



Investor Presentation

COMMUNITY BANK SYSTEM, INC. | NYSE: CBU

FEBRUARY 2023

Disclaimers

Forward-Looking Statements

This presentation contains comments or information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995), which involve significant risks and uncertainties. Forward-looking statements often use words such as “anticipate,” “could,” “target,” “expect,” “estimate,” “intend,” “plan,” “goal,” “forecast,” “believe,” or other words of similar meaning. These statements are based on the current beliefs and expectations of the Company’s management and are subject to significant risks and uncertainties. Actual results may differ materially from the results discussed in the forward-looking statements. Moreover, the Company’s plans, objectives and intentions are subject to change based on various factors (some of which are beyond the Company’s control). Factors that could cause actual results to differ from those discussed in the forward-looking statements include: (1) the macroeconomic and other challenges and uncertainties related to the COVID-19 pandemic, variants of COVID-19, and related vaccine and booster rollouts, including the negative impacts and disruptions on public health, the Company’s corporate and consumer customers, the communities the Company serves, and the domestic and global economy, including various actions taken in response by governments, central banks and others, which may have an adverse effect on the Company’s business; (2) current and future economic and market conditions, including the effects of changes in housing or vehicle prices, higher unemployment rates, labor shortages, supply chain disruption, inability to obtain raw materials and supplies, U.S. fiscal debt, budget and tax matters, geopolitical matters, and any slowdown in global economic growth; (3) the effect of, and changes in, monetary and fiscal policies and laws, including future changes in Federal and state statutory income tax rates and interest rate and other policy actions of the Board of Governors of the Federal Reserve System; (4) the effect of changes in the level of checking or savings account deposits on the Company’s funding costs and net interest margin; (5) future provisions for credit losses on loans and debt securities; (6) changes in nonperforming assets; (7) the effect of a fall in stock market or bond prices on the Company’s fee income businesses, including its employee benefit services, wealth management, and insurance businesses; (8) risks related to credit quality; (9) inflation, interest rate, liquidity, market and monetary fluctuations; (10) the strength of the U.S. economy in general and the strength of the local economies where the Company conducts its business; (11) the timely development of new products and services and customer perception of the overall value thereof (including features, pricing and quality) compared to competing products and services; (12) changes in consumer spending, borrowing and savings habits; (13) technological changes and implementation and financial risks associated with transitioning to new technology-based systems involving large multi-year contracts; (14) the ability of the Company to maintain the security of its financial, accounting, technology, data processing and other operating systems and facilities; (15) effectiveness of the Company’s risk management processes and procedures, reliance on models which may be inaccurate or misinterpreted, the Company’s ability to manage its credit or interest rate risk, the sufficiency of its allowance for credit losses and the accuracy of the assumptions or estimates used in preparing the Company’s financial statements and disclosures; (16) failure of third parties to provide various services that are important to the Company’s operations; (17) any acquisitions or mergers that might be considered or consummated by the Company and the costs and factors associated therewith, including differences in the actual financial results of the acquisition or merger compared to expectations and the realization of anticipated cost savings and revenue enhancements; (18) the ability to maintain and increase market share and control expenses; (19) the nature, timing and effect of changes in banking regulations or other regulatory or legislative requirements affecting the respective businesses of the Company and its subsidiaries, including changes in laws and regulations concerning taxes, accounting, banking, service fees, risk management, securities and other aspects of the financial services industry; (20) changes in the Company’s organization, compensation and benefit plans and in the availability of, and compensation levels for, employees in its geographic markets; (21) the outcome of pending or future litigation, government proceedings and local, state and Federal tax audits; (22) the effects of climate change and natural disasters on the Company’s operations or the operations of its customers; (23) other risk factors outlined in the Company’s filings with the SEC from time to time; and (24) the success of the Company at managing the risks of the foregoing.

