



Community
BANK SYSTEM, INC.

2022 ANNUAL REPORT

About Community Bank System, Inc.

Successful and growing financial services company operating one of the largest community banks based in Upstate New York, as well as significant fee-based businesses that contribute meaningfully to revenue

Community Bank, N.A. serves retail, commercial and municipal customers in its NY, PA, VT, and MA branches and through its digital banking platform

Our employee benefit services business operates nationally, while our wealth management and insurance services businesses serve much of the East Coast

Experienced and disciplined acquirer

Delivering value to shareholders



\$15.8B

in total assets
(as of December 31, 2022)



\$3.4B

market capitalization
(as of December 31, 2022 share price of \$62.95)



20+

year consistent and
proven business model

BANKING

Community Bank, N.A.

EMPLOYEE BENEFIT SERVICES

Benefit Plans Administrative Services (BPAS)

WEALTH & RETIREMENT

Community Bank Wealth Management

INSURANCE SERVICES

OneGroup

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“WE ARE IN THE PEOPLE BUSINESS.”

— Mark E. Tryniski, President and CEO

At Community Bank System, Inc., our utmost priority is to provide exceptional service to our customers. We are guided by a set of core values that reflect our commitment to excellence in all aspects of our operations. In particular, we are deeply driven by the following principles in our service delivery:

Integrity – We do the right thing

Excellence – We always bring our best

Teamwork – We work together

Humility – We respect everyone

OUR COMMUNITY ROOTS

At Community Bank System, Inc., our roots are firmly embedded in the communities we serve. For over 155 years we have been committed to conducting business as responsible and proactive community citizens. An essential component of our culture is our values, with our investments in the future of our customers and communities that go way beyond financial contributions. Our team members dedicate their time and expertise by volunteering and supporting the causes and organizations within our communities. We are intentional about the initiatives we support, focusing on creating a positive and lasting impact. At Community Bank, we are more than just a bank, we are a trusted partner, championing the people and businesses in our communities.

As a company, we remained committed to making a positive impact in the communities where we live and work in 2022. Throughout the year, we supported over 1,700 causes and organizations, including 570 cultural, civic, economic development, and social service organizations through monetary contributions. Our employees demonstrated their commitment to giving back by contributing more than 11,500 volunteer hours, furthering our mission to create a better world for everyone. In addition, through our donations, grants, and sponsorships, we contributed over \$2.9 million to support causes and organizations that align with our values. We are proud of our contributions and remain dedicated to making a positive impact in the communities we serve in the years to come.

To Our Shareholders, Customers and Employees,

Looking at 2022 as a whole, Community Bank System, Inc. had a record year. Not only were we successful financially, but our focus on investing across all lines of business led to tremendous growth. Across the company, we are focused on technology solutions for our customers and to improve our operating efficiency. We implemented new commercial and cash management platforms and delivered new and improved digital banking tools for our customers. Most importantly, we made key additions to our talent bench to elevate our organization and position us for performance excellence. We now have the products, technology, talent and service capacity in both the banking and financial services businesses to compete very effectively with the larger banks across our markets, which has created a significant new organic market opportunity for us that we have not previously possessed. In addition, our organization is dedicated to supporting and giving back to the communities in which we operate and has launched numerous initiatives aimed at improving the lives of those around us. Our focus on serving our customers and communities is the foundation of our business, and I am proud of the positive impact we have made.

FINANCIAL RESULTS

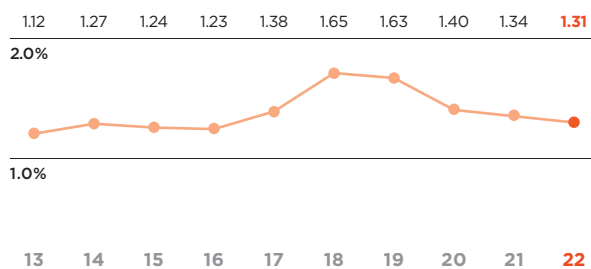
Our year was significantly impacted by the rapid rate increases by the Federal Reserve Open Market Committee (“FOMC”) throughout 2022 in their effort to control inflation. Net income of \$188.1 million, declined 0.9% from the record \$189.7 million in 2021. Diluted earnings per share totaled \$3.46 for 2022, which decreased \$0.02 per share, or 0.6%, from 2021. Operating diluted earnings per share (non-GAAP) measured a record \$3.58, up \$0.09 per share, or 2.6%, over 2021. These results were achieved despite much lower Paycheck Protection Program (“PPP”) revenues and a directional reversal in the provision for credit losses due to changes in the macroeconomic outlook and unprecedented loan growth.

30TH CONSECUTIVE YEAR OF DIVIDEND INCREASES

Annualized Dividend of **\$1.76** based on MRQ |
2.69% Dividend Yield | **49.9%** Dividend Payout Ratio

Total revenues were meaningfully higher than in 2021 due to the continued improvements in net interest income driven by strong loan growth throughout 2022. The combination of strong organic loan growth, the Elmira Savings Bank (“Elmira”) acquisition in the second quarter, relatively stable deposit costs, and higher market interest rates that led to higher yields on new loan originations and existing variable rate loans resulted in a \$46.2 million, or 12.3%, increase in net interest income over the prior year. Noninterest revenues of \$258.7 million for the full year of 2022 increased from \$246.2 for the full year of 2021. Overall noninterest revenues represented 38.1% of total revenue, compared to a median of 19.8% for our peers. Average deposit balances increased \$927.9 million, or 7.5%, between 2021 and 2022. Average deposit funding costs for 2022 of 0.11% remained 11 basis points lower than our peer median. Our Tier 1 leverage ratio of 8.79% at December 31, 2022 was well above the regulatory well capitalized standard of 5%. The Company’s capital planning and management activities, coupled with its historically strong earnings performance, diversified streams of revenue and prudent dividend practices, have allowed it to build and maintain strong capital reserves.

Return on Average Assets¹



We increased our cash dividends by 2.3%. The \$0.01 increase in the quarterly dividend declared in the third quarter of 2022 marked the 30th consecutive year of dividend increases for the Company. The payment of a meaningful and growing dividend is an important component of our commitment to provide consistent and favorable long term returns to our shareholders, and it reflects the continued strength of our current operating performance and capital position, and our confidence in the future of the Company.

¹ Core ROAA, a non-GAAP measure excludes acquisition expenses, acquisition-related provision for credit losses, acquisition-related contingent consideration adjustments, gains (losses) on securities, litigation accrual expenses, gain/loss on debt extinguishment, amortization of intangibles and acquired non-PCD loan accretion.

ADAPTING TO THE CHANGING ECONOMIC ENVIRONMENT

Emerging from the COVID-19 pandemic and the success of the substantial federal government stimulus program to support citizens and businesses led to a notable positive shift in the overall economic outlook. However, during 2022 another significant shift occurred as higher inflation prompted the FOMC to take swift action, raising short-term interest rates 425 basis points in 2022. Our performance was positively impacted resulting in improved operating results, largely driven by the significant increase in net interest income and an increase in noninterest revenues, offset by increases in operating expenses, the provision for credit losses and income taxes. Year-end deposits totaled \$13.0 billion, up 0.8% from 2021, while average total deposits for 2022 grew 7.5% over 2021.

Our liquidity position remains strong. The Company's banking subsidiary, Community Bank, N.A. (the "Bank"), maintains a funding base largely comprised of core noninterest-bearing demand deposit accounts and low cost interest-bearing checking, savings and money market deposit accounts with customers that operate, reside or work within its branch footprint. The Company's readily available sources of liquidity totaled \$4.88 billion at the end of 2022.

Asset quality remained consistent and solid, with nonperforming loans of \$33.4 million, or 0.38% of total loans outstanding at year-end, improved from \$45.5 million, or 0.62% of total loans outstanding at the end of 2021. Net charge offs remained very low, at 4 basis points of average loans outstanding during 2022. Exclusive of \$3.9 million in acquisition-related provision for credit losses due to the Elmira acquisition, the Company recorded a provision for credit losses of \$10.8 million for full year 2022, compared to an \$8.8 million net benefit in the provision for credit losses during the full year of 2021. The full year 2022 provision for credit losses was reflective of a \$1.52 billion increase in non-PPP loans outstanding, while the full year 2021 net benefit in the provision for credit losses was reflective of the release of reserves in the first three quarters of 2021 as the economic outlook and the loan portfolio's asset quality profile both steadily improved during that period.

Loan growth for 2022 totaled \$1.44 billion, or 19.5%, driven by increases in all five of the Company's loan portfolios due to net organic growth and the Elmira acquisition despite an \$83.8 million decrease in PPP loans. Business lending loans increased \$569.8 million, or 18.5%, consumer mortgage loans increased \$456.4 million, or 17.9%, consumer indirect loans increased \$349.9 million, or 29.4%, home equity loans increased \$35.9 million, or 9.0%, and consumer direct loans increased \$23.8 million, or 15.5%. Commercial loan pipeline remains healthy and there continues to be an ample amount of new business opportunities for our financial services businesses.

