lender in good economic times and during challenging periods, such as the recession of 2008 and throughout the COVID-19 impacts of 2020. This commitment to showing up when our communities are facing challenges has enabled Community Bank to earn, grow and retain profitable customer relationships. The importance of strong customer relationships is illustrated by our success at attracting and retaining lower-cost core account relationships, which works to keep our overall funding costs well below the average of our peers.

Leadership Strategy

- Satisfying our customers with full range of financial services
- Responsive, local decision-making and customer support
- Commitment to serving the financial needs of customers within our local community
- Always an in-footprint lender to customers we know, in the communities we serve

As we have expanded out from our original markets in the Southern Tier and North Country of Upstate New York, the Bank has maintained a consistent approach to building and supporting its leadership position within a service area that now covers four states. We provide a full range of financial services including traditional banking products, wealth management and insurance products, as well as benefit planning and consulting. With the strength of approximately \$14 billion in assets, and the reach of more than 230 banking locations, Community Bank has the capabilities associated with a regional bank, while it maintains the service approach of a neighborhood bank.

10 WE CONTINUE TO RANK AMONG THE TOP-10 MID-ATLANTIC BANKS FOR CUSTOMER SATISFACTION IN THE J.D. POWER 2020 U.S. RETAIL BANKING SATISFACTION STUDY.SM



CONSISTENT AND EFFECTIVE EXECUTION

The consistent and effective execution of our strategy has resulted in the steady expansion of our banking and financial services businesses through both organic and acquired means and contributed to our sound asset quality metrics.

CONSISTENT AND EFFECTIVE EXECUTION



BEST RETAIL STRATEGY Community Bank System was lauded for having the nation's "Best Retail Strategy" by the *Bank Director*® 2021 *RankingBanking* study (sponsored by Crowe LLP), which endeavors to identify the industry's performance powerhouses by analyzing the "strategic strengths of banks that have built enviable value for shareholders." The data spans a five-year period from December 2014 to December 2019 and considers a variety of categories which are all components of a well-rounded bank. Overall, Community Bank System ranked in 10th place and, importantly, ranked in the top five for its attributes as an employer and its strategy around credit risk.

It's no accident that our retail banking strategy was the top-ranked in this analysis. It's the result of a consistent strategy adopted by the Bank 15 years ago, with a focus on gathering core checking and savings deposits. These deposits are low-cost, stable and represent approximately 70% of the our \$11.22 billion in deposits at 2020 yearend. This consistent and highly effective strategy has contributed to the Bank's very low cost of funds, a significant differentiation from the vast majority of industry peers.

1 SELECTED FOR HAVING THE
BEST RETAIL BANKING STRATEGY
FOR 2021 BY THE *BANK DIRECTOR*®
RANKING BANKING STUDY.

OUR ASSET QUALITY METRICS REMAINED VERY STRONG IN 2020, REFLECTING DISCIPLINED AND CONSISTENT UNDERWRITING STANDARDS, COMBINED WITH A DEEP UNDERSTANDING OF OUR MARKETS AND CUSTOMER BASE.

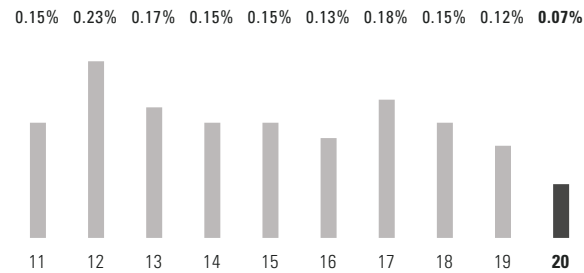
PRUDENT RISK MANAGEMENT The COVID-19 impact on business activity and personal finances made 2020 the year that tested the ability of every bank to execute on its business plan. With no clear end to the pandemic in sight, we fully expect to face strong industry headwinds in 2021, particularly in relation to asset quality and net interest margin. While all banks will face these challenges, we believe our Company remains well-prepared to withstand their potential impacts. We continue to maintain very high levels of capital and liquidity, benefit from diversified revenue streams from our nonbanking businesses, have an exceptional core deposit base, and consistently enjoy strong credit performance. Despite the expectation that COVID-19-related delinquencies will increase in 2021, we believe that our conservative underwriting and non-urban, slower growth footprint will enable us to outperform our peers much as we did during the 2008 financial crisis. This consistent and effective approach has contributed to our being named one of the nation's best large banks in each of the last 12 years, in the annual *Forbes*® analysis of America's 100 largest financial institutions.

