

RESILIENT PROGRESSES



Community
BANK SYSTEM, INC.

2023 ANNUAL REPORT



About Community Bank System, Inc.

Community Bank System, Inc. is a diversified financial services company based in DeWitt, NY that is focused on four main business lines – banking, employee benefit services, insurance services and wealth management with total assets over \$15 billion.

Our banking subsidiary, **Community Bank, N.A.** is among the country's 100 largest banking institutions and operates more than 200 customer facilities across Upstate New York, Northeastern Pennsylvania, Vermont, and Western Massachusetts.

In addition to a full range of retail, business, and municipal banking services, the Company offers comprehensive financial planning, trust administration and wealth management services through its **Community Bank Wealth Management**, operating unit.

The Company's **Employee Benefit Services**, subsidiary is a leading provider of employee benefit services, trust services, collective investment fund administration and actuarial consulting services to customers on a national scale.

The Company's **OneGroup NY, Inc.** subsidiary is a top 100 U.S. insurance agency and provides personal and commercial lines of insurance and other risk management services.

Community Bank System, Inc. is listed on the New York Stock Exchange and the Company's stock trades under the symbol **CBU**.

BUSINESSES

BANKING



EMPLOYEE BENEFIT SERVICES



INSURANCE



WEALTH MANAGEMENT



RESILIENT PROGRESS

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Integrity

WE DO THE RIGHT THING

Excellence

WE ALWAYS BRING OUR BEST

OUR CORE VALUES

Teamwork

WE WORK TOGETHER

Humility

WE RESPECT EVERYONE



To Our Shareholders

RESILIENT PROGRESS

In 2023, Community Bank System, Inc. continued to build upon its foundation of strength, navigating a year full of both challenges and opportunities. We were faced with high inflation and rapidly rising interest rates, a number of high-profile bank failures, geopolitical conflicts, and numerous market swings. The resilience of our Company was on full display as we navigated through the challenges with a steady focus on our clients, communities, and colleagues.

Our ability to allocate capital dynamically across our businesses allowed us to take advantage of both organic and acquisition opportunities enabling the Company to achieve record operating revenues for 2023. However, the bottom line results were negatively impacted by a higher than anticipated expense growth driven by both inflationary pressures and purposeful investments for future growth. For the full year, our GAAP Earnings Per Share (EPS) reached \$2.45, a decrease from \$3.46 in 2022. Our Operating EPS, which reflects our core operations, stood at \$3.36 for the year, highlighting our operational consistency in a volatile environment. We recorded a return on assets (ROA) of 0.87% and an operating ROA of 1.19% for the year. Our return on equity (ROE) was 8.27% for the year, which, when adjusted for non-operating items, increased to 11.89%.

Despite the challenges of 2023, our financial results are a testament to the resilience of our business model and strategy. These outcomes reinforce our commitment to delivering shareholder value and maintaining operational performance and discipline.

DIVERSIFIED BUSINESS MODEL

Our dedication to diversifying the Company's revenue streams took center stage in 2023 with three of our four businesses having record revenue results. Our business model is fully aligned with both our objective to provide full relationship

services to our clients and our explicit investment thesis of **Above Average Returns with Below Average Risk**.

Within our **Banking** business, we achieved record operating revenues of \$507.3 million—a 3.0% increase from the full year of 2022. Our total assets were \$15.56 billion at the close of the year, marking a slight reduction of 1.8% from the previous year due to strategic sales in our investment securities portfolio to reduce borrowings.

Our loan portfolio grew significantly, increasing by \$895.2 million, or 10.2%, to \$9.70 billion, driven by net organic growth across all loan categories and major regions. We maintained our foundational focus on credit quality, as evidenced by net charge-offs of 0.06% for 2023.

Community Bank N.A.'s deposits ended the year at \$12.93 billion, a slight reduction of 0.6% from the previous year. The average cost of deposits rose to 0.66% and remains one of the lowest in the country. Our long-tenured strategy of pursuing checking accounts and core business relationships truly served us well. In addition, as of year-end 2023 Community Bank, N.A. had readily available liquidity sources totaling \$4.83 billion. This robust liquidity position, representing over 200% of our estimated uninsured deposits, net of collateralized and intercompany deposits, underpinned our resilience in 2023.

Our **Employee Benefit Services** business also showcased positive momentum, with revenues reaching a record \$118.0 million for the full year, a 2.2% increase from the same period last year. This segment continues to demonstrate strong organic momentum and we now serve over 800,000 participants nationwide. We were also recently named a Top 5 Recordkeeper across all market segments by the National Association of Plan Advisors (NAPA) Advisors' Choice Awards.



Significant growth was observed in the **Insurance** business, where revenues surged by 18.3% to a record \$47.1 million compared to the full year of 2022. This growth is attributable to a strong premium market, organic expansion, and strategic acquisitions. We were ranked #75 amongst the Top 100 Property/Casualty Agencies by the Insurance Journal.

Our **Wealth Management** business enjoyed a revenue boost to \$31.9 million, up by 0.9% from the full year of 2022, driven by improved investment market conditions and an increase in assets under management, with revenue stability-maintained quarter-over-quarter.

Reflecting on the year, we recognize the importance of evolving to embrace a more diversified approach. Our resilience and progress have been greatly bolstered by our ability to adapt and grow across various business segments, from traditional banking services to innovative financial solutions in wealth management, benefits, and insurance. This strategic diversification has not only strengthened our resiliency across various economic environments but has also supported our role as a responsive financial institution in our communities.

ENHANCING CUSTOMER EXPERIENCE

In 2023, we placed an increased emphasis on enhancing customer experience, a cornerstone of our business model. Significant investments were channeled into our digital platforms, resulting in the introduction of new features and capabilities designed to make our services more accessible, efficient, and secure. This strategic focus on digital innovation is evident in the increasing adoption of our digital offerings, with a significant percentage of our customers now actively using these platforms.