\$188.1M

net income

\$3.46

GAAP earnings per share for full year 2022

\$3.58

operating earnings per share for full year 2022¹

¹ Operating earnings per share is a non-GAAP measure and excludes acquisition expenses, acquisition-related provision for credit losses, acquisition-related contingent consideration adjustments, and gains (losses) on securities, net of tax effect.

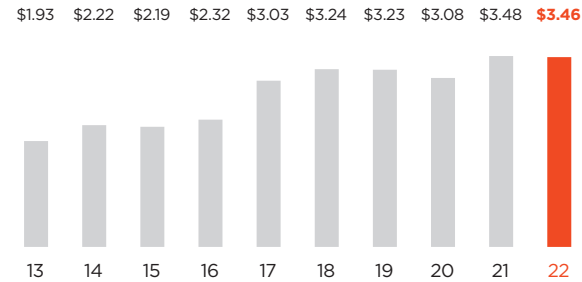
PERFORMANCE PROFILE

CONTINUOUS GROWTH PROFILE

Our focus is always on building additional shareholder value into our diversified financial services enterprise. This is accomplished through organic growth in core banking relationships, disciplined lending, selective and strategic acquisitions of bank and financial services businesses, and a consistent approach to business regardless of economic conditions.

Earnings per Share

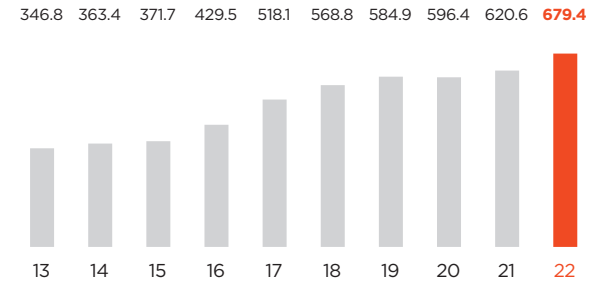
DILUTED



10-YEAR CAGR = 6.0%

Total Revenue¹

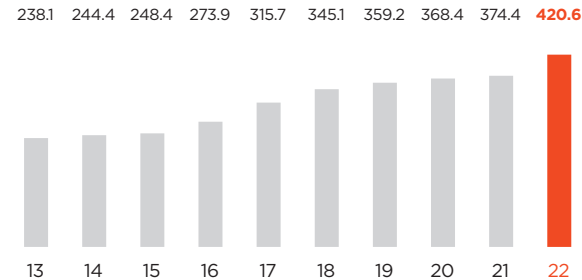
\$ IN MILLIONS



10-YEAR CAGR = 7.5%

Net Interest Income

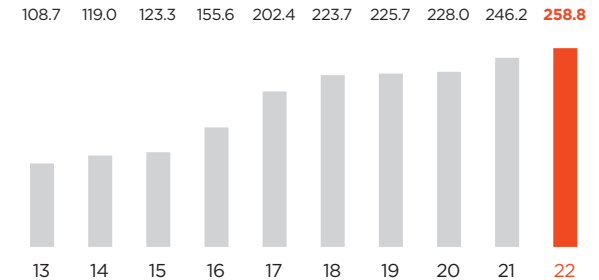
\$ IN MILLIONS



10-YEAR CAGR = 6.2%

Noninterest Income¹

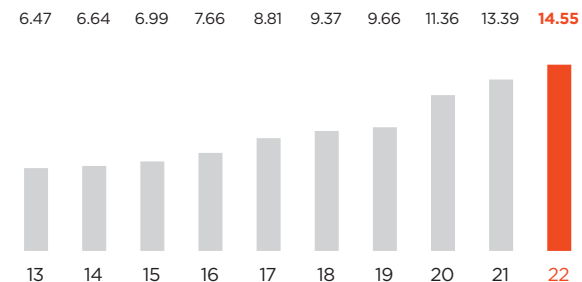
\$ IN MILLIONS



10-YEAR CAGR = 10.1%

Average Interest-Earning Assets

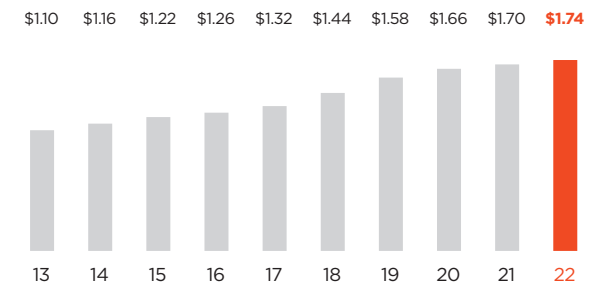
\$ IN BILLIONS



10-YEAR CAGR = 8.6%

Dividend Growth

DECLARED



10-YEAR CAGR = 5.1%

¹Excluding securities gains/losses and debt extinguishment charges

OPTIMIZING CUSTOMER DELIVERY SYSTEMS

A core operating objective of the Company is to optimize its customer delivery systems. In the bank, we remain focused on enhancing the digital banking delivery systems, optimizing the branch network and pursuing strategic acquisitions. In the second quarter of 2022 we completed the merger with Elmira to expand and enhance our presence in New York's Southern Tier and Finger Lakes regions. The merger added eight new branch locations in addition to the 212 customer facilities across Upstate New York, Northeastern Pennsylvania, Vermont and Western Massachusetts.

With trends in customer behavior progressively shifting since the evolution of electronic banking and our pre-pandemic commitment to expanding Community Bank's digital offerings, we continue to explore ways in which customers can bank with us digitally. We aim to provide the most convenient and sophisticated resources to our customers, in the most profitable way for our shareholders. Since the rapid adoption of digital banking tools prompted by the COVID-19 pandemic, we continually evaluate our physical branch network and prudently consolidate branch locations in overbanked regions, while continuing to ensure our customers all have access to a local branch.

As of the end of 2022, 63% of total customers were digital banking users, while 55% and 26% of core deposit customers were eStatement users and online bill pay users, respectively.

We continue to invest in our digital channels to enhance client experience, such as personal budgeting tools, Treasury Management tools and simplified digital account opening and direct deposit setup. We have shifted investments in other areas to improve efficiencies through workflow automation technology and drive digital traffic, including establishing our Digital Banking department. We are also continually investing in information security infrastructure to ensure client and data information security.

Last year, we added back-office resources to reduce the mortgage loan pipeline and closing timelines and in 2022 we've seen a significant shift toward online applications, with over 30% of the Bank's residential mortgage applications being submitted digitally.

DIVERSIFIED AND COMPLEMENTARY REVENUE SOURCES

In addition to our traditional banking franchise, our focus on revenue quality and stability is enhanced through investments in diversified and complementary revenue sources. Our diversification efforts focus on building momentum in our noninterest income component of total revenues including employee benefits, wealth management and insurance services businesses. In 2022, there was a \$5.3 million or 2.9% increase in non-banking revenues, despite the challenge of lower financial market valuations and prevailing economic uncertainty. While the Company's wealth management and employee benefit services businesses were negatively affected by the lower financial market valuations, the impact was partially mitigated by an increase in non-interest revenue from the Company's banking services.

BANKING

Community Bank, N.A.

- Commercial Banking
- Cash Management
- Municipal
- Agricultural
- Business Banking
- Retail & Consumer

\$420.6M

net interest income for 2022

\$71.9M

non-interest banking revenues for 2022

EMPLOYEE BENEFIT SERVICES

BPAS

- Retirement Plan & Benefits Administration
- Actuarial & Pension Services
- Public-Sector Benefits & VEBA
- Health & Welfare Plans
- Collective Investment Fund

\$115.4M

non-interest revenues from employee benefit services for 2022

WEALTH & RETIREMENT

Community Bank Wealth Management

- Investment Advising
- Retirement Plan Design
- Asset Management
- Trust Services
- Financial Planning
- Family & Succession Planning

\$31.7M

non-interest revenues from wealth management services for 2022

INSURANCE SERVICES

OneGroup

- Risk Management
- Business Insurance
- Personal Insurance
- Employee Benefits
- Human Resources Services & Consulting

\$39.8M

non-interest revenues from insurance services for 2022

Banking noninterest revenues increased \$7.2 million for 2022, growing 11.2% over 2021, primarily from increases in deposit service and other banking fees that benefitted from the continued post-pandemic recovery of economic activity, as well as incremental revenues from the Elmira acquisition, offset, in part, by decreases in mortgage banking revenues. Community Bank's total noninterest revenues increased 5.1% to \$258.7 million in 2022, accounting for 38.1% of total revenue. In comparison, the median peer's non-interest revenues comprised just 19.8% of total revenue in 2022. This significant differentiation continues to be an important driver of our favorable long term shareholder returns. Through strategic investment, our non-banking businesses have evolved into sophisticated and complex enterprises with fantastic technology and capabilities that we're now leveraging into much larger opportunities in the marketplace. During 2022, our Benefit Plans Administrative Services business rolled-out a state of the art web-based, multi-device participant website that completely overhauled the digital experience for over 400,000 defined contribution plan participants we service. In our OneGroup insurance services business, we acquired several smaller practices to expand our customer base, grow revenues and leverage our service capabilities. To further accelerate growth momentum in our Wealth Management business in July of 2022, we entered into a strategic relationship agreement with Jacobi Capital Management to provide investment advisory services to our commercial and high net worth clients in Pennsylvania. We have achieved critical scale in our nonbanking financial services businesses and expect to remain active acquirers in these spaces while continuing to drive organic expansion across our national markets.