CONSISTENT AND EFFECTIVE EXECUTION



NET CHARGE-OFFS / AVERAGE LOANS

AT 12/31



WE CONTINUE TO LOOK FOR HIGH-VALUE STRATEGIC OPPORTUNITIES THAT EXPAND OUR FOOTPRINT, DRIVE INCREASED REVENUE, ELEVATE OUR COMPETITIVE POSTURE, AND ACCOMPLISH THESE GOALS WITH A LIMITED RISK PROFILE.

EXPERIENCED ACQUIRER Our strategy for growth and increased valuation has always leveraged higher-value merger and acquisition opportunities to supplement organic growth and support the 10% total shareholder return that we target over time. It also reflects our goal of diversifying sources of revenue and increasing fee income to reduce dependence on net interest margin to drive profitability. Our ability to identify the right opportunities and to successfully integrate these organizations into the Company has become a core competency.

From 2011 through the end of 2020, CBU completed seven separate branch or whole bank acquisitions. These transactions added scale to existing markets, significantly expanded our Upstate New York service area, and introduced Community Bank N.A. to customers in two additional states. The Kinderhook acquisition in 2019 extended our service area to the eastern border of New York State in the region around the state capital. The 2020 Steuben Trust transaction elevated an already strong market position in New York's Southern Tier and provided suburban service locations near Buffalo and Rochester.

Consistent with our stated intention to significantly increase fee income and moderate the importance of net interest margin, we have been an active acquirer of financial services businesses during the last 10 years. Four separate transactions during that time have added significant scale to our comprehensive employee benefits business, eight transactions added to our wealth management services business, and five additional acquisitions expanded our insurance services business.



A SOLID FINANCIAL FOUNDATION

Community Bank System's strong financial foundation enables us to provide exceptional service to our customers and the communities we serve, while achieving long-term value creation for our shareholders.

A SOLID FINANCIAL FOUNDATION



STRONG AND SOUND As the world and our nation navigates the challenges of a pandemic and the related economic impacts, never has the strength and soundness of your Company, nor the opportunity for us to capitalize on that strength across our markets, been greater. We utilized that strength and soundness to successfully navigate the Great Recession in 2008, and we're confident that Community Bank is strongly positioned to weather the remainder of the COVID-19 period.

The Company's performance in 2020, along with our overall financial strength throughout the year, reflects the disciplined approach to business that we're known for year-after-year. *Forbes*® has produced an analysis of the 100 largest publicly traded financial institutions for more than a decade, ranking this group of large banks through a review that considers operating performance, capital strength and asset quality. Community Bank System has placed near the top of this group every year, reflecting our record of consistent performance, high levels of capital and favorable asset quality metrics. In the 2021 ranking we were named 7th best among the country's largest publicly-traded banks and thrifts, marking the 10th time that Community Bank has ranked among the top 10 in the 12 years that *Forbes*® has produced this analysis.