We are also actively deploying technology to enhance our internal processes and functions. We have dedicated teams focused on data, process optimization and improved internal efficiencies. All of those initiatives are designed to ultimately benefit how we service our clients and work with each other internally.

LOOKING AHEAD

As we look to 2024 and beyond, we will remain rooted in our values of **Integrity, Teamwork, Excellence and Humility** and build upon our sustainable business model. Our duty of care to our clients, communities and colleagues is the foundation of our financial success and will continue to serve us well.

As President and CEO, I am fully aware of the responsibility placed upon my shoulders. It's an honor to continue in the footsteps of Mark Tryniski, whose leadership has been a source of inspiration. With a team of exceptionally talented and committed professionals by my side, I am confident the future is bright.

Thank you for being an integral part of our journey and for the trust you have placed in our Company.

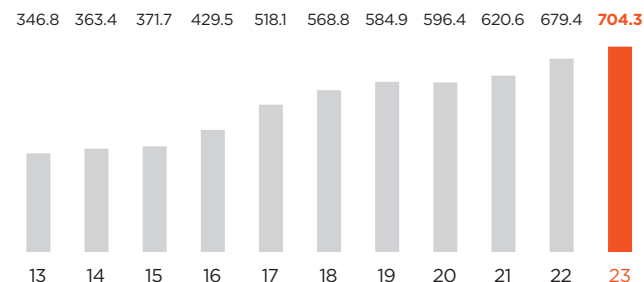


Dimitar A. Karaivanov
President and Chief Executive Officer

Performance Highlights

Total Revenue¹

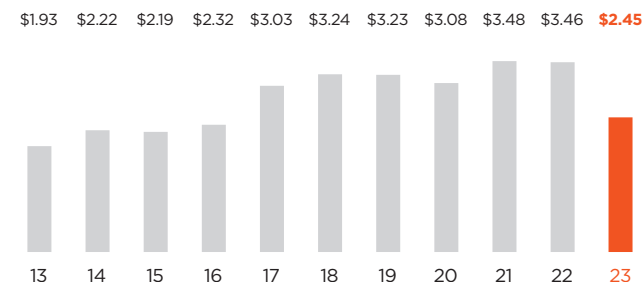
\$ IN MILLIONS



10-YEAR CAGR = 7.3%

Earnings per Share

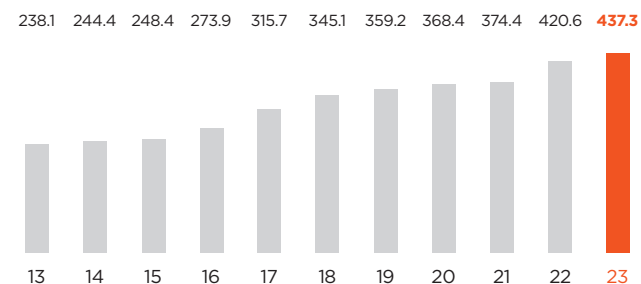
DILUTED



10-YEAR CAGR = 2.4%

Net Interest Income

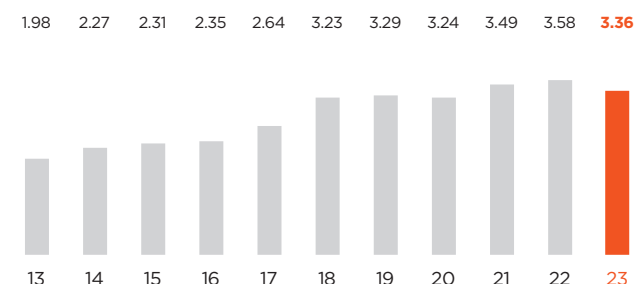
\$ IN MILLIONS



10-YEAR CAGR = 6.3%

Operating Earnings per Share²

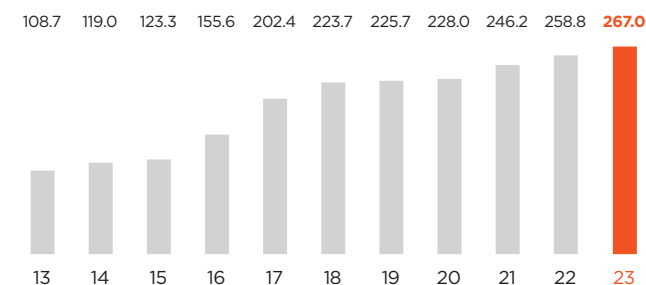
DILUTED



10-YEAR CAGR = 5.4%

Noninterest Income¹

\$ IN MILLIONS



10-YEAR CAGR = 9.4%

Dividend Growth

DECLARED



10-YEAR CAGR = 4.9%

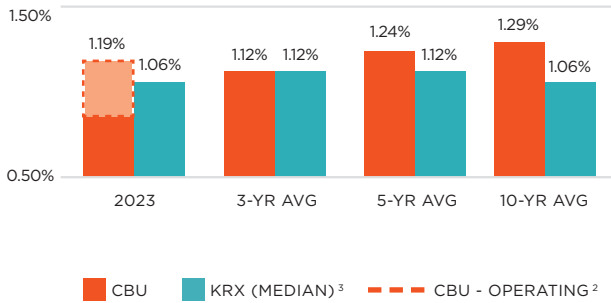
¹ Excluding securities gains/losses and gain/loss on debt extinguishment

² Operating earnings per share, a non GAAP measure, excludes net of tax the effect of acquisition related expenses, gains/losses on investment securities and other special charges. A reconciliation of GAAP to Non-GAAP measures is provided in Item 7, Table 20 of the Form 10-K.