CULTURE AND DIVERSITY

The success and growth of the Company's business is largely dependent on its ability to attract, develop, and retain a population of talented and high-performing employees with a diversity of background and skill sets at all levels of our organization. The Company is committed to fostering a workforce in an inclusive environment that enhances the culture of shared identity, civility, dignity, and respect. In 2022 we appointed a Culture and Diversity Officer to advance culture and diversity initiatives and lead key aspects of our ESG strategy. In October of 2022, Dimitar Karaivanov, was promoted to Executive Vice President and Chief Operating Officer of the Company and the Bank. Mr. Karaivanov has served as Executive Vice President of Financial Services and Corporate Development since joining the Company in June 2021. In his role as Chief Operating Officer, Mr. Karaivanov had oversight over all banking, wealth management, employee benefit services, and insurance services and related business activities. After bringing fresh ideas and innovative thinking to his role as the Executive Vice President of Financial Services and Corporate Development, Mr. Karaivanov effectively led the Company's mergers and acquisition strategy and reshaped the Company's wealth management, employee benefit services, and insurance business units. Through this appointment, his focus will be on our banking operations in order to optimize our core business with a focus on increased revenue growth.

At this year's Annual Meeting of Shareholders, Jeffrey L. Davis will retire as a director of the Company. Jeff has been a tremendous asset to our Board and our Company since joining in 2017 with the Merchants Bank merger. Jeff has served as a member of the Audit Committee, Risk Committee, Trust & Financial Services Committee, and Chaired the Company's Governance Committee during his tenure. His guidance, insight and leadership laid the foundation for the Company's governance to meet the current and future expectations of our shareholders. Jeff's positive outlook, steady hand and strong support in our New England market will be missed. On behalf of the shareholders, Board and employees, we wish Jeff best wishes for a happy and healthy retirement.

We believe we are well-positioned with strong fundamentals coupled with investments in technology and talent to provide superior returns to our shareholders while continuing to support our customers and communities. Our solid capital position allows us to pursue growth opportunities, invest in our infrastructure, and better serve our customers. Our expanding digital presence has enabled us to reach new customers and enhance our services to our existing ones. Our diversified revenue streams provided by our nonbanking businesses help us achieve stable and consistent returns. I would like to extend my sincerest gratitude to our employees for their hard work and dedication, our shareholders for their continued support, and our customers for their loyalty.

WE ARE IN THE PEOPLE BUSINESS.



Eric E. Stickels Chairman of the Board



Mark E. Tryniski President and Chief Executive Officer

Excellence Recognized

Community Bank System has a well-earned reputation for attaining strong performance that reflects our consistent approach to business, regardless of the economic environment, and commitment to effective execution. Our success does not go unnoticed.

CBU's **30 years** of consecutive annual dividend increases have allowed it to retain the status as an S&P Dividend Aristocrat

Ranked in **top 25** of Forbes America's Best Large Banks for **11 of the last 14 years** and named to the World's Best Banks in 2022

Ranked **#6** in Newsweek's, America's Most Trustworthy Companies of 2022

Regularly named a "**best bank**" in our communities, including by Vermont Business Magazine, the Times Leader and Citizens Voice in Northeast PA, and the Daily Star in Central NY in 2022

Community Bank Wealth Management: OneGroup Retirement Advisors was named a **NAPA Top Defined Contribution Advisor Teams 2021** (fourth year in a row)

OneGroup: Ranked in the **Top 100** Property & Casualty Agencies by the Insurance Journal 2022, coming in as the **8th largest bank owned agency** among the Top 100.

CULTURE AND DIVERSITY

Monticia Prather



In 2022, we appointed Monticia Prather as the Culture & Diversity Officer. The Culture & Diversity Council was established in 2020 under the leadership of Executive Chair with the goal of unifying our employees across CBSI business lines and improving our culture, diversity, and inclusion efforts. The Council has made significant progress and identified the need for a dedicated professional in this important role.

Monticia joined CBSI in 2017 and has held various roles within the organization. She has been an active member of the community, serving on boards for the Champlain Valley Physician's Hospital and the United Way of The Adirondack Region, and has been recognized publicly for her leadership and community involvement efforts.

Monticia received her master's degree in Human Relations & Organizational Development in May 2021 and a Leadership Certificate from Champlain College, demonstrating her commitment to continuous education and growth.

Her strong leadership skills, work ethic, institutional knowledge, community engagement, and passion to make a difference will serve her well in her new role.

Our company-wide culture, values, and respect for individual differences are the source of our strength and sustainability, and we are confident that Monticia will continue to help us support our employees, customers, and communities.

Disciplined Proven Acquirer

Successful in-market strategy focused on high quality banking partners through low-risk, accretive acquisitions

MOST RECENT BANKING ACQUISITIONS

2022 Elmira Savings Bank

TRANSITION TYPE	NET BRANCHES	ASSETS IN MILLIONS
WHOLE	8	\$583

2020 Steuben Trust Corporation

TRANSITION TYPE	NET BRANCHES	ASSETS IN MILLIONS
WHOLE	11	\$608

2019 Kinderhook Bank Corp.

TRANSITION TYPE	NET BRANCHES	ASSETS IN MILLIONS
WHOLE	11	\$643

2017 Merchants Bancshares, Inc.

TRANSITION TYPE	NET BRANCHES	ASSETS IN MILLIONS
WHOLE	32	\$1,999

2015 Oneida Financial Corp

TRANSITION TYPE	NET BRANCHES	ASSETS IN MILLIONS
WHOLE	12	\$769

2013 Bank of America, N.A.

TRANSITION TYPE	NET BRANCHES	ASSETS IN MILLIONS
BRANCH	8	\$303 (Deposits)

2012 HSBC Bank U.S.A., N.A./First Niagara Bank, N.A.

TRANSITION TYPE	NET BRANCHES	ASSETS IN MILLIONS
BRANCH	19	\$797 (Deposits)

2011 Wilber Corporation

TRANSITION TYPE	NET BRANCHES	ASSETS IN MILLIONS
WHOLE	22	\$848

2022 ELMIRA SAVINGS

BANK ACQUISITION

STRENGTHENED SOUTHERN TIER OF NEW YORK

Enhanced the Company's presence in five counties of New York's Southern Tier and Finger Lakes regions

Highly complementary franchise with consistent performance track record

Productive use of CBU's capital

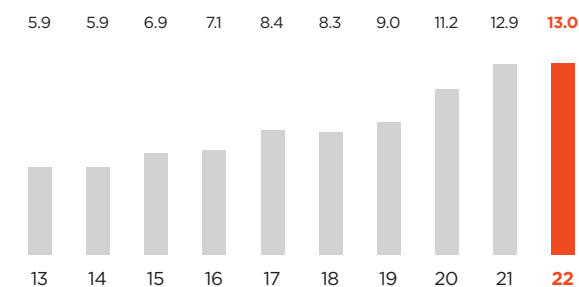
Immediately accretive to operating EPS

\$15.8B

total assets as of 12/31/2022

Total Deposits

\$ IN BILLIONS



10-YEAR CAGR = 8.7%

DIVERSIFIED LENDING PORTFOLIO

Our loan portfolio is well balanced with approximately 42% in business lending, 35% residential mortgage loans, and 23% in consumer installment loans. Consumer loans include more than \$1.5 billion of indirect lending, reflecting more than 35 years of experience of originating loans through dealerships within our service footprint.