7 CBU WAS RANKED 7TH BEST FOR 2021 IN AN ANALYSIS OF AMERICA'S BEST BANKS BY *FORBES*® MAGAZINE.

TOTAL SHAREHOLDER RETURNS (ANNUALIZED)

THROUGH DECEMBER 31, 2020, INCLUDING REINVESTMENT OF DIVIDENDS

	1 YEAR	5 YEARS	10 YEARS	15 YEARS
CBU	(9.6%)	12.1%	11.8%	10.7%
S&P 600 Commercial Bank Index	(12.0%)	6.2%	10.0%	2.1%
KBW Regional Bank Index	(8.7%)	5.7%	8.5%	2.6%

Source: Bloomberg

DELIVERING SHAREHOLDER VALUE Consistent strong operating performance tends to support consistent strong shareholder returns. We have established a record of delivering exceptional long-term return on investment to our shareholders. Returns driven by strong performance, along with a substantial dividend that has been increased every year for the last 28 years. Our record of consecutive increases to the dividend is unique within our industry and the growth of our dividend payout — a compound annual growth rate of 5.9% since 2010 — is a clear indication of our commitment to this element of the Company's valuation.

At December 31, 2020, all the Company's regulatory capital ratios significantly exceeded well-capitalized standards. This is not something new or unique, as evidenced by our high rankings in the *Forbes*® analysis over the past decade, which clearly values a strong balance sheet. Historically strong earnings performance, diversified streams of revenue and prudent dividend practices, have built strong capital reserves that consistently position the Company to pursue appropriate acquisition opportunities.

A SOLID FINANCIAL FOUNDATION



STRONG CAPITAL AND LIQUIDITY Having a leading market share within our service areas is a significant advantage that we have worked hard to attain and work equally hard to maintain. The combination of strong market share and the demographics of our service area provides Community Bank with a highly attractive funding base comprised of low-cost core deposits. At December 31, 2020, our checking and savings account balances represented over 70% of the company's total deposit base, which provided the Company with average deposit funding cost of 16 basis points during 2020, a level well below the industry average. With an abundance of low-cost liquid resources, we are always extremely well positioned to fund loan growth opportunities wherever they occur within our service area.

5 AT YEAR-END, CBU HAD MORE THAN \$5 BILLION OF LIQUIDITY AVAILABLE AND ITS REGULATORY CAPITAL RATIOS SIGNIFICANTLY EXCEED ALL WELL-CAPITALIZED STANDARDS, PUTTING THE COMPANY IN A STRONG POSITION IN 2021.

SELECTED FINANCIAL HIGHLIGHTS

Income Statement IN MILLIONS	2020	2010	CAGR (10-YEAR)
Net interest income	\$ 368.4	\$ 181.7	7.3%
Noninterest income	228.4	88.8	9.9%
Total revenue ¹	596.4	270.5	8.2%
Operating expenses	376.5	176.9	7.8%
Net income	\$ 164.7	\$ 63.3	10.0%
Net interest margin	3.28%	4.04%	N/A

Per Share Data (Diluted)

Diluted earnings per share	\$ 3.08	\$ 1.89	5.0%
Operating earnings per share	3.24	1.95	5.2%
Cash dividends declared	1.66	0.94	5.9%
Book value	39.26	18.23	8.0%
Tangible book value ²	\$ 24.29	\$ 9.49	9.9%

Balance Sheet Data

END OF PERIOD, IN MILLIONS

Assets	\$ 13,931	\$ 5,445	9.9%
Loans	7,416	3,026	9.4%
Deposits	11,225	3,934	11.1%
Shareholders' equity	\$ 2,104	\$ 607	13.2%

¹ Excluding gains/losses on securities and debt extinguishment

² Excludes goodwill and identifiable intangible assets, adjusted for deferred tax liabilities generated from tax deductible goodwill and other intangible assets

Access to appropriately priced deposits is an important consideration when we look to expand the Community Bank branch footprint. This was the case with the 2020 acquisition of Steuben Trust, which added 11 additional full-service offices to our current network and more than half a billion dollars in deposits.

With strong capital and liquidity levels we were able to offer strong support to our customer base and help them to navigate the tough operating environment of 2020.

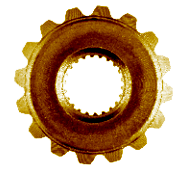
With liquidity in excess of \$5 billion at December 31, 2020, Community Bank will also be able to continue supporting our communities and the expected challenges of 2021.