Note Regarding Non-GAAP Financial Measures

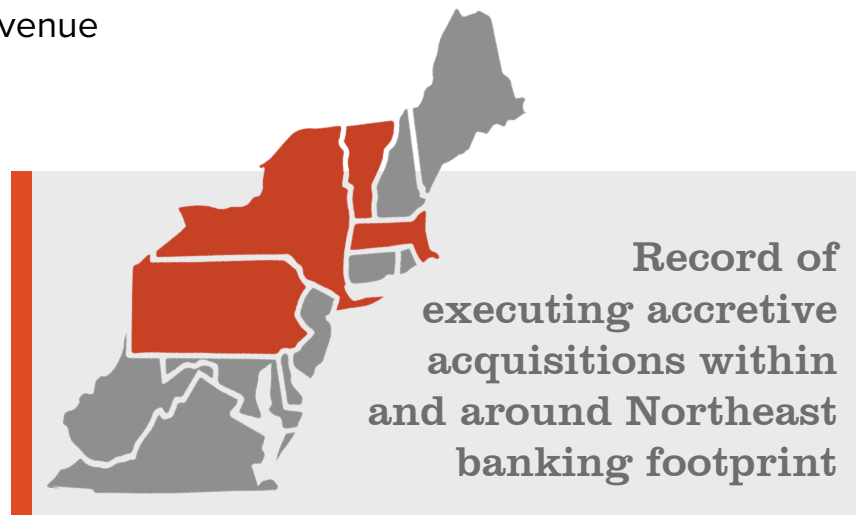
The Company also provides supplemental reporting of its results on an “operating,” “adjusted” or “tangible” basis, from which it excludes the one-time deferred tax expense benefits of the Tax Cuts and Jobs Act, the after-tax effect of amortization of core deposit and other intangible assets (and the related goodwill, core deposit intangible and other intangible asset balances, net of applicable deferred tax amounts), accretion on non-purchased credit deteriorated (“PCD”) acquired loans, acquisition expenses, acquisition-related provision for credit losses, acquisition-related contingent consideration adjustments, unrealized gain (loss) on equity securities, net gain on sale of investments, litigation accrual expenses and gain (loss) on debt extinguishment. Although these items are non-GAAP measures, the Company’s management believes this information helps investors and analysts measure underlying core performance and improves comparability to other organizations that have not engaged in acquisitions. In addition, the Company provides supplemental reporting for “adjusted pre-tax, pre-provision net revenues,” which excludes the provision for credit losses, acquisition expenses, acquisition-related contingent consideration adjustments, net gain on sale of investments, unrealized gain (loss) on equity securities, gain (loss) on debt extinguishment and litigation accrual expenses from income before income taxes. Although adjusted pre-tax, pre-provision net revenue is a non-GAAP measure, the Company’s management believes this information helps investors and analysts measure and compare the Company’s performance through a credit cycle by excluding the volatility in the provision for credit losses associated with the adoption of CECL and the economic uncertainty caused by the COVID-19 pandemic. This presentation includes a reconciliation of each non-GAAP financial measure to the most comparable GAAP equivalent. The disclosures within this presentation are unaudited.



About CBU

- **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
 - 30 consecutive years of annual dividend increases
 - 10-year cumulative total return to shareholders of 168% (10.4% annualized), outpacing KBW Regional Banking Index of 161% (10.0% annualized)²



\$15.8B
in total assets¹



\$3.4B
market capitalization
(at 12/30/22 share price of \$62.95)



20+
year consistent and
proven business model

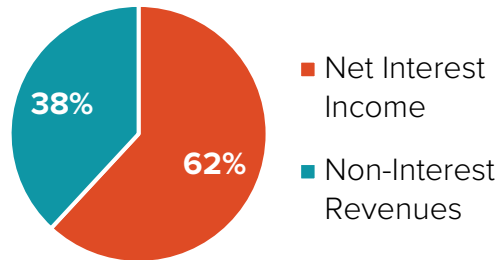
¹ As of December 31, 2022

² Total return based on 10-year historical performance through January 31, 2023, assuming dividend reinvestment.