\$3.6B business lending portfolio at 12/31/2022

\$3.0B of consumer mortgage loans at 12/31/2022

\$1.5B consumer indirect portfolio at 12/31/2022

\$0.4B of home equity loans at 12/31/2022

\$0.2B in consumer direct loans at 12/31/2022

\$151,000 average residential mortgage origination amount

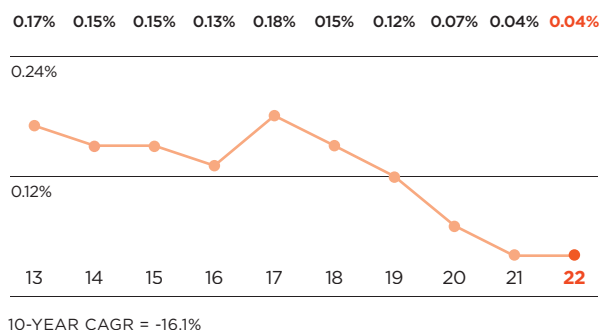
\$69,000 average home equity origination amount

\$27,000 average indirect loan origination amount

\$567,000 average commercial loan relationship at 12/31/2022

More than **900** dealerships serviced through indirect dealer retail center

Net Charge-offs/Average Loans



\$8.8B

total loans as of 12/31/2022

ASSET QUALITY METRICS

AS OF DECEMBER 31, 2022

Our asset quality metrics are consistently very strong, reflecting disciplined underwriting standards, combined with a deep understanding of our markets and customer base.

Net charge-offs to average loans were just **4** basis points in 2022

Nonperforming loans to total loans of **0.38%**

Delinquent loans to total loans of **0.89%**

Allowance for credit losses to nonperforming loans ratio of **183%**

Allowance for credit losses to loans outstanding was **0.69%**

BANKING



From left, Doug Babbitt discusses plans with Dave Fitz-Gerald.

We value and dearly appreciate our relationship with Doug and Community Bank. We recognize the level of service and commitment provided by the Community Bank team is rare and has been a tremendous advantage to our company, as together we have navigated the complexities of rapidly growing our business from our small community in Vermont, to having locations across the United States.

DAVE FITZ-GERALD, CHIEF FINANCIAL OFFICER, CARRIS REELS

Carris Reels: A Partnership with Community Bank Built on Trust

Carris Reels has been a reel manufacturer with a comprehensive product line for over 72 years. Their Employee Stock Ownership Plan (ESOP) structure allows hundreds of employees to share in the success of the growing business. For the last eight years, the strong partnership between Community Bank and Carris Reels has been led by Doug Babbitt, Vice President and Commercial Banking Officer. Doug and the Community Bank team provide valuable support, reflecting values of integrity, excellence, teamwork, and humility, which align with Carris Reels' values of safety, commitment to customers, and ownership.

Carris Reels relies on Community Bank to play a vital role in helping the company secure the funds to continue their growth trajectory and achieve long-term goals, such as modernizing certain manufacturing facilities. The relationship emphasizes the importance of building trust, listening to our customers and understanding their business needs. The growth Carris Reels has achieved has allowed them to better serve their employees and communities through charitable contributions. The Community Bank team has played a significant role in supporting Carris Reels with the guidance and expertise necessary to achieve substantial and sustainable growth, while also meeting the unique requirements of the ESOP ownership structure.



At Community Bank, we prioritize building trust and understanding our customers' businesses, through our values of integrity, excellence,

teamwork, and humility, which align with Carris Reels' values of safety and commitment to customers and employees, as well as to the communities in which they do business.

DOUG BABBITT, VICE PRESIDENT AND COMMERCIAL BANKING OFFICER
8 YEARS WITH COMMUNITY BANK

BANKING

COMMUNITY BANK WITH STRONG MARKET PRESENCE

Through a series of strategic acquisitions, we have built Community Bank into one of the largest community banks based in Upstate New York with more than \$15 billion in total assets. Today, our branch network serves individual and business customers across four states.

NORTHERN NEW YORK

North Country of New York, including the Adirondacks and east to the Vermont border

MARKET AREA **~16,700 Sq. Mi.** POPULATION **1,000,000**

SOUTHERN NEW YORK

New York's Southern Tier, encompassing much of Western New York and the Finger Lakes

MARKET AREA **~12,000 Sq. Mi.** POPULATION **2,800,000**

CENTRAL NEW YORK

From the Eastern Shore of Lake Ontario through Syracuse and reaching the Hudson Valley

MARKET AREA **~7,200 Sq. Mi.** POPULATION **1,100,000**

CAPITAL REGION NEW YORK

Serving Albany and the five counties in and around the Capital District

MARKET AREA **~2,700 Sq. Mi.** POPULATION **600,000**

PENNSYLVANIA

Serving the Northeastern portion of Pennsylvania

MARKET AREA **~4,100 Sq. Mi.** POPULATION **700,000**

NEW ENGLAND

Encompassing Vermont and part of Western Massachusetts

MARKET AREA **~8,500 Sq. Mi.** POPULATION **1,100,000**

EMPLOYEE SPOTLIGHT

Susanne Mullin

PENNSYLVANIA REGIONAL RETAIL BANKING MANAGER

Susanne Mullin is a longstanding member of the Community Bank team, having started her career as a Personal Banking Representative in 1994. Over the years, she has held various roles within the organization, including Branch Assistant, Branch Manager, and District Manager. In January of last year, she assumed her current position as PA Regional Retail Banking Manager.

Reflecting on her experience at Community Bank, Susanne emphasizes the company's commitment to excellence for employees, shareholders, and customers. She values the bank's unwavering dedication to core values of integrity and honesty, which are never compromised.

38.1%

noninterest revenues represented 38.1% of operating revenues



I've been at Community Bank for almost 30 years and can't imagine working anywhere else. Starting as a Personal Banking Representative and now as the Pennsylvania Regional Retail Banking Manager, I have always been supported to grow both professionally and personally. Community Bank values honesty and integrity and cares for its employees. I'm proud to be part of a team committed to excellence for our shareholders and customers.

SUSANNE MULLIN

29 YEARS WITH COMMUNITY BANK

EMPLOYEE BENEFIT SERVICES

BPAS, Inc. is a national provider of retirement plans, benefit plans, fund administration, and collective investment trusts. It operates eight subsidiaries through 13 offices located in the United States and Puerto Rico. These subsidiaries include Benefit Plans Administrative Services, LLC, BPAS Actuarial & Pension Services, LLC, Hand Benefits & Trust, Hand Securities, Inc., Northeast Retirement Services, LLC, Global Trust Company, BPAS Trust Company of Puerto Rico, and Fringe Benefits Design of Minnesota.

Our benefits business is the primary contributor of noninterest revenue which has grown at a 12.4% 10-year CAGR (2012-2022).

BPAS is one of the country's largest benefits plans providers, serving more than 620,000 participants.

4,500 retirement plans

\$107B in trust assets

~400 employees within our BPAS subsidiary

5 employee benefit services acquisitions since 2015

EMPLOYEE SPOTLIGHT

Kevin Wade

VICE PRESIDENT, CONSULTING, BPAS ACTUARIAL & PENSION SERVICES

Kevin has been with BPAS for over 30 years and oversees client relationships, proactively manages those relationships, and ensures client satisfaction of BPAS services. Kevin is actively involved in the coaching and mentoring program, which helps employees develop their skills and career path. Kevin has been encouraged and supported through the years by BPAS management in pursuit of his professional goals and thoroughly enjoys coaching and mentoring young professionals embarking on their actuarial careers. He is known for his exceptional communication skills and dedication to delivering outstanding customer service. Kevin has helped establish BPAS as a leader in the industry and he continues to play an important role in shaping the future of BPAS.

EMPLOYEE PLAN BENEFIT ADMINISTRATION AND TRUST SERVICES

BPAS

Acquired 1998

Hand Benefits & Trust

Acquired 2007

BPAS Trust Company of Puerto Rico

Founded 2012

Northeast Retirement Services

Acquired 2017

Global Trust Company

Acquired 2017

Fringe Benefits Design of Minnesota, Inc.

Acquired 2021



I am dedicated to ensuring client satisfaction and developing employees through the coaching and mentoring program. BPAS's culture values employees and clients, and I am grateful for the support I continue to receive in pursuing my professional goals. **KEVIN WADE**

33 YEARS WITH BPAS

EMPLOYEE BENEFIT SERVICES



From left, Amy Kemp goes over options with Eric Campbell.

The BPAS team has been an integral partner in navigating the challenging regulatory reforms in retirement benefit plan offerings for our employees. We have come to rely on the consultative approach of the team in exploring alternative offerings. I always trust their advice and know that they will assist us in ensuring we provide consistent retirement benefits for our employees. This relationship has always allowed us to focus on the core healthcare needs of our community and become the healthcare provider our community trusts.