STRENGTH FROM DIVERSIFICATION

Growing noninterest revenues through the generation of banking-related fee income and meaningful contributions from our financial services subsidiaries remains a core operating objective.

STRENGTH FROM DIVERSIFICATION



FINANCIAL SERVICES EXPANSION Our commitment to building a strong source of fee income, both related to our banking and to non-bank financial services, is not a new phenomenon. We have been an active acquirer of financial services businesses since 1996, starting with our acquisition of Benefit Plans Administrators. Since then we have been a strategic and opportunistic acquirer, adding 17 companies with a wide range of capabilities such as investment advisory, trust services, insurance, HR consulting, financial planning, benefits consulting and actuarial services. A unique element of our financial services businesses is the opportunity for revenue generation outside of our retail banking service footprint and around our traditional markets. We continue to be disciplined about growing this group of businesses, both organically and through high-value merger and acquisition opportunities, as a strong complement to our banking growth strategy.

An important advantage of our investment in this range of financial service businesses is the stable source of revenue that remains less affected by the variability of interest rate movements. It also offers the Company a non-capital intensive option for driving revenue growth that has expanded by 146% in just five years. Total revenues from our financial services businesses were \$161.6 million in 2020, an increase of \$96 million from 2015, and made up 27% of total revenue last year, up from 18% five years ago. Financial services revenue has been an important component in total revenue growth during the last 10 years, with compound annual growth rate of 15.2% through December 31, 2020.

BUILDING SCALE FOR BPAS We use the same strategy we have always employed to build scale in our financial services businesses — disciplined investment in both organic growth and through high-value M&A opportunities. This approach has assembled a \$100 million a year employee benefits business (BPAS) with a broad range of capabilities. During the last 10 years we have completed four acquisitions which significantly grew our employee benefits customer base, expanded our service area and added complementary service offerings.

Our 2011 acquisition of CAI Benefits, a New York City and Northern New Jersey provider, added scale in retirement plan administration, actuarial, flex and benefit consulting services. The EBS-RMSCO, Inc. professional services practice was added in 2014, providing actuarial valuation and consulting services to clients who sponsor pension and post-retirement medical and welfare plans. In 2017, the Company completed the acquisition of Northeast Retirement Services, Inc., and its subsidiary, Global Trust Company, Inc., located in Woburn, Massachusetts, a leading provider of plan accounting, transfer agency, fund administration, trust and retirement plan services. BPAS' most recent transaction took place in 2018, with the acquisition of HR Consultants (SA), LLC, in Puerto Rico, expanding the Company's existing profile in a market where we have had a long-term presence.

Our range of benefit plan capabilities work well together and the scale that we've assembled make us competitive for most opportunities. We believe this business has good long-term growth potential and we continue to look for appropriate opportunities to strengthen or expand the related service capabilities.

STRENGTH FROM DIVERSIFICATION



38 APPROXIMATELY 38% OF OUR REVENUE IS DERIVED FROM NON-INTEREST SOURCES, WITH NEARLY HALF OF THAT ATTRIBUTABLE TO OUR BENEFITS ADMINISTRATION AND WEALTH MANAGEMENT AND INSURANCE BUSINESSES.

WEALTH MANAGEMENT AND INSURANCE

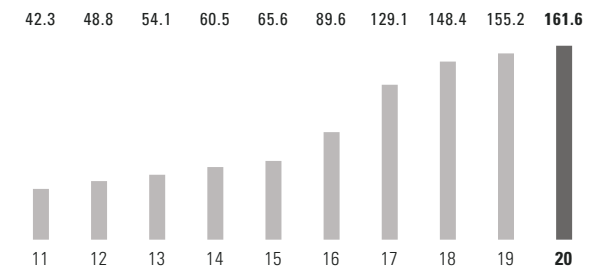
Adding wealth management and insurance services to the Bank's product offering enabled our associates to offer holistic financial solutions to customers, as well as broaden and strengthen the banking relationship. The process of building this capability began in 1999 when we formed an in-house broker-dealer subsidiary as a complement to existing trust capabilities, and acquired Nottingham Advisors, a nationally recognized investment advisory firm based in Buffalo, New York. The Nottingham Advisors transaction was reflective of our preference of acquiring high-quality existing practices to build scale and expertise. Additional scale was attained by adding the trust departments from our Wilber acquisition in 2011, our Oneida acquisition in 2015, our Merchants acquisition in 2017 and our Steuben Trust acquisition in 2020. The Company also made four additional "bolt-on" acquisitions of financial planning practices from 2017 to 2019 in Northeast Pennsylvania and the Northern and Central regions of New York State.