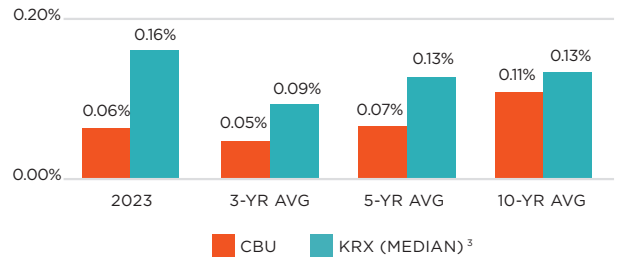
OUR INVESTMENT THESIS:

Above Average Returns with Below Average Risk

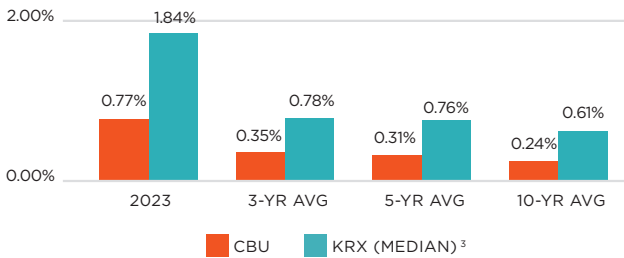
Return on Assets¹



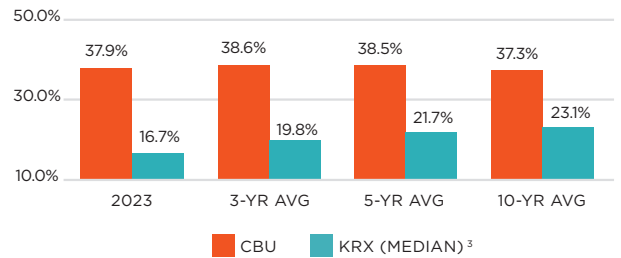
Net Charge-off Ratio¹



Cost of Funds¹



Noninterest Revenues / Operating Revenues²



Sources: S&P Global, Internal filings

¹ Averages represent simple average of annual results through 2023.

² Operating ROA and Revenues are non-GAAP measures. A reconciliation of GAAP to Non-GAAP measures is provided in Item 7, Table 20 of the Form 10-K.

³ The KBW Regional Banking Index (KRX) is a market index that is designed to track performance of 50 regional banks or thrifts that are publicly traded in the U.S.



Selected Financial Highlights

Income Statement	2023	2013	CAGR
IN MILLIONS			10-YEAR
Net interest income	\$ 437.3	\$ 238.1	6.3%
Noninterest income ¹	267.0	108.7	9.4%
Total revenue ¹	704.3	346.8	7.3%
Operating expenses ²	462.4	219.1	7.8%
Net income	\$ 131.9	\$ 78.8	5.3%

Per Share Data (Diluted)

Earnings per share	\$ 2.45	\$ 1.94	2.4%
Operating earnings per share ^{1,2}	3.36	1.98	5.4%
Cash dividends declared	1.78	1.10	4.9%
Book value	31.84	21.66	3.9%
Tangible book value	\$ 15.85	\$ 12.80	2.2%

Balance Sheet Data

END OF PERIOD, IN MILLIONS

Assets	\$ 15,556	\$ 7,096	8.2%
Loans	9,705	4,109	9.0%
Deposits	12,928	5,896	8.2%
Shareholders' equity	\$ 1,698	\$ 876	6.8%

¹ Excluding securities gains/losses and gain/loss on debt extinguishment

² Excluding acquisition-related expenses, litigation and restructuring charges





Excellence Recognized

Community Bank System has garnered consistent recognition for its exceptional performance within the industry, underscoring our unwavering dedication to shareholders, consumers, and employees. In 2023, our achievements were acknowledged as follows:

CBU's **31 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 **12 of the last 15** years and named to the World's Best Banks in 2023

Ranked **#23** in Newsweek's, America's Most Trustworthy Companies of 2023

Regularly named a **"best bank"** in our communities, including by Vermont Business Magazine in 2023

OneGroup: Ranked **#75** in Insurance Journals Top 100 P/C Agencies of 2023

BPAS: NAPA Advisors' choice award **top 5** record keeper 2023



RETIREMENT FEATURE

Mark Tryniski Farewell Message

Given my retirement at the end of December 2023, I would like to take a final opportunity to reflect briefly on the past, present and future of Community Bank System.

Having served your Company as Chief Executive Officer for nearly eighteen years and over 20 in total, we have experienced significant growth, evolution, change, success, and challenge. I am fond of saying look out the windshield, not the rear-view mirror. But as I think back over my tenure, I can't help but marvel at the evolution and transformation of our operating environment over the past two decades. Economic, technological, regulatory, societal, political, and global forces have significantly influenced our Company and our industry. I am most proud of how Community Bank System has navigated this transformation effectively for the benefit of all our stakeholders to grow even better and stronger for the future.

I would attribute this outcome to four primary operating principles - discipline, diversification, core values, and people. We endeavor to be disciplined in all we do, from credit, capital, and risk, to M&A. We operate a diversified business model, including our balance sheet and our income statement. We focus without exception on our core values of Integrity, Excellence, Teamwork and Humility. And we are not in the banking, wealth, insurance, or benefits business; we're in the people business. Those principles are enduring and timeless and have worked for us to build a sustainable, high performing financial services business.

Our greatest operating priority has always been to provide our shareholders with above-average returns and below average risk. I hope we have been largely successful in achieving this objective, and would like to thank our shareholders for their trust and confidence in me and our leadership team for so

many years. As our entire organization understands, we all work for you.

I am most thankful to have had the opportunity to work with such an incredible Board of Directors. They are talented and committed professionals who are caring, engaged, objective, and performance focused. Just as important, they have been an inspiration to work with and a source of much of my own effort, commitment and pride over the past 20 years.