ERIC CAMPBELL, CHIEF FINANCIAL OFFICER, OSWEGO HEALTH

Oswego Health: A Lasting and Impactful Relationship with BPAS

Oswego Health has been providing acute care to its community for over 140 years. The partnership between Oswego Health and BPAS began in 1998 with annual services to the Retirement Plan such as actuarial valuations, regulatory filings, participant notices, benefit calculations, and other actuarial services. Amy Kemp, Vice President, Consulting at BPAS has managed the relationship with Oswego Health since 1998. Amy and the team at BPAS have provided consulting services to Oswego Health to help with reducing retirement plan expenses and offering other retirement benefit alternatives to the hospital system employees. This has allowed Oswego Health to provide consistent and reliable retirement benefit alternatives to their employees.

The partnership between Oswego Health and the BPAS team has evolved over time, to include a broader range of services, including the record-keeping services for the 403(b) plan. BPAS has provided clear, concise, and trustworthy recommendations which have allowed the administrative team at the hospital to work more efficiently. The partnership has flourished through a shared vision of providing excellent service to the community. Oswego Health's core values of caring for patients and employees, and being the trusted community hospital, are reflected in the BPAS team's unwavering commitment to helping the hospital to provide retirement benefits and other postretirement benefit plans to Oswego Health employees.

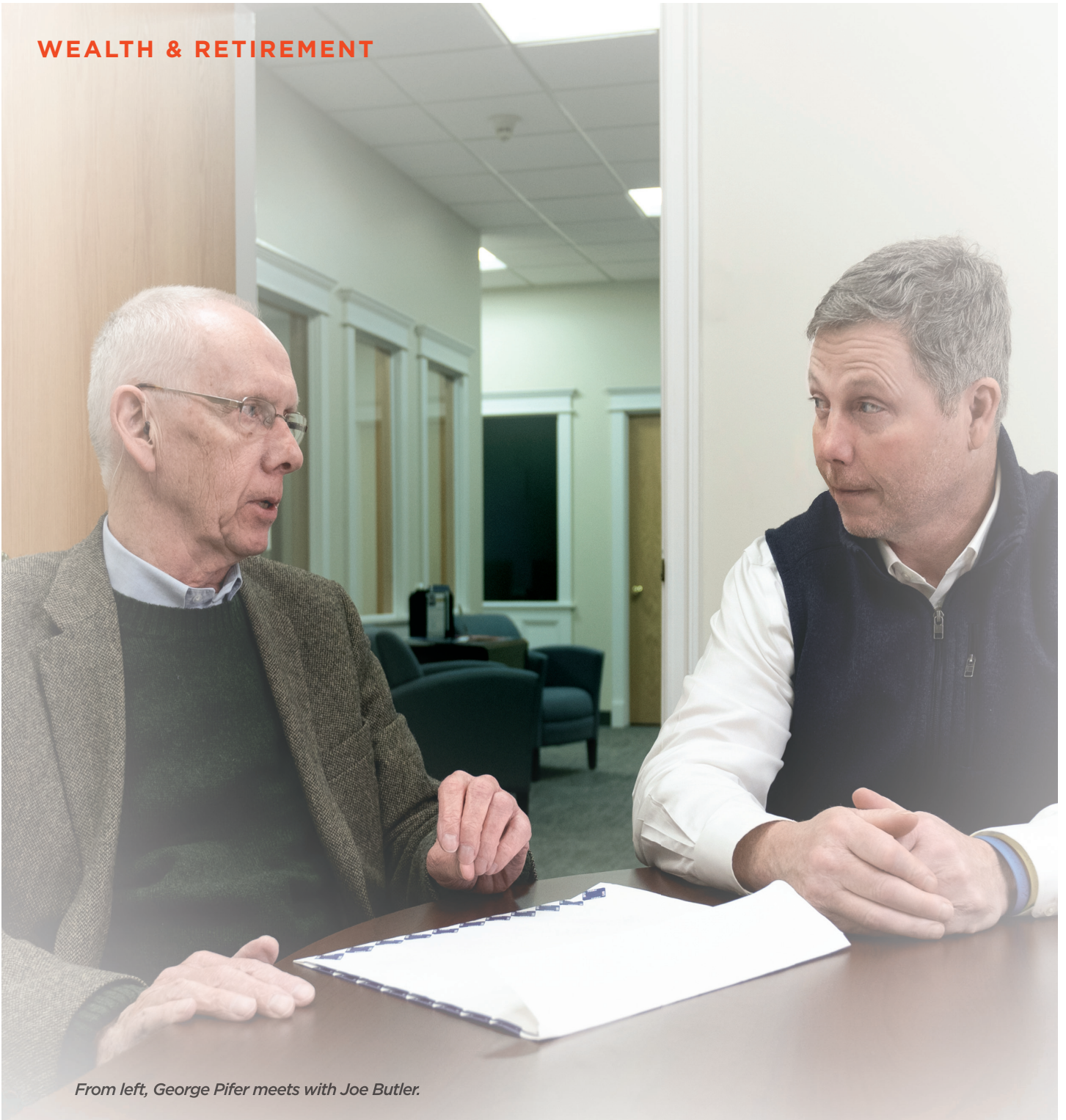


Our partnership with Oswego Health has been a collaborative success, navigating complex regulations and making strategic decisions to keep

the retirement plan on track, and provide alternatives for retirement benefits for their employees. It's fulfilling to see the positive impact on the success of the organization over time and their growth within the community.

AMY KEMP, VICE PRESIDENT, CONSULTING
MANAGING THE OSWEGO HEALTH RELATIONSHIP FOR 25 YEARS

WEALTH & RETIREMENT



From left, George Pifer meets with Joe Butler.

Community Bank has always been easy to work with. I have always found the answers to my questions and recommendations to be helpful for me to make financial decisions. Joe has been open and honest since we met and I thank him for helping me to establish myself and be able to enjoy my life in the north country.

GEORGE PIFER, WEALTH CUSTOMER FOR OVER 20 YEARS

George Pifer: An Ongoing Partnership for a Secure Future

George Pifer, a retired resident of Watertown, NY and an avid fisherman, has been relying on Joe Butler, a financial advisor at Community Bank Wealth Management, for almost 20 years. George chose Community Bank Wealth Management after his previous financial planner failed to meet his expectations, and he values their conservative approach to ensure the growth and protection of his wealth into his retirement years. Joe and George meet regularly to review his portfolio and discuss any minor adjustments.

George appreciates the size and nature of Community Bank's locations and their friendly and cordial employees. Joe speaks fondly of their relationship, noting their mutual care and respect for one. The partnership strengthened significantly over time, with George entrusting Joe with investing his entire retirement portfolio.

Their partnership reflects the Community Bank Wealth Management commitment to integrity, honesty, and relationship building. The team's open communication, risk management strategies, and common interests enable them to build enduring relationships with their clients.



George is an example of why I became a financial advisor. Our close 20-year relationship and mutual respect is the cornerstone of our successful partnership. I am grateful to be part of the Community Bank Wealth Management team that has helped him achieve his retirement goals.

JOE BUTLER, FINANCIAL ADVISOR AIF®
OVER 20 YEARS WITH COMMUNITY BANK WEALTH MANAGEMENT

WEALTH & RETIREMENT

WEALTH MANAGEMENT SERVICES IN NY, PA, VT, MA AND FL

Our wealth management subsidiaries including Community Investment Services, Inc., Nottingham Advisors, Inc., Community Bank Trust Services, The Carta Group, Inc. and OneGroup Wealth Partners, Inc. Through these we provide comprehensive asset management, strategic wealth planning and management, and trust administration.

\$7.3B assets under management or administration

\$31.7M in 2022 total revenues

6 wealth management services acquisitions since 2017

120+ Financial Professionals

100+ years of serving the needs of our customers

EMPLOYEE SPOTLIGHT

Dan Drappo

**VP, CFP,[®] FINANCIAL CONSULTANT,
COMMUNITY BANK WEALTH MANAGEMENT**

Dan Drappo has been a Financial Consultant at Community Bank Wealth Management for nearly 29 years. He started in 1994 and helped build out a program and a team of financial planners and consultants. Dan is a Certified Financial Planner, demonstrating his expertise and commitment to his profession and providing top-notch financial planning services to clients. Dan appreciates the collaborative and team oriented culture at Community, which is focused on open communication, sharing of ideas, perspectives and strategies. Receiving the support to pursue his professional and career goals while working at Community has allowed Dan to achieve professional designations and become actively involved in various community organizations within his close-knit community of Watertown, NY.



I am grateful for the support and encouragement I have received at Community to continue growing in my career and to continually advance the financial planning services we offer to our clients. **DAN DRAPPO**

**29 YEARS WITH COMMUNITY BANK
WEALTH MANAGEMENT**

INSURANCE SERVICES

ONEGROUP

OneGroup has over 200 experts and specialists in a wide range of business and personal services striving to reduce overall cost of risk. With 17 locations across eastern United States, OneGroup is one of the fastest-growing insurance brokers in the United States serving clients nationally and internationally.