Our System

- Market-leading bank branch and digital services focused on core accounts and customer relationships
- Diversified and complementary revenue sources provide high quality, lower volatility income
- Disciplined growth through organic and strategic acquired opportunities

Revenue Sources (TTM)



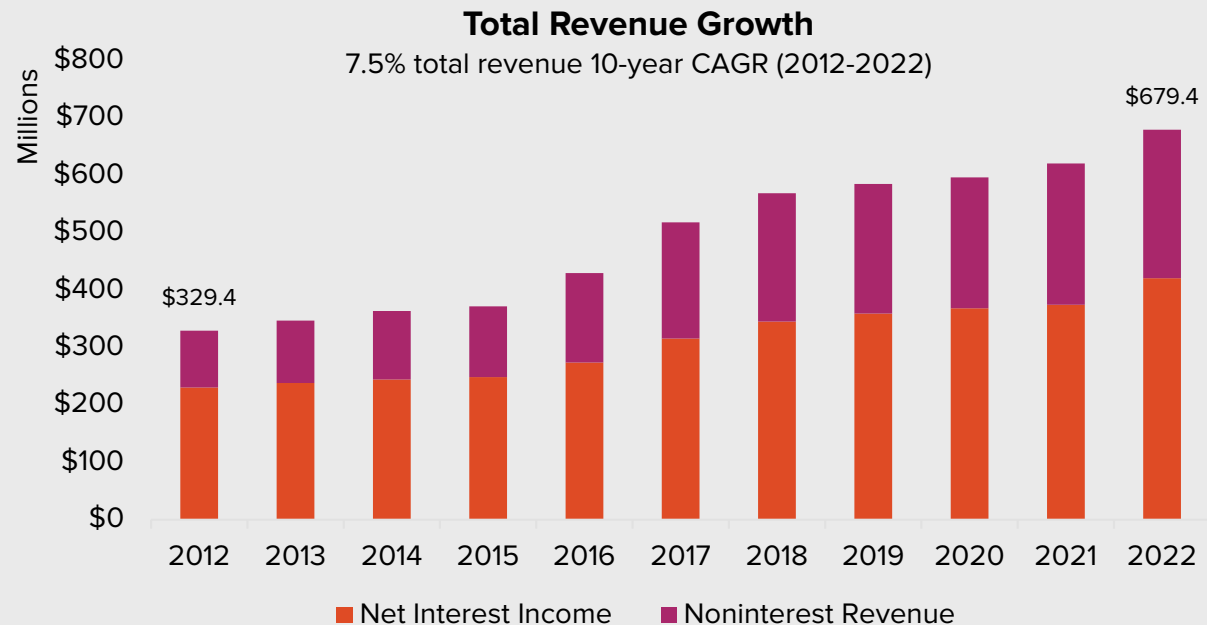
Banking	Employee Benefit Services	Wealth & Retirement	Insurance Services
Community Bank, N.A.	BPAS	Community Bank Wealth Management	OneGroup
<ul style="list-style-type: none"> • Commercial Banking • Cash Management • Municipal • Agricultural • Small Business • Retail & Consumer 	<ul style="list-style-type: none"> • Retirement Plan & Benefits Administration • Actuarial & Pension Services • Public-Sector Benefits & VEBA • Health & Welfare Plans • Collective Investment Fund 	<ul style="list-style-type: none"> • Investment Advising • Retirement Plan Design • Asset Management • Trust Services • Financial Planning • Family & Succession Planning 	<ul style="list-style-type: none"> • Risk Management • Business Insurance • Personal Insurance • Employee Benefits • Human Resources Services & Consulting
<p>\$420.6M net interest income for TTM</p> <p>\$71.9M non-interest banking revenues for TTM</p>	<p>\$115.4M non-interest revenues from employee benefit services for TTM</p>	<p>\$31.7M non-interest revenues from wealth management services for TTM</p>	<p>\$39.8M non-interest revenues from insurance services for TTM</p>

Trailing twelve months ("TTM") figures used throughout this presentation refer to the period ending 12/31/2022



Focus on Revenue Quality and Growth

- We manage revenue volatility through both diversification amongst revenue sources and within businesses (e.g. credit and rate sensitivity, AUM fees vs activity fees, secular tailwinds in benefits business line, geographies) + accretive M&A opportunities in each area