Lastly, the greatest joy of my professional life has been to work alongside an incredible leadership team and 3,000 of my other friends and colleagues. Thank you for all you have done and will continue to do to make this such a great company and for your efforts, pride and passion in serving our customers, our communities, our shareholders, and each other.

Community Bank System is better positioned now than at any time in our history. We have four tremendous businesses and the best leadership and operating teams we have ever had. We have invested for the future in people, products and technology. My successor, Dimitar Karaivanov, is one of the most talented financial and strategic professionals I have ever worked with and fully embodies the core values that guide our organization. I very much look forward to the future of Community Bank System under his capable leadership.

With gratitude,

Mark E. Tryniski

Retired President and Chief Executive Officer

Member, Board of Directors

Diversified and Complementary Revenue Streams



BANKING

Community Bank, N.A.

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

\$437.3M

net interest income for 2023
▲ 4.0% increase from 2022

\$70.0M

non-interest banking revenues for 2023
▼ 2.7% decrease from 2022



EMPLOYEE BENEFIT SERVICES

BPAS

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

\$118.0M

non-interest revenues from employee benefit services for 2023
▲ 2.2% increase from 2022



INSURANCE

OneGroup

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

\$47.1M

non-interest revenues from insurance services for 2023
▲ 18.3% increase from 2022



WEALTH MANAGEMENT

Community Bank Wealth Management

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

\$31.9M

non-interest revenues from wealth management services for 2023
▲ 0.9% increase from 2022

Banking



“In 2023, Community Bank, N.A. navigated through several macro-economic challenges, effectively executed our strategic plans to post solid operating results and continued to make long-term investments. Our journey highlights our strength and commitment, setting a course for future growth. As we look ahead, united in our vision and supported by a dedicated team of bankers and loyal customers, we are ready to embrace opportunities and continue our path of success.”

- **Jeffrey Levy** | Chief Banking Officer
Community Bank, N.A.

MESSAGE FROM CHIEF BANKING OFFICER OF COMMUNITY BANK, N.A.:

As we look back on 2023, a year marked by its unique blend of challenges and achievements, I am filled with a sense of pride and humility over what we accomplished, and more importantly, optimism as we plan for the future. The steadfast progress within our banking business, amidst economic uncertainties and a banking sector crisis early in the year has been remarkable. At the core of our values is our deep-rooted and long standing customer relationships. Our proactive outreach during the banking sector crisis and ongoing communication efforts have played a crucial role in upholding trust and maintaining historical deposit balances, proving the effectiveness of our customer-centric approach. Our successful journey through these turbulent times has underscored the robustness of our organic growth strategies across commercial banking, retail banking, and consumer lending.

Commercial banking stood out as a pillar of strength, with a notable expansion in our commercial loan portfolio and steadfast asset quality metrics, demonstrating our capability to maneuver through the rough seas of the economy of 2023. This success is a tribute to our rigorous risk management framework and the enduring trust our clients have placed in us. Our in-footprint, relationship based, commercial loan portfolio is very diverse, with no major concentrations in specific property types or industries.

\$14.7M
REVENUE
INCREASE

3.0%
growth in
revenue

10.2%
loan
growth

5.3%
3-year revenue
CAGR (2020-2023)

Consumer lending, particularly in residential mortgages and automobile finance, reported exceptional growth, especially in light of the challenging macro-economic conditions, exceeding our expectations. This growth is a testament to our unwavering commitment to catering to our customers' financial needs while sustaining a strong balance sheet.

The dramatic increase in interest rates required a strategic shift in branch banking from focusing on deposit growth to emphasizing deposit retention. This strategic adjustment underlines our agility and foresight in responding to evolving market dynamics. Because of our long-standing customer relationships, along with the proactive outreach and customer engagement by our dedicated team of bankers, deposit retention during this turbulent period was a great accomplishment.

We continue to leverage our expansive branch network, enhance our digital capabilities, and continue our expansion into contiguous markets, thus strengthening our foundation for future success.

Looking ahead, our focus remains steadfast on organic growth and leveraging the expertise of our Employee Benefit Services, Insurance and Wealth Management business partners to deepen our numerous customer relationships.



Jeffrey Levy | Chief Banking Officer

Community Bank, N.A.

Employee Benefit Services



“Through resilience, innovation and focus, BPAS is striving towards new milestones each year. Our strategy is national in nature -- bringing a full mix of retirement plan, employee benefit and institutional trust services to professional fiduciaries and other partners to solve specific client needs. We’re proud of our growth and evolution, but we have so much more to do.”

- **Paul Neveu** | President and CEO

BPAS

MESSAGE FROM PRESIDENT AND CEO OF BPAS:

As we reflect on 2023 at BPAS, it was a year of continuous improvement, problem solving and growth at BPAS. We are now one of the 25 largest defined contribution recordkeepers in the U.S., one of the 15 largest pension actuaries and one of the three largest institutional trust companies focused on collective investment funds. With so many industry acquisitions over the last three years and considerable staffing disruption seen at many competitors, we have seen a steady rise of industry interest in BPAS. In this environment, there is an enormous premium on delivering a high touch experience. This is not just an organizational goal, but a foundational belief at BPAS.

Our focus continues on listening to the marketplace, developing our people, improving our efficiency, and maintaining the fiduciary trust that clients place in us. In the last year we have seen a sizeable increase in proposal volume and wins, and more partners calling us for solutions -- including large and complex engagements. This is evidence to us that our approach is working.

During 2023, BPAS achieved revenues of \$118.0 million, an increase of \$2.6 million, or 2.2%, compared to the previous year. We also reached a new milestone of \$115 billion of assets in our care at the end of 2023. Including events of early 2024, BPAS is now 450 employees in total, with sixteen offices nationally.