\$39.8M revenue in 2022

100+ years of industry experience

8th largest bank-owned property/casualty agency in Insurance Journal's 2022 ranking

12 insurance services acquisitions since 2015

Supporting organic growth through opportunistic M&A

Recently acquired several personal lines practices in Florida and New York and a Boston-based specialty-lines commercial insurance broker

EMPLOYEE SPOTLIGHT

Linda Findlay

VICE PRESIDENT OF INFORMATION SYSTEMS AT ONEGROUP

Linda has been an integral member of Community Bank's OneGroup team for over 30 years, starting as a data processor and working her way up to Vice President of Information Systems. She values the company's culture, which prioritizes diversity, community, and personal growth. With the Company's support, Linda has had the opportunity to be involved in various professional organizations and pursue personal and lifestyle goals within the community of Oneida, NY. Linda served on the SAUCI Board, the research and development committee for Vertafore, has been involved with NETVU and has even worked as a country-wide educator. OneGroup's family-like culture has remained consistent as it has grown and supports Linda's deep connection to the community, as well as the growth of the small-town community.

OneGroup is a leading risk management and insurance broker providing holistic solutions

Business Insurance

Personal Insurance

Risk Management and Consulting

Claims Management

Employee Benefits

Human Resources Services and Consulting



OneGroup has provided me with incredible support and opportunities for growth, both professionally and personally. The company values diversity, community, and personal growth, and has nurtured a family-like culture that has remained intact even as we've grown significantly over time.

LINDA FINDLAY

33 YEARS WITH ONEGROUP AND COMMUNITY BANK

INSURANCE SERVICES



From left, Cyndi Borozny and Carole Krytusa review a policy.

Our partnership with OneGroup has enabled me to help make impactful decisions on behalf of The Arc New York to improve the strength of our organization and provide the much needed insurance support to our employees across New York state. The complex structure of our organization, coupled with the challenges of providing the necessary variety of insurance coverage and retirement benefits for all of our employees has always been approached with care and thoughtfulness by OneGroup.

CYNDI BOROZNY, CHIEF FINANCIAL OFFICER, THE ARC NEW YORK

The Arc New York Benefits Individuals with Disabilities in Communities across New York

The Arc New York is a not-for-profit organization that provides services to individuals with disabilities throughout New York State. OneGroup Senior Vice President of Business Insurance, Carole Krytusa has managed the relationship with The Arc New York for the last 17 years.

OneGroup has supported The Arc New York achieve several significant goals, such as underwriting their workers compensation insurance policy and launching a single retirement program for all chapters across the state to participate in. The partnership has enabled The Arc New York to improve the safety of their employees through a comprehensive policy covering all 36 chapters of the organization, updating policy language to account for new risks in today's environment, establishing risk management policies and the development of an injury reporting program and claims review processes.

Carole and the OneGroup team have taken the time to understand The Arc New York's values and mission, which has helped to build trust, understanding, and confidence between the two organizations. OneGroup's culture, which values innovation, transparency, and community engagement, aligns closely with The Arc New York values and mission and has played a large part in the growth of this partnership over time.

The strong partnership between OneGroup and The Arc New York has enabled both organizations to expand their relationship over time, offering new products and services to The Arc New York, and make a positive impact within their communities. Over the duration of this relationship, OneGroup has gained the expertise to better serve customers in the social services segment.



Partnering with The Arc has been a highlight of my career. Our relationship is built on trust and a shared commitment to making a difference. I am proud to have helped provide the best insurance coverage and support for their needs and am grateful for our partnership.

CAROLE KRYTUSA, SENIOR VICE PRESIDENT BUSINESS INSURANCE AT ONEGROUP

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 PricewaterhouseCoopers, LLP.

Dimitar A. Karaivanov

EVP, CHIEF OPERATING OFFICER

Joined Community Bank System in June 2021. Prior to then, Mr. Karaivanov served as Managing Director in Lazard's Financial Institutions Group.

Joseph E. Sutaris

EVP, CHIEF FINANCIAL OFFICER

Joined CBU in 2011 following its acquisition of The Wilber Corporation, where he held several roles, including CFO.

Maureen Gillan-Myer

EVP, CHIEF HUMAN RESOURCES OFFICER

Prior to joining Community Bank System in October 2021, Ms. Gillan-Myer served as Senior Executive Vice President and Chief Human Resources Officer of HSBC, USA.

Michael N. Abdo

EVP, GENERAL COUNSEL

Prior to joining CBU in 2013, he served as an associate with Cadwalader Wickersham & Taft in its New York City Office, with a focus on commercial and financial litigation.

Jeffrey M. Levy

SVP, PRESIDENT of COMMERCIAL BANKING

Joined CBU in 2018 as a regional executive and was promoted in January 2022 to his current role. Mr. Levy previously worked at NBT Bank and M&T Bank.



From left to right: **Michael Abdo, Dimitar Karaivanov, Mark Tryniski, Jeffrey Levy, Maureen Gillan-Myer and Joseph Sutaris**

COMPELLING INVESTMENT PROFILE

INVESTMENT CONSIDERATIONS: CBU

Consistent business model for over 20 years

Market-leading branch system serving predominantly non-urban markets

Excellent core deposit base

Focused on strong customer relationships

Committed to successful operating strategy focused on intelligent low-risk acquisitions, organic growth, and prudent capital management

Disciplined growth through organic and acquired opportunities

Focused on low-risk accretive mergers and acquisitions

Goal of 10% average annual shareholder returns over time

Cash dividend payment raised every year for the past 30 years, providing a meaningful dividend and yield

Focus on revenue diversification

Successful and effective operating strategy

Strong fundamentals with strong asset quality on a consistent basis

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

415%

Our 15-year cumulative total return to shareholders of 415% (on December 31, 2022), places Community Bank System, Inc. in the Top 10 among the 100 largest publicly traded US banks

OWNERSHIP SUMMARY

AS OF DECEMBER 31, 2022

53.7M shares outstanding

39.3M shares held by institutions

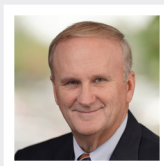
73% of shares held by institutions

321 institutional holders

Approximately **14.4M** retail shares

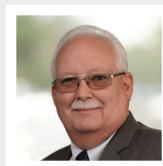
Approximately **27%** of outstanding shares are retail shares

BOARD OF DIRECTORS



Eric E. Stickels

CHAIRPERSON OF THE BOARD
RETIRED PRESIDENT, COO and SECRETARY
ONEIDA FINANCIAL CORP.
DIRECTOR SINCE 2015



Brian R. Ace

RETIRED OWNER LACEYVILLE HARDWARE
COMMITTEES Governance; Compensation
DIRECTOR SINCE 2003



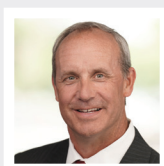
Mark J. Bolus

PRESIDENT and CEO
BOLUS MOTOR LINES, INC.
COMMITTEES Compensation, *Chair*;
Strategic/Executive; Trust and Financial Services
DIRECTOR SINCE 2010



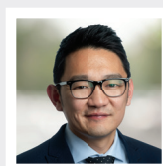
Jeffrey L. Davis

PRESIDENT J.L. DAVIS, INC.
COMMITTEES Governance, *Chair*; Audit
DIRECTOR SINCE 2017



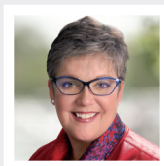
Neil E. Fesette

OWNER, PRESIDENT and CEO
FESETTE REALTY, LLC and
FESETTE PROPERTY MANAGEMENT
COMMITTEES Strategic/Executive, *Chair*;
Compensation; Governance
DIRECTOR SINCE 2010



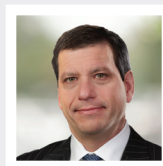
Jeffery J. Knauss

FORMER CEO and CO-FOUNDER DIGITAL HYVE
COMMITTEES Governance
DIRECTOR SINCE 2021



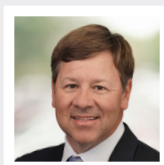
Kerrie D. MacPherson

RETIRED SENIOR PARTNER
ERNST & YOUNG, LLP
COMMITTEES Audit; Trust and Financial Services
DIRECTOR SINCE 2019



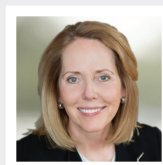
John Parente

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



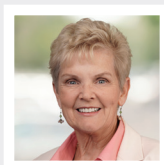
Raymond C. Pecor, III

PRESIDENT LAKE CHAMPLAIN
TRANSPORTATION COMPANY
COMMITTEES Risk, *Chair*; Compensation
DIRECTOR SINCE 2017



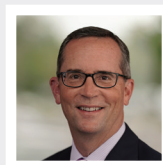
Susan E. Skerritt

RETIRED CHAIRWOMAN, CEO and PRESIDENT
DEUTSCHE BANK TRUST COMPANY AMERICAS
COMMITTEES Audit; Compensation
DIRECTOR SINCE 2020



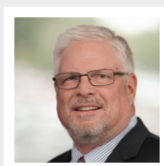
Sally A. Steele

LEAD DIRECTOR
ATTORNEY AT LAW
COMMITTEES Governance; Strategic/Executive;
Trust and Financial Services
DIRECTOR SINCE 2003



Mark E. Tryniski

PRESIDENT and CEO
COMMUNITY BANK SYSTEM, INC.
DIRECTOR SINCE 2006



John F. Whipple, Jr.