Diversified and Complementary Revenue ¹ : Growth Rate					
Revenue Source	2018	2019	2020	2021	2022
Net Interest Income (~60%)	9.3%	4.1%	2.6%	1.6%	12.3%
Banking Fees (~10%)	2.7%	(6.5%)	(5.8%)	(2.7%)	11.2%
Benefits Administration (~20%)	14.2%	5.3%	4.3%	12.8%	0.9%
Wealth + Insurance (~10%)	16.3%	3.5%	3.8%	11.6%	6.3%
Total Revenue Sources	9.8%	2.8%	2.0%	4.1%	9.5%

Sources: S&P Global, Internal filings

¹ Excludes securities gains/losses



Performance Highlights

- Solid earnings in Q4 2022 with fully-diluted EPS of \$0.97 on a GAAP-basis and \$0.96 on an operating-basis¹
- Fourth quarter 2022 adjusted pre-tax, pre-provision net revenue per share (non-GAAP) of \$1.29 per share, up \$0.20, or 18.3%, per share from the fourth quarter of 2021
- Quarterly cash dividend of \$0.44 per share, up 2.3% from the comparable year quarter
 - CBU's now 30 years of consecutive annual dividend increases has empowered it to retain its status as an S&P Dividend Aristocrat
- Full year organic loan growth of 14.9%, excludes acquired and PPP² loans
- Continued strong asset quality, including 0.09% annualized net charge-off ratio in Q4 2022. 0.04% for full year 2022.

Full Year 2022



1.21%
return on assets

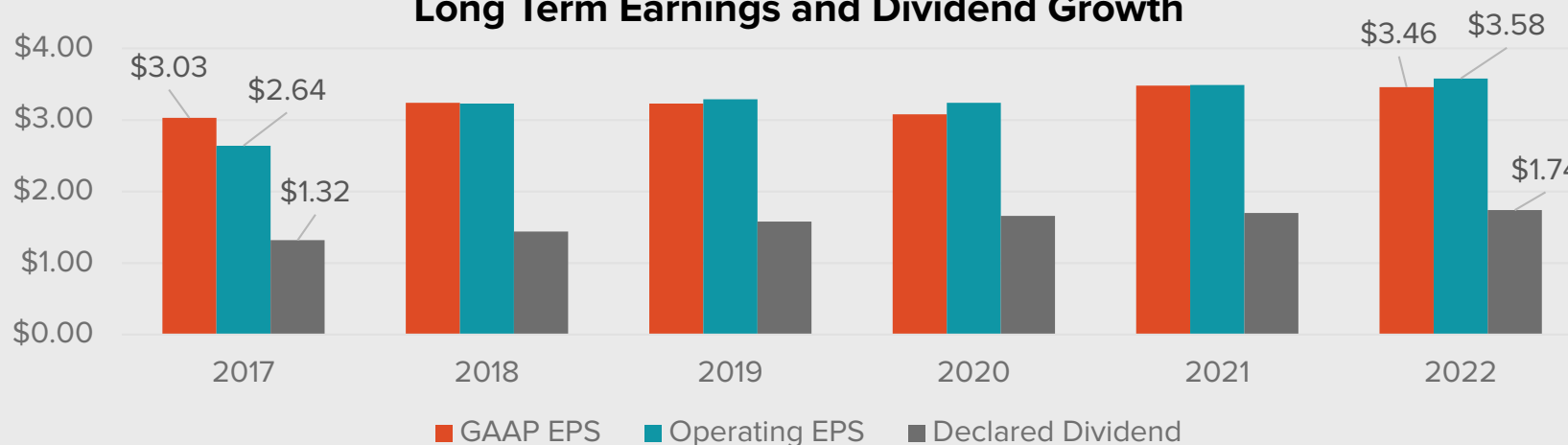


10.8%
return on equity



19.5%
loan growth

Long Term Earnings and Dividend Growth



¹ Operating earnings are a non-GAAP measure and exclude gains (losses) on securities, acquisition related expenses and special charges; net of tax effect. Please see Appendix for details.