On the trust side of our business, we continue working with the largest custodian banks, asset managers and asset owners, providing trust administration solutions and innovative fiduciary management. We are continuously forming new collective investment funds for ERISA investment needs and LLC funds for endowments and foundations. As the investment management industry grows ever more complex and innovative, we position ourselves as the flexible, adaptive solution for supporting an ever-changing investment product environment.

Across our retirement and employee benefit services group, we now have 810,000 total participants in our care -- a 6.6% increase year over year. We have experienced growth in several areas of our retirement business this year, including defined contribution plans and the IRA business. Our Retiree Health Savings business is rapidly expanding thanks to an expert team and strategic partnerships with some of the industry's largest firms. We've also seen growth in our Defined Benefit 360 ("DB360") service line, providing an integrated mix of services for pension plans including actuarial and trustee services, our defined benefit portal, as well as custodial and pay agent services. We also provide creative solutions for employers seeking a defined benefit and defined contribution combination plan to achieve key objectives. In 2023, our IRA administration, Fiduciary Services and Puerto Rico businesses continued to grow, with all three businesses reaching new high-water marks in terms in clients and revenues this year.

STRATEGIC INITIATIVES

In March 2024 we rolled out an upgraded Plan Sponsor / Financial Partner portal that greatly enhances the user experience in terms of aesthetics, speed, and functionality. Our Roadside Assistance program is rolling out this year in phases. This program will allow us to hear from plan participants when they have broader financial needs, so we can communicate with financial partners to ensure there is a coordinated and helpful response to those needs.

Across our retirement and institutional trust business lines, the BPAS toolbox of services is extremely broad. One of our strategic initiatives is to visit key accounts (the largest national advisory firms) to tell our story from the top down - making firms aware of niche solutions we can offer as their partner. Although some of our largest business partners have incredible capabilities, they often find it more efficient to partner with BPAS to solve specific product needs rather than scope out and staff for such projects internally.

Across all business lines, BPAS is focused on maintaining the expertise of our teams. This includes ongoing training and credentialing, as well as active mentoring across our plan consulting and actuarial teams. Emerging technologies, including process automation and artificial intelligence will optimize these roles in the future - allowing our experts to spend more time on consulting and less time running tests, reports, or valuations. We see these technologies augmenting the role, while our people continue to be the epicenter of BPAS and our point of strategic differentiation.

Finally, educating and inspiring the participants in our care is an important part of our mission. Through our app, BPAS University (found at u.bpas.com or in both app stores), we strive to accomplish this with fresh and engaging content delivered by our marketing and communications team and professionals across the organization. We cover not only

retirement and financial planning topics in the app, but a range of life, health, and personal topics as well. We have hundreds of thousands of people in our care. Our mission is to help them become inspired, so they strive towards financial independence and pursue the things that bring meaning, value, and joy to their lives.

BPAS EARNS TOP SPOTS IN 2023 NAPA ADVISORS' CHOICE AWARDS

In 2023, BPAS was honored to receive top recognition in the National Association of Plan Advisors (NAPA) Advisors' Choice Awards - naming us as a top performer across all five segments of the marketplace, from small plans to the \$100 million plus end of the marketplace. Although we remain humble, we take great pride in this recognition since it comes from anonymous feedback from a wide range of advisors and across plans of all sizes. Our sales and relationship management teams are out every day work with financial intermediaries to build their business and win plans. It is the strength of these advisor and trustee partnerships that continues to build our business each year.

A VISION FOR FUTURE GROWTH

Our goal at BPAS is to stay focused on our clients and business partners, continue to listen, work on one initiative at a time, and be highly accountable to the people who entrust relationships to us. Maintaining a happy culture with a sense of humor is absolutely central to the mission of BPAS. That's something we spend so much time on, with the deep friendships that live inside our organization and with clients and partners. Maintaining this balance is critically important, and a leading driver in our continued success.

In summary as we look ahead, our growth strategy includes our commitment to responsible expansion, cultivating and supporting our people, leveraging technology while focusing on security, and maintaining a broad set of capabilities to meet the needs of our clients and partners. Our integration within the Community Bank System ecosystem has brought significant benefits, enhancing our capabilities and service offerings - helping us to collaborate effectively across the broader organization.

Thank you for the support, trust, and confidence you place in BPAS. We look forward to writing new chapters of this story with the plan sponsors, participants, partners, and clients in our care - as we continue to meaningfully contribute to the success of our parent company while helping participants retire with dignity.



Paul Neveu | President and CEO

BPAS

Insurance



“OneGroup stands as a beacon of adaptability, strategic foresight, and unwavering commitment to excellence. Our journey is marked by a relentless pursuit of innovation, deepening client relationships, and expanding our horizons to meet the evolving needs of those we serve.”

- **Pierre Morriseau** | President and CEO
OneGroup

MESSAGE FROM PRESIDENT AND CEO OF ONEGROUP:

Reflecting on the past two decades, OneGroup has embarked on a transformative journey, evolving from a modest \$3.5 million revenue agency to a top 100 P&C broker in the nation, with revenues of \$47.1 million. This exceptional growth has been marked by consistent organic expansion and strategic acquisitions, resulting in an annual growth rate ranging between 17% and 18% over the past two years. The 2015 merger with Community Bank System, Inc. was critical to broadening our reach, deepening our expertise across New York State and beyond.

STRATEGIC FOCUS AND EXPANSION

Our dedication to specialization has been the cornerstone of our success. We not only focus on building scale and expertise in our core businesses of commercial lines, employee benefits, and personal lines insurance, but have consistently deepened our expertise in various industry segments to offer unparalleled value and service. Our clients want us to understand and support their businesses.