CEO BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
COMMITTEES Audit, *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
Dimitar A. Karaivanov, EVP, Chief Operating Officer
Joseph E. Sutaris, EVP, Chief Financial Officer
Maureen Gillan-Myer, EVP, Chief Human Resources Officer
Mike Abdo, EVP, General Counsel
Jeffrey M. Levy, SVP, President of Commercial Banking

RETAIL BANKING

Hal Wentworth, SVP, Retail Banking and Marketing
Anita Bourgeois, SVP, Retail and Municipal Banking Manager
Lynne Wadsworth, Branch Services Administrator
Dara Penny, Director of Marketing
Kent Backus, Senior Regional Retail Banking Manager
Lisa Allenson, Senior Regional Retail Banking Manager
Jody Tonkery, Senior Regional Retail Banking Manager
Janet Briggs, Regional Retail Banking Manager
Robert Liedka, Regional Retail Banking Manager
Susanne Mullin, Regional Retail Banking Manager
Victoria Strader, Regional Retail Banking Manager

COMMERCIAL/CONSUMER LENDING AND CREDIT ADMINISTRATION

Scott Boser, SVP, Director of Consumer and Mortgage Lending
John Keshavan, SVP, Regional Credit Officer
Susan McCarthy, SVP, Regional Credit Officer
James Murphy, SVP, Chief Commercial Credit Officer

FINANCE & TREASURY MANAGEMENT

Joseph J. Lemchak, SVP, Chief Investment Officer
Deresa Durkee, SVP, Corporate Controller
Robert Frost, VP, Director of Financial Planning and Analysis
Sean Howard, Senior Treasury Officer

ADMINISTRATIVE SERVICES

Danielle Cima, Senior Associate General Counsel,
Corporate Secretary
Colin Quillinan, Associate General Counsel Compliance
Anna Richards, Associate General Counsel
Dorothy Quarltre, Chief Compliance Officer
Brett Fisk, Director of Facilities
Randy Pray, Corporate Purchasing Manager
INFORMATION TECHNOLOGY & OPERATIONS
Aaron Friot, SVP, Chief Technology and Operations Officer
Paula Demo, Director of Operations
Shelley Quinn, Director of Customer Care and Cash Management

RISK MANAGEMENT

Paul Ward, SVP, Chief Risk Officer
Dennelle Michalski, Director of Risk Management
Timothy Miller, Chief Information Security Officer
John Miller, Bank Secrecy Officer
Gail Whipple, Director of Internal Audit

COMMUNITY BANK COMMERCIAL BANKING

WESTERN REGION

John Eagleton, SVP, Commercial Banking Group Manager
Christopher Humphrey, SVP, Commercial Banking Team Leader

NORTHERN REGION

Allen Racine, Commercial Banking Team Leader
Ronald Bacon, Commercial Banking Team Leader

SYRACUSE/ONEIDA REGION

Russell Brewer, SVP, Commercial Banking Group Manager
Thomas Breed, Commercial Banking Team Leader

SOUTHERN REGION

D. James Vedora, SVP, Commercial Banking Group Manager
Ed Michalek, Commercial Banking Team Leader

CENTRAL REGION

Jeffrey Lord, SVP, Commercial Banking Sales Manager

CAPITAL REGION

Ken Countermine, SVP, Commercial Banking Group Manager

PENNSYLVANIA REGION

Barbara Maculloch, Regional President Pennsylvania
Matthew Dougherty, SVP, Commercial Banking Group Manager

NEW ENGLAND REGION

Matthew Durkee, Regional President New England
Bruce Bernier, SVP, Commercial Banking Group Manager
Patrick Calecas, Commercial Banking Team Leader

WEALTH MANAGEMENT GROUP

Paul Restante, Managing Director

COMMUNITY INVESTMENT SERVICES, INC.

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

TRUST SERVICES

Charles Perrillo, SVP, Chief Trust Investment Officer,
South Burlington
Catherine Koebelin, SVP, Chief Trust Officer, Olean
Karissa McDonough, SVP, Senior Fixed Income Strategist
Kristopher Hacker, SVP, Senior Equity Strategist

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 Morrissette, Chief Executive Officer
Chris Mason, President

BENEFIT PLAN SERVICES

BPAS

6 Rhoads Drive, Utica, NY
Paul M. Neveu, Chief Executive Officer
Linda S. Pritchard, SVP, Recordkeeping Services
3401 Masons Mill Road, Suite 601, Huntingdon Valley, PA
Mary Anne Geary, President

BPAS ACTUARIAL AND PENSION SERVICES

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

Sheryl Gabriel

SVP

HAND BENEFITS & TRUST

820 Gessner, Suite 1250, Houston, TX
Stephen Hand, President
Kathy A. Harvey, SVP
Gregg K. Zimmerman, SVP

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
Freddie Jacobs, Chief Operating Officer
Frank Lалlos, Chief Business Officer
Christopher Ellis, Chief Financial Officer

COMMUNITY BANK, N.A.

PENNSYLVANIA REGIONAL ADVISORY BOARD

John Basalyga	William Ruark
Colleen Doyle, Esq.	Lissa Bryan-Smith
John Graham	James Shoemaker, Esq.
Gerard O'Donnell	Tara Mugford Wilson

A HIGHLY COST-EFFECTIVE FUNDING NETWORK

We have built an effective and highly efficient funding engine powered by our strong market position in primarily non-metropolitan locations across New York, Pennsylvania, Vermont, and Massachusetts. This strength is reflected by our first or second market share in approximately two thirds of the towns and cities where we have a branch location.

Approximately **93%** of deposits come from core checking, money market and savings accounts.

\$13.0B of total deposits at 12/31/2022

\$4.2B in noninterest-bearing deposits at 12/31/2022

\$12.1B of core checking & savings deposits at 12/31/2022

Deposit funding costs averaged **0.11%** for full year 2022

Interest checking accounts were **24.8%** of total deposits

Money market accounts were **17.7%** of total deposits

Savings accounts were **18.7%** of total deposits

Time deposits were **7.0%** of total deposits

35,000 new retail checking accounts opened in 2022

5,000 new business checking accounts opened in 2022

Selected Financial Highlights

Income Statement IN MILLIONS	2022	2012	CAGR 10-YEAR
Net interest income	\$ 420.6	\$ 230.4	6.2%
Noninterest income	258.7	99.2	10.1%
Total revenue ¹	679.4	329.4	7.5%
Operating expenses ²	419.5	203.5	7.5%
Net income	\$ 188.1	\$ 77.1	9.3%
Net interest margin	2.92%	3.88%	(2.8%)
Per Share Data (Diluted)			
Earnings per share	\$ 3.46	\$ 1.93	6.0%
Operating earnings per share ³	3.58	2.12	5.4%
Cash dividends declared	1.74	1.06	5.1%
Book value	28.88	22.78	2.4%
Tangible book value	\$ 12.93	\$ 13.72	(0.6%)
Balance Sheet Data END OF PERIOD, IN MILLIONS			
Assets	\$ 15,836	\$ 7,497	7.8%
Loans	78,809	3,866	8.6%
Deposits	13,012	5,628	8.7%
Shareholders' equity	\$ 1,552	\$ 903	5.6%

¹ Excluding securities gains/losses and debt extinguishment charges

² Excluding acquisition-related expenses

³ Operating EPS is a non-GAAP measure and excludes acquisition expenses, acquisition-related provision for credit losses, acquisition-related contingent consideration adjustment and gains(losses) on securities.

63%

of total customers are enrolled in digital banking

DIGITAL TRANSFORMATION

Investing for the future also means strengthening our digital capabilities. In recent years, we have made significant upgrades to our customer-facing technology, creating robust and easy to use platforms that have earned positive feedback from our customers. These enhancements have included a new mobile banking app launched in 2020, a small business loan application online portal, a treasury management tool for business and municipal customers, and a loan application portal for second-draw PPP loans. Our focus on technology also supports our efforts to implement environmentally sound practices. For example, our online mortgage banking platform helps to reduce paper usage during the lending process.