As a result of acquisition activity and organic growth, the scale of the Company's wealth management activities has grown to \$7.7 billion in assets under management or administration.

Insurance products, which were added as a service option in 1998, began to build scale with the addition of CBNA Insurance Agency, Inc. in 2007, which we gained as part of the TLNB Financial acquisition. In 2015 we added additional scale with OneGroup, acquired as part of the Oneida Financial acquisition. OneGroup was combined with CBNA Insurance and currently represents many leading insurance companies that offer personal and commercial lines of insurance and other risk management products and services. We have continued to build our insurance presence with additional acquisitions of independent agencies in Upstate New York in 2016, 2017 and 2018, and in Northeastern Pennsylvania in 2017. As a result of organic growth initiatives and acquisition activity, our wealth management and insurance revenue has grown 198% in the last five years to \$60.3 million in 2020.

FINANCIAL SERVICES REVENUE

\$ IN MILLIONS



10-YEAR CAGR = 15.2%

5 WEALTH MANAGEMENT AND INSURANCE REVENUE HAS NEARLY TRIPLED IN JUST FIVE YEARS THROUGH A COMBINATION OF ORGANIC AND ACQUIRED GROWTH.

EXECUTIVE MANAGEMENT



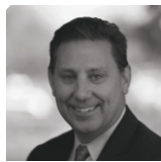
Mark E. Tryniski
PRESIDENT AND CHIEF EXECUTIVE OFFICER

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



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 BANKING OFFICER

Joined CBU 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 its acquisition of The Wilber Corporation, where he held several roles, including CFO.

COMMUNITY BANK, N.A. PENNSYLVANIA REGIONAL ADVISORY BOARD

Colleen Doyle, Esq.
Donald Karpovich, Esq.
William Ruark
James Shoemaker, Esq.

John Graham
Gerard O'Donnell
Lissa Bryan-Smith



Scott Kingsley

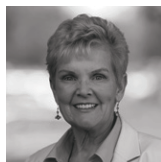


Michael Kallet

Community Bank System would like to express its deep gratitude to Scott Kingsley for his more than 15 years of leadership and service, most recently serving as Chief Operating Officer until his retirement in June 2020. In addition, Michael Kallet retired from the

Company's Board of Directors on December 31, 2020. The Board is grateful to Mr. Kallet for his five years of service as a Director and his contributions to CBU's growth during that time.

BOARD OF DIRECTORS



Sally A. Steele
CHAIRPERSON OF THE BOARD
ATTORNEY AT LAW
DIRECTOR SINCE 2003



John F. Whipple, Jr.
LEAD DIRECTOR OF THE BOARD
CEO
BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
COMMITTEES
Audit/Compliance, *Chair*; Governance
DIRECTOR SINCE 2010



Brian R. Ace
RETIRED OWNER
LACEYVILLE HARDWARE
COMMITTEES
Governance; Compensation
DIRECTOR SINCE 2003



Mark J. Bolus
PRESIDENT AND CEO
BOLUS MOTOR LINES, INC.
COMMITTEES
Risk, *Chair*; Compensation; Strategic/Executive
DIRECTOR SINCE 2010



Jeffrey L. Davis
PRESIDENT
J.L. DAVIS, INC.
COMMITTEES
Governance, *Chair*; Trust and Financial Services
DIRECTOR SINCE 2017