The 2021 acquisition of Boston insurance firm, TGA, has been a cornerstone of our success. It is a great example of adding new deep expertise in the Food and Life Science industries, expanding our geographic presence into New England, and enriching our culture of collaboration. This merger has been instrumental in our ability to compete with industry giants and set new benchmarks for success.

LEVERAGING SYNERGIES AND CLIENT ENGAGEMENT

At the heart of our business philosophy is the strategic leverage of Community Bank and its subsidiaries. Together we offer a full complement of financial services and business expertise. Our model is simple, as a client of any one of our businesses we provide access to all our knowledge. We work together to bring that knowledge to our clients when needed. This collaboration has been instrumental in enhancing value for our clients, offering them comprehensive access to our expertise.

INNOVATION AND CLIENT FOCUS

We are excited about the prospects of further integrating cutting edge technology into our operations. We continue to invest in technical and human resource platforms to streamline processes, improve efficiency, and enhance the client experience. The exploration of artificial intelligence and data analytics within a controlled environment creates the potential to revolutionize our business, through automation of more basic tasks and freeing our team to further focus efforts on the client experience.

Our vision extends beyond traditional insurance boundaries, with initiatives like our investment in Medicare Advantage Insurance highlighting our commitment to addressing the complex needs of our clients throughout their lives. By creating a holistic approach, OneGroup aims to provide coverage that meets all our clients' business needs. This strategy not only positions us as a leader in the industry but also as a strategic advisor capable of safeguarding the diverse interests of our clients through a single, unified platform.

75th
AMONG THE
TOP 100 U.S.
INSURANCE
AGENCIES

11
acquisitions in
the past 3 years

13.3%
3-year CAGR
(2020-2023)

Offices
in NY, PA, MA,
SC and FL

LOOKING FORWARD

We are dedicated to leveraging advanced technology, enhancing client experiences, and embracing innovation to set new standards in client service and operational efficiency. Our focus will continue to be on strategic growth, innovation, and service excellence. Our unique expertise and the partnership between all of Community Bank System, Inc.'s businesses to bring real value to our clients sets us apart in the market.

Thank you for your continued support as we embark on this exciting journey. Together, we are not just navigating change; we are shaping the future of insurance.



Pierre Morriseau | President and CEO
OneGroup

Wealth Management



“ In a year of challenges, our Wealth Management division turned obstacles into opportunities, leveraging resilience and synergy to enrich our client experience. As we advance, our unified approach promises a future of strategic growth and comprehensive service.”

- **Michael Cerminaro** | President and CEO
Community Bank Wealth Management



MESSAGE FROM PRESIDENT AND CEO OF COMMUNITY BANK WEALTH MANAGEMENT:

In a year that presented a myriad of challenges and opportunities, our Wealth Management division demonstrated remarkable resilience and strategic importance. The volatility of 2023, while presenting hurdles, also reaffirmed the importance of delivering holistic and comprehensive solutions to our clients.

Heading into 2024, our focus encompasses two critical areas: enriching the client experience through platform expansion and fueling growth by deepening our client relationships across Community Bank System, Inc. With a broad client base spanning commercial, retail banking, insurance services and benefit plans, the opportunity to add value is significant. Our goal is to provide an unrivaled, holistic experience by meeting the demands of our client’s most important financial objectives.

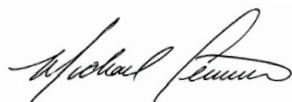
PERFORMANCE HIGHLIGHTS

Our division has seen encouraging financial performance over the past year. Total revenues reached \$31.9 million for the full year, marking an increase of \$0.3 million, or 0.9%, from the prior year end. This growth is attributable to more favorable investment market conditions, which have positively impacted our assets under management and revenue stability.

The development and enhancement of our wealth management capabilities remain central to our mission. We are committed to building a premier, full-service offering, delivered by highly skilled financial professionals. Our offering includes, investment and insurance services, trust services, asset management, retirement plan consulting, financial planning and outsourced partner services.

While our primary emphasis is on organic growth, we are positioned to pursue strategic moves such as acquisitions and partnerships in markets that promise growth and align with our cultural and business priorities. With the highest priority being the integration of our wealth management services for the benefit of Community Bank System, Inc. family of businesses and clients.

Looking ahead we are clear on our strategic focus and ultimate dedication to our client’s financial well-being. This focus and dedication prepares us to face future challenges and opportunities with purpose and confidence.



Michael Cerminaro | President and CEO
Community Bank Wealth Management

Investment Profile

Above average returns with below average risk

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

Focused on long-term return to shareholders and long-standing dividend growth

Strong fundamentals with consistent and strong asset quality and high quality, durable revenues

Long-term responsible growth focus

Ownership Summary

AS OF DECEMBER 31, 2023

53.3M Shares Outstanding

39.7M Shares Held by Institutions

Approximately 75% of Outstanding Shares Held by Institutions

312 Institutional Holders

Approximately 12.9M Retail Shares

Approximately 24% of Outstanding Shares are Retail Shares

Executive Management



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

Dimitar A. Karaivanov

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Joined CBU in 2021 and has previously served as COO. Prior to then, Mr. Karaivanov served as Managing Director in Lazard's Financial Institutions Group.

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.

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.

Joseph E. Sutaris

EVP, CHIEF FINANCIAL OFFICER

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

Jeffrey M. Levy

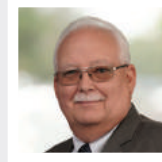
SVP, CHIEF BANKING OFFICER

Mr. Levy joined CBU in 2018 as a Regional Executive. In January 2022, he was promoted to Senior Vice President (SVP), President of Commercial Banking, before advancing to his current position as Chief Banking Officer. Prior to CBU, he held positions at NBT Bank and M&T Bank.