More than **253,000** active mobile banking users

26% of consumer core deposit customers use online bill pay

55% of core deposit customers are eStatement users

31% of residential mortgage applications submitted online

More than **7.1 million** monthly debit card transactions on average in 2022

BRANCH AND DRIVE-THRU LOCATIONS

NORTHERN NEW YORK

Adams
Alexandria Bay
Ausable Forks
Black River
Canton (Court St)
Drive-thru Only
Canton (Main St)
Champlain
Chateaugay
Clayton
Fulton
Gouverneur
Hannibal
Harrisville
Indian Lake
Lake Placid
Long Lake
Lowville (State St)
Lowville (Turin Rd)
Drive-thru Only
Lyons Falls
Madrid
Malone (Elm St) Drive-thru Only
Malone (West Main St)
Massena
North Creek
Norwood
Ogdensburg (State St)
Oswego
Plattsburgh (Margaret St)
Plattsburgh (Route 3)
Potsdam (Market St)
Potsdam (May Rd)
Drive-thru Only
Pulaski
Saranac Lake (Broadway)
Saranac Lake (Lake Flower)
Drive-thru Only
St. Regis Falls
Star Lake
Ticonderoga
Tupper Lake
Watertown (Arsenal St)
Watertown (Washington St)
West Carthage
Whitehall

SOUTHERN NEW YORK

Addison
Alfred
Allegany
Arkport
Avon
Bath
Belfast
Belmont
Bolivar
Boonville (Headwaters Plaza)
Drive-thru Only
Boonville (Main St.)
Camden

Canandaigua
Cassadaga Drive-thru Only
Cato
Cicero
Clarence
Clifton Springs (Main St)
Clifton Springs (Clifton Plaza)
Drive-thru Only
Clymer
Corning (West Market St)
Corning (West Pulteney St)
Cuba
Dansville
Dewitt
Dunkirk (Central Ave)
Dunkirk (Vineyard Dr)
Elmira (Big Flats)
Elmira (East Water St.)
Elmira (Southport)
Elmira (West Church St.)
Elmira (West Water St.)
Falconer
Fillmore
Franklinville
Geneseo
Geneva
Gowanda
Hammondsport
Henrietta
Hornell (Steuben Square)
Horseheads (Consumer Square)
Horseheads (Grand Central Ave)
Ithaca (East Buffalo St)
Ithaca (South Meadow St)
Ithaca (Triphammer)
Ithaca (West State St)
Jamestown (Brooklyn Square)
Lakewood
Livonia
Moravia
Mount Morris
Naples
Newark Plaza
North Collins
Olean (Delaware Park)
Drive-thru Only
Olean (North Union St)
Orchard Park
Ovid
Painted Post
Palmyra
Penn Yan (Lake St)
Drive-thru Only
Penn Yan (Main St)
Phelps
Portville
Randolph
Ripley
Rome (Griffiss Park)
Rome (Turin Rd)
Rushville
Salamanca
Seneca Falls
Sherman
Silver Creek
Skaneateles

Springville (North Buffalo St)
Springville (South Cascade Dr)
Warsaw
Waterloo
Watkins Glen
Wellsville (North Highland Ave)
Wellsville (North Main St)
Westfield
Westmoreland
Woodhull
Yorkshire

CENTRAL NEW YORK

Boiceville
Canastota
Cazenovia
Chittenango
Cobleskill
Cooperstown (Otsego)
Delhi
Hamilton
Johnson City
Milford
Morris
Nichols
Norwich Town
Oneida (182 Main St)
Oneida (585 Main St)
Oneonta (Chestnut St)
Oneonta (Main St)
Oneonta (Southside)
Owego
Schenevus
Sidney
Vernon
Walton

CAPITAL REGION OF NEW YORK

Albany
Amsterdam
Canajoharie
Chatham
Delmar
East Greenbush
Greenport
Johnstown
Kinderhook
Latham
Valatie

NEW ENGLAND

Vermont and Massachusetts

Barre
Bennington
Bradford
Brattleboro
Bristol
Burlington (College St)
Burlington (North Ave)
Enosburg
Essex Junction
Fair Haven
Hardwick

Hinesburg
Jericho
Johnson
Manchester
Rutland (Green Mountain Plaza)
Rutland (Woodstock Ave)
Drive-thru Only
South Burlington
(Shelburne Rd)
South Burlington
(Williston Rd)
South Hero
Springfield, MA
Springfield, VT
St. Albans
St. Johnsbury
Vergennes
Waterbury
White River Junction
Drive-thru Only
Williston (Cottonwood Dr)
Wilmington
Winooski

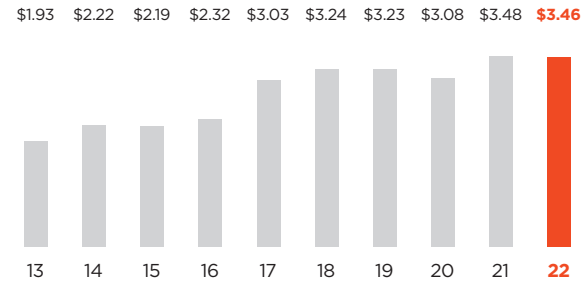
PENNSYLVANIA

Back Mountain
Carbondale Drive-thru Only
Clarks Summit
Daleville
Edwardsville Drive-thru Only
Freeland
Hazleton (Airport Rd)
Hazleton (South Church St)
Jermyn
Kingston
Laceyville
Lansford
Lehighton
Meshoppen
Montrose
Olyphant
Pittston
Scranton (Keyser Ave)
Scranton (Minooka)
Scranton (North Washington Ave)
Scranton (Wyoming Ave)
Tunkhannock
Wilkes Barre (Liberty Plaza)
Wilkes Barre (South Main St)
Wyalusing

CONTINUOUS GROWTH PROFILE

Earnings per Share

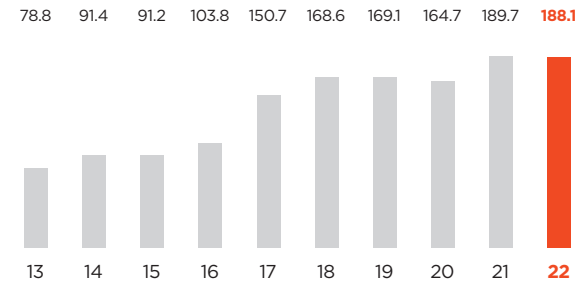
DILUTED



10-YEAR CAGR = 6.0%

Net Income

\$ IN MILLIONS



10-YEAR CAGR = 9.3%

Stock Performance

AT 12/31/22

CLOSING PRICE	\$62.95
PRICE/EARNINGS (TTM)	18.19
AVERAGE 3-MONTH DAILY VOLUME	215,000
52 WEEK HIGH STOCK PRICE	\$74.05
52 WEEK LOW STOCK PRICE	\$54.63

Total Shareholder Returns (ANNUALIZED)

	1 YEAR	5 YEARS	10 YEARS	15 YEARS
CBU	(13.2%)	5.8%	11.7%	11.5%
S&P 600 Commercial Banks Index	(7.9%)	3.6%	10.9%	5.2%
KBW Regional Bank Index	(6.9%)	3.5%	10.4%	5.4%

Through December 31, 2022 or most recent available, including reinvestment of dividends

Source: Bloomberg

Integrity

WE DO THE RIGHT THING

Excellence

WE ALWAYS BRING OUR BEST

OUR CORE VALUES

Teamwork

WE WORK TOGETHER

Humility

WE RESPECT EVERYONE

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

Annual Meeting

Wednesday, May 17, 2023

12:00pm EST

Turning Stone Resort Casino
Onondaga Conference Room
5218 Patrick Road
Verona, New York 13478

STOCK LISTING

CBU

The common stock symbol of Community Bank System, Inc. listing on the New York Stock Exchange (NYSE)

CmntyBkSys

Newspaper listing for common stock

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

INDEPENDENT AUDITORS

The Board of Directors appointed PricewaterhouseCoopers, LLP as auditor for the company for the year ended December 31, 2022.

ANALYST COVERAGE

The following analysts published research about Community Bank System in 2022:

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

D.A. Davidson & Co.
Manuel Navas / 212.223.5405
mnavas@dadco.com

Hovde Group LLC
Erik E. Zwick / 617.510.1239
ezwick@hovdegroupllc.com

Keefe, Bruyette & Woods, Inc.
Christopher O'Connell / 212.887.4725
oconnellch@kbw.com

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

Raymond James Financial Inc.
Steve Moss / 202.872.5931
steve.moss@raymondjames.com

Stephens, Inc.
Matthew M. Breese / 401.658.1114
matt.breese@stephens.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.

10.85%

return on equity

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:

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

bank happy[®]



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NYSE