Neil E. Fesette
OWNER, PRESIDENT AND CEO
FESETTE REALTY, LLC AND FESETTE PROPERTY MANAGEMENT
COMMITTEES
Compensation, *Chair*; Governance; Strategic/Executive
DIRECTOR SINCE 2010



Kerrie D. MacPherson
RETIRED SENIOR PARTNER
ERNST & YOUNG, LLP
COMMITTEES
Audit/Compliance; Trust and Financial Services
DIRECTOR SINCE 2019



John Parente
CEO
CP MEDIA, LLC
COMMITTEES
Strategic/Executive, *Chair*; Trust and Financial Services
DIRECTOR SINCE 2010



Raymond C. Pecor, III
PRESIDENT
LAKE CHAMPLAIN TRANSPORTATION COMPANY
COMMITTEES
Compensation; Trust and Financial Services
DIRECTOR SINCE 2017



Susan E. Skerritt
RETIRED CHAIRWOMAN, CEO AND PRESIDENT
DEUTSCHE BANK TRUST COMPANY AMERICAS
COMMITTEES
Audit/ Compliance
DIRECTOR SINCE 2020



Eric E. Stickels
RETIRED PRESIDENT, COO AND SECRETARY
ONEIDA FINANCIAL CORP.
COMMITTEES
Trust and Financial Services, *Chair*; Audit/Compliance;
Strategic/Executive
DIRECTOR SINCE 2015



Mark E. Tryniski
PRESIDENT AND CEO
COMMUNITY BANK SYSTEM, INC.
DIRECTOR SINCE 2006

ADMINISTRATION

EXECUTIVE

Mark E. Tryniski, President and Chief Executive 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 Banking 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
Victoria Strader, Regional Retail Banking Manager
Lynne Wadsworth, Branch Services Administrator
Dara Penny, Director of Marketing

COMMERCIAL/CONSUMER LENDING

AND CREDIT ADMINISTRATION

Scott Boser, Senior Vice President, Director of Consumer and Mortgage Lending
Luke Fagan, Senior Vice President, Senior Commercial Lending Officer
Mark Houghtaling, Director of Credit Administration
John Keshavan, Director of Special Assets

FINANCE & TREASURY MANAGEMENT

Joseph J. Lemchak, Senior Vice President, Chief Investment Officer
Deresa Durkee, Corporate Controller
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 Quartere, 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
Shelley Quinn, Director of Customer Care and Cash Management
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
John Miller, Bank Secrecy Officer

COMMUNITY BANK

COMMERCIAL BANKING

WESTERN REGION

John Eagleton, Senior Vice President, Commercial Banking Group Manager
Richard Ferrari, Senior Vice President, Commercial Banking Group Manager

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

D. James Vedora, Senior Commercial Banking Team Leader

CENTRAL REGION

Jeffrey Lord, Senior Vice President, Commercial Banking Group Manager

CAPITAL REGION

Jeffrey Levy, Senior Vice President, Regional Executive
Ken Countermine, Senior Vice President, Commercial Banking Group Manager

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 NY, INC.

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

Paul M. Neveu, Chief Executive Officer
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, LLC

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 COMPANY

820 Gessner, Suite 1250, Houston, TX
W. David Hand, Chief Executive Officer
Stephen Hand, President
James Goodwin, Vice President

BPAS TRUST COMPANY OF PUERTO RICO

VIG Tower, 1225 Ponce De Leon Ave, Suite 804, San Juan, PR
Alfredo Matheu, BPAS President, Puerto Rico

NORTHEAST RETIREMENT SERVICES, LLC (NRS)

12 Gill Street, Suite 2600, Woburn, MA

Chris Hulse, Chief Executive Officer
Arvind Kesireddy, Chief Operating Officer
Frank Lалlos, 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
Indian Lake
Lake Placid
Long Lake
Lowville (State St)
Lowville (Turin Rd)
Lyons Falls
Madrid
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
Andover
Angelica
Arkport
Avon
Bath (Bath & Hammondsport Railroad)
Bath (Liberty Street)
Belmont
Belfast
Bolivar
Canandaigua
Canaseraga
Canisteo
Cassadaga
Cato