² Paycheck Protection Program Loans

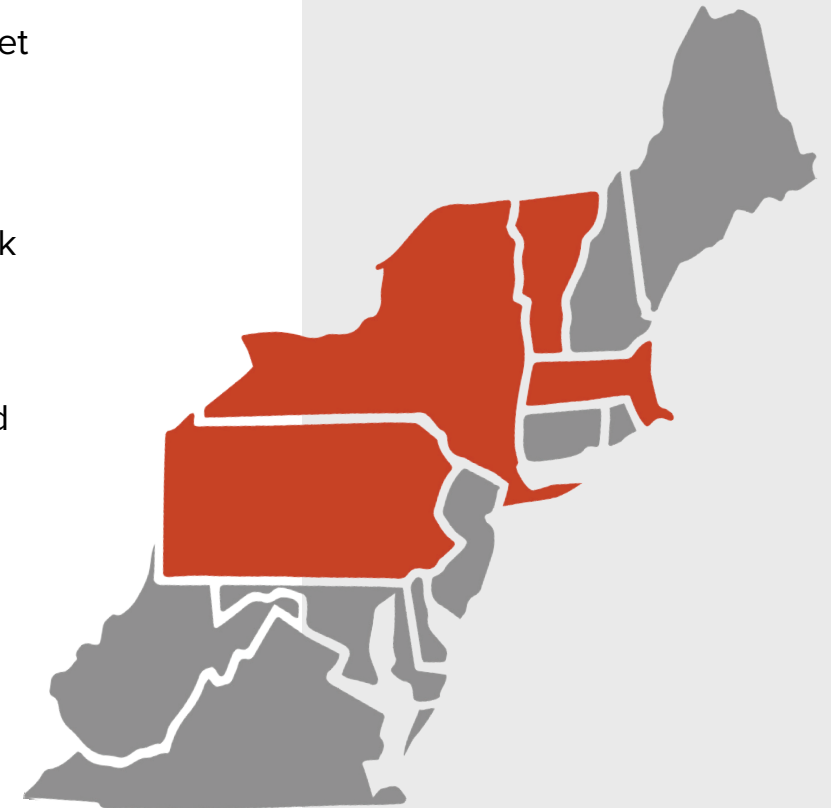


Market-leading Community Bank

- Mostly non-metropolitan markets where leadership positions can be earned
 - In-footprint lender with deep knowledge of our markets and first or second market share in approximately two-thirds of the towns where we do business¹
- Core focus on credit quality and low funding costs
- Decentralized decision-making and authority, where branch managers act as local bank presidents
- Complement market-leading branch system (210+ customer locations) with enhanced digital banking services, including mobile banking, online deposit account opening and loan applications
- Community Bank was once again named to Forbes America's Best Banks and World's Best Banks 2022 lists
- 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 was proud to be named sixth among banks in Newsweek's 2022 list of America's Most Trustworthy Companies



¹ Based on the most recent FDIC Summary of Deposit data.



Disciplined Proven Acquirer

- Successful in-market strategy focused on high quality banking partners through low-risk, accretive acquisitions
- Proven acquirer well-positioned in consolidating industry for continued growth

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

Most Recent Banking Acquisitions	Transaction Type	Net Branches	Assets in Millions
2022 – Elmira Savings Bank ¹	Whole	8	\$583
2020 – Steuben Trust Corporation	Whole	11	\$608
2019 – Kinderhook Bank Corp.	Whole	11	\$643
2017 – Merchants Bancshares, Inc.	Whole	32	\$1,999
2015 – Oneida Financial Corp.	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