Board of Directors



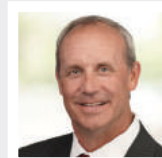
Eric E. Stickels
CHAIRPERSON OF THE BOARD
RETIRED PRESIDENT, COO and SECRETARY
 ONEIDA FINANCIAL CORP.
 DIRECTOR SINCE 2015



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



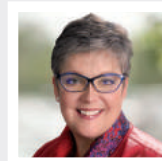
Mark J. Bolus
PRESIDENT and CEO
 BOLUS MOTOR LINES, INC.
COMMITTEES Compensation, *Chair*;
 Strategic/Executive; Trust
 DIRECTOR SINCE 2010



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



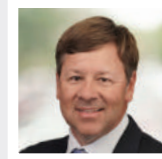
Jeffery J. Knauss
FORMER CEO and CO-FOUNDER DIGITAL HYVE
COMMITTEES Governance; Audit
 DIRECTOR SINCE 2021



Kerrie D. MacPherson
RETIRED SENIOR PARTNER
 ERNST & YOUNG, LLP
COMMITTEES Audit, *Chair*; Trust
 DIRECTOR SINCE 2019



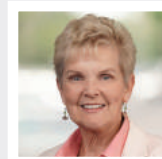
John Parente
CEO CP MEDIA, LLC
COMMITTEES Trust, *Chair*; Strategic/Executive;
 Governance
 DIRECTOR SINCE 2010



Raymond C. Pecor, III
PRESIDENT LAKE CHAMPLAIN
 TRANSPORTATION COMPANY
COMMITTEES Risk, *Chair*; Governance
 DIRECTOR SINCE 2017



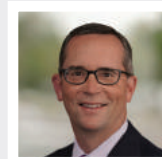
Susan E. Skerritt
RETIRED CHAIRWOMAN, CEO and PRESIDENT
 DEUTSCHE BANK TRUST COMPANY AMERICAS
COMMITTEES Audit; Compensation
 DIRECTOR SINCE 2020



Sally A. Steele
LEAD DIRECTOR
ATTORNEY AT LAW
COMMITTEES Strategic/Executive;
 Compensation
 DIRECTOR SINCE 2003



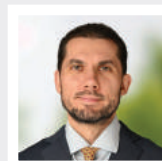
Michele Sullivan
RETIRED PARTNER CROWE LLP
COMMITTEES Audit
 DIRECTOR SINCE 2024



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



John F. Whipple, Jr.
CEO BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
COMMITTEES Audit; Governance; *Chair*
 DIRECTOR SINCE 2010



Dimitar A. Karaivanov
PRESIDENT and CEO
 COMMUNITY BANK SYSTEM, INC.
 DIRECTOR SINCE 2024

NOTE All bank board members participate in the Risk Committee

Administration

EXECUTIVE

Dimitar A. Karaivanov, President and Chief Executive Officer

Joseph E. Sutaris, EVP, Chief Financial Officer

Maureen Gillan-Myer, EVP, Chief Human Resources Officer

Michael N. Abdo, EVP, General Counsel

Jeffrey M. Levy, SVP, Chief Banking Officer

INFORMATION TECHNOLOGY & OPERATIONS

Aaron Friot, SVP, Chief Technology and Operations Officer

RISK MANAGEMENT

Daniel L. Bailey, SVP, Chief Risk Officer

BANKING

Hal Wentworth, SVP, Retail Banking and Marketing

Scott Boser, SVP, Director of Consumer and Mortgage Lending

Barbara Maculloch, Regional President Pennsylvania

Matthew Durkee, Regional President New England & President of Commercial Banking

EMPLOYEE BENEFIT SERVICES

Paul M. Neveu, Chief Executive Officer

INSURANCE

Pierre Morrissette, Chief Executive Officer

WEALTH MANAGEMENT

Michael Cerminaro, President & Chief Executive Officer

COMMUNITY BANK, N.A.

PENNSYLVANIA REGIONAL ADVISORY BOARD

John Basalyga

Colleen Doyle, Esq.

John Graham

Gerard O'Donnell

William Ruark

Lissa Bryan-Smith

James Shoemaker, Esq.

Tara Mugford Wilson

Branch and Drive-Thru Locations

ALBANY REGION OF NEW YORK

Albany
Amsterdam
Ausable Forks
Boiceville
Canajoharie
Champlain
Chateaugay
Chatham
Delmar
East Greenbush
Greenport
Indian Lake
Johnstown
Lake Placid
Latham
Long Lake
Malone (Elm St) Drive-thru Only
Malone (West Main St)
North Creek
Plattsburgh (Margaret St)
Plattsburgh (Route 3)
Saranac Lake (Broadway)
Saranac Lake (Lake Flower)
Drive-thru Only
St. Regis Falls
Ticonderoga
Tupper Lake
Valatie
Whitehall

BINGHAMTON REGION OF NEW YORK

Cobleskill
Cooperstown (Otsego)
Delhi
Ithaca (East Buffalo St)
Ithaca (South Meadow St)
Ithaca (Triphammer)
Ithaca (West State St)
Johnson City
Nichols
Norwich Town
Oneonta (Chestnut St)
Oneonta (Main St)
Oneonta (Southside)
Sidney
Walton

BUFFALO REGION OF NEW YORK

Alfred
Allegany
Belfast
Belmont
Bolivar
Clymer
Cuba
Dunkirk (Central Ave)
Dunkirk (Vineyard Dr)

Falconer
Fillmore
Franklinville
Gowanda
Jamestown (Brooklyn Square)
Lakewood
North Collins
Olean (Delaware Park) Drive-thru Only
Olean (North Union St)
Orchard Park
Randolph
Salamanca
Sherman
Silver Creek
Springville (South Cascade Dr)
Warsaw
Wellsville (North Highland Ave)
Wellsville (North Main St)
Westfield
Yorkshire