Clarence
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
Henrietta
Hornell (Seneca Road North)
Hornell (Steuben Square)
Horseheads (Consumer Square)
Houghton College
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
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)
Warsaw
Waterloo
Watkins Glen
Wellsville (Bolivar Rd)
Wellsville (North Highland Ave)
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
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 (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
Johnson
Manchester
Northfield
Rutland (Green Mountain Plaza)
Rutland (Woodstock Ave)
South Burlington (Shelburne Rd)
South Burlington (Williston Rd)
South Hero
Springfield, VT
Springfield, MA
St. Albans
St. Johnsbury
Vergennes
Waterbury
White River Junction
Williston
Wilmington
Winooski

PENNSYLVANIA

Carbondale
Clarks Summit
Daleville
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

INVESTMENT PROFILE

INSTITUTIONAL OWNERSHIP SUMMARY

SHARES OUTSTANDING	53.6 million
SHARES HELD BY INSTITUTIONS	37.8 million
PERCENTAGE OF SHARES OUTSTANDING	71%
INSTITUTIONAL HOLDERS	258
PORTFOLIO POSITIONS	350

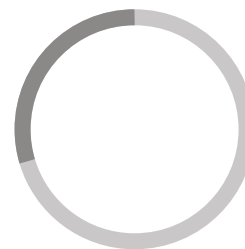
INVESTMENT PROFILE

CLOSING PRICE	\$62.31 <small>AT 12/31/20</small>
MARKET CAP	\$3.3 billion <small>AT 12/31/20</small>
PRICE/EARNINGS (TTM)	20.1
PRICE/TANGIBLE BOOK VALUE	2.6
DIVIDEND	\$1.68 <small>ANNUALIZED FOR MOST RECENT QUARTER</small>
DIVIDEND YIELD	2.70% <small>BASED ON CLOSING PRICE OF \$62.31 AT 12/31/20</small>
DIVIDEND PAYOUT RATIO	53.7%
SHARES OUTSTANDING	53.59 million
AVERAGE TRADING VOLUME	~207,000 <small>3-MONTH AVERAGE 12/31/20</small>

STOCK OWNERSHIP

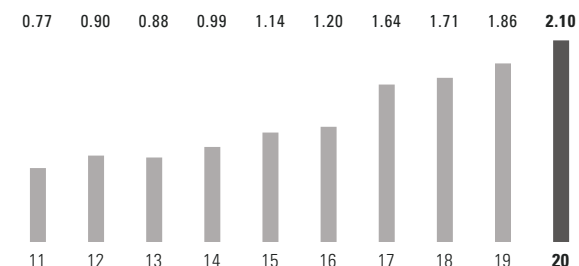
AT 12/31/20

Institutional	71%
Retail	29%



SHAREHOLDERS' EQUITY

\$ IN BILLIONS AT 12/31



10-YEAR CAGR = 13.2%

BOOK VALUE PER SHARE

AT 12/31



10-YEAR CAGR = 8.0%

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

Thursday, May 13, 2021
2:00pm EST

As part of the precautions regarding the coronavirus and to support the health and well-being of the Company's Shareholders, the 2021 Annual Meeting of Shareholders will be held online. To be admitted to the virtual Annual Meeting, Shareholders will visit the web address below and must enter the 16-digit voting control number found on their proxy card and voting instruction form.

Shareholders will be able to listen to the meeting live, vote and submit questions. The Company encourages Shareholders to access the meeting prior to the start time. Online check-in will begin at 1:45 p.m. Eastern Daylight Time.

Shareholders should allow ample time for check-in procedures. If Shareholders encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the technical support number that will be available at this web address.

virtualshareholdermeeting.com/CBU2021

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, 2020.

ANALYST COVERAGE

The following analysts published research about Community Bank System in 2020:

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

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