¹ The Company completed the acquisition on May 13, 2022



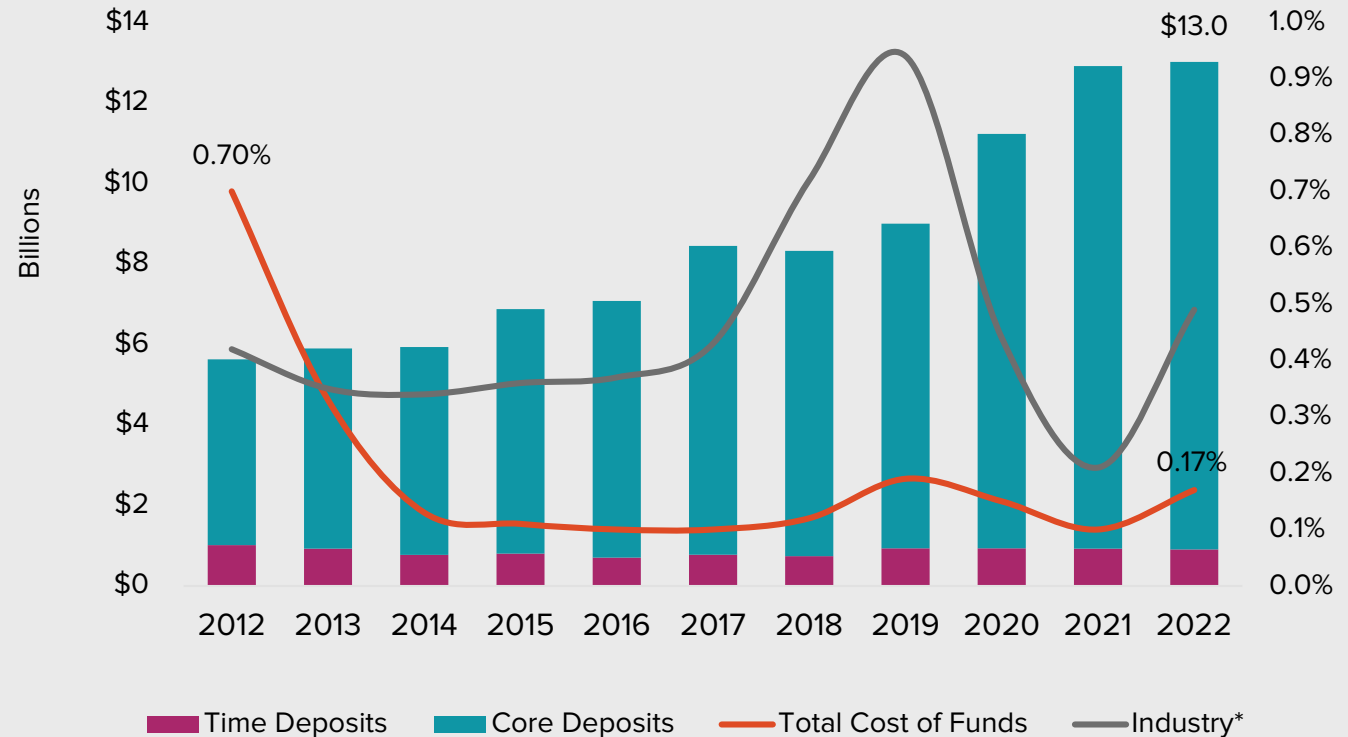
Core Deposit Strength

- Excellent core deposit customer base
 - Focus on generating and retaining core non-time deposits, which made up 93.0% of total deposits at December 31, 2022
 - Average cost of deposits of 0.18% in Q4 2022
- \$13.0 billion of total deposits at December 31, 2022
- CBU's successful core deposit gathering strategy earned it Best Retail Strategy in Bank Director's 2021 RankingBanking study
- During the 2015-2018 Federal Reserve tightening cycle, CBU had one of the lowest deposit betas in the banking industry (3%)¹. During the current cycle (2022), CBU has experienced a similar deposit beta (3%)²

3% cycle to date deposit beta²

7% cycle to date funding beta²

Core Deposit Strength Supports Low Overall Funding Costs



Deposit beta calculated as the change in quarterly deposit cost of funds compared to the change in the quarterly average federal funds rate. Base period is set as the quarter before the federal funds rate began increasing.

1. Calculation period of Q3 2015 (base period) through Q4 2018
2. Calculation period of Q4 2021 (base period) through Q4 2022

Bank Level Call Report Based Results

* Industry group is defined as U.S. Commercial Banks with assets between \$10 and \$50 billion

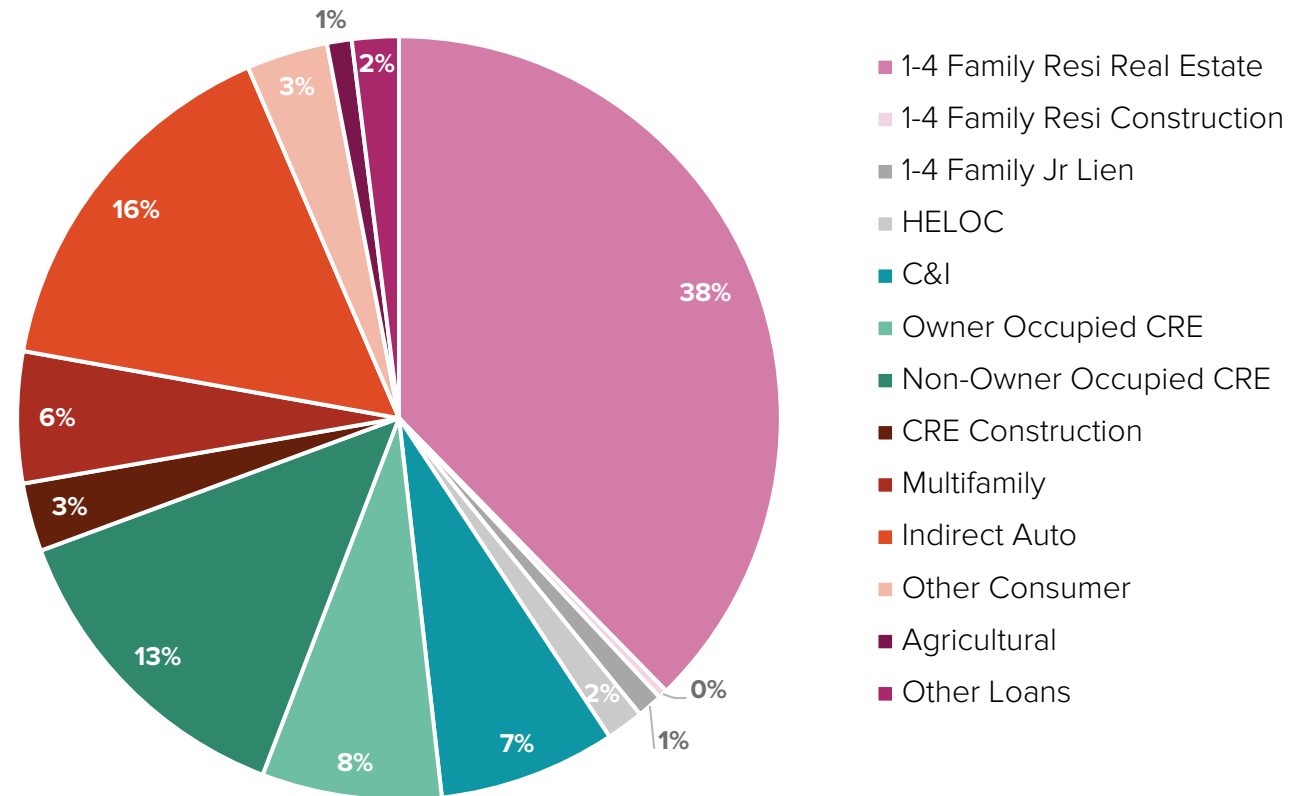


In-footprint Lender

- Diversified and high-quality loan portfolio with in-footprint focus
- \$8.81 billion in total loans as of December 31, 2022
- Average loan originations are uniquely granular for an institution of our size
 - Average Residential Mortgage – \$151,000
 - Average Home Equity Loan – \$69,000
 - Average Indirect Loan – \$27,000

\$637K average commercial loan relationship¹

Diversified Loan Portfolio²



¹ Excludes Paycheck Protection Program (“PPP”) loans

² Loan customer balances as of December 31, 2022, call report code-based customer loan data