ROCHESTER REGION OF NEW YORK

Addison
Avon
Bath
Canandaigua
Clifton Springs Plaza
Corning (West Market St)
Dansville
Elmira (Big Flats)
Elmira (East Water St.)
Elmira (Southport)
Elmira (West Water St.)
Geneseo
Geneva
Hammondsport
Henrietta
Hornell (Steuben Square)
Horseheads (Grand Central Ave)
Livonia
Naples
Newark Plaza
Ovid
Palmyra
Penn Yan (Lake St) Drive-thru Only
Penn Yan (Main St)
Phelps
Seneca Falls
Waterloo
Watkins Glen

SYRACUSE REGION OF NEW YORK

Adams
Alexandria Bay
Black River
Boonville (Headwaters Plaza)
Drive-thru Only
Boonville (Main St.)
Camden

Canastota
Canton (Court St) Drive-thru Only
Canton (Main St)
Cato
Cazenovia
Chittenango
Cicero
Clayton
Dewitt
Fulton
Gouverneur
Hamilton
Hannibal
Lowville (State St)
Lowville (Turin Rd) Drive-thru Only
Lyons Falls
Madrid
Massena
Moravia
Ogdensburg (State St)
Old Forge
Oneida (182 Main St)
Oneida (585 Main St)
Oswego
Potsdam (Market St)
Pulaski
Rome (Griffiss Park)
Skaneateles
Star Lake
Vernon
Watertown (Arsenal St)
Watertown (Washington St)
West Carthage
Westmoreland

NEW ENGLAND REGION

Vermont and Massachusetts
Barre
Bennington
Bradford
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 REGION

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

Growth Profile

Stock Performance

AT 12/31/23

CLOSING PRICE	\$52.11
PRICE/EARNINGS (TTM)	21.3
AVERAGE 3-MONTH DAILY VOLUME	283,000
52 WEEK HIGH STOCK PRICE	\$64.86
52 WEEK LOW STOCK PRICE (ANNUALIZED)	\$35.38

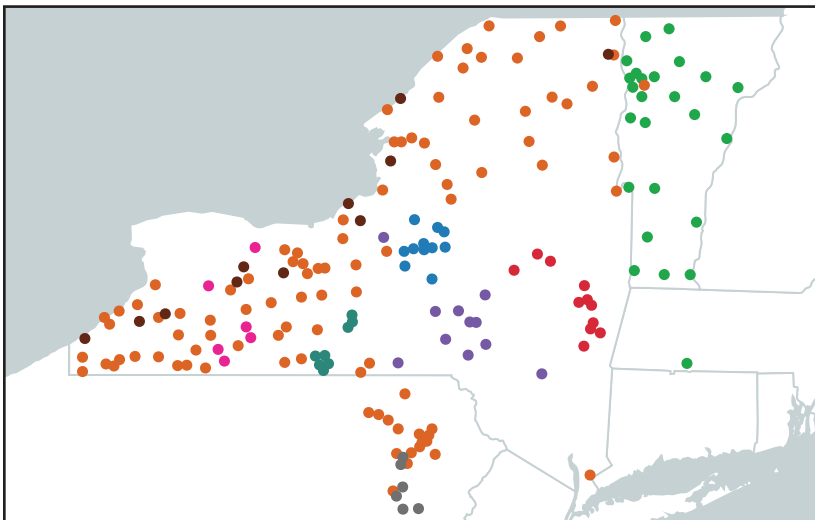
Total Shareholder Returns

	1 YEAR	5 YEARS	10 YEARS	15 YEARS
CBU	(14.2%)	0.5%	5.7%	8.6%
S&P 600 Commercial Banks Index	(1.7%)	5.4%	6.2%	6.6%
KBW Regional Bank Index	(0.4%)	7.5%	6.2%	6.8%

Through December 31, 2023 or most recent available, including reinvestment of dividends
Source: Bloomberg

Most Recent Banking Acquisitions

	TRANSACTION TYPE	NET BRANCHES	ASSETS IN MILLIONS
2022 - ELMIRA SAVINGS BANK ●	WHOLE	8	\$584
2020 - STEUBEN TRUST CORPORATION ●	WHOLE	11	\$608
2019 - KINDERHOOK BANKCORP. ●	WHOLE	11	\$643
2017 - MERCHANTS BANCSHARES, INC. ●	WHOLE	32	\$1,999
2015 - ONEIDA FINANCIALCORP. ●	WHOLE	12	\$769
2013 - BANK OF AMERICA, N.A. ●	BRANCH	6	\$303
2012 - HSBC/FIRST NIAGARA ●	BRANCH	12	\$797
2011 - WILBER CORPORATION ●	WHOLE	22	\$848



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
cbna.com

Annual Meeting

Wednesday, May 15, 2024

12:00pm EST

Marriott Syracuse Downtown
Persian Terrace
100 E Onondaga St,
Syracuse, NY 13202

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:

Equiniti
Operations Center
6201 15th Avenue
Brooklyn, NY 11219
equiniti.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, 2023.

ANALYST COVERAGE

The following analysts published research about Community Bank System in 2023:

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
Nicholas Cucharale / 347.689.7782
ncucharale@hovdegroup.com

Janney Montgomery Scott LLC
Jake Civiello / 207.536.2171
jciviello@janney.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:

Equiniti
Operations Center
6201 15th Avenue
Brooklyn, NY 11219
equiniti.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: **Marguerite Geiss**
Investor Relations Department
Community Bank System, Inc.
5790 Widewaters Parkway
DeWitt, NY 13214-1883
315.445.7313
marguerite.geiss@cbna.com

SAFE HARBOR STATEMENT

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

bank happy[®]




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DeWitt, NY 13214-1883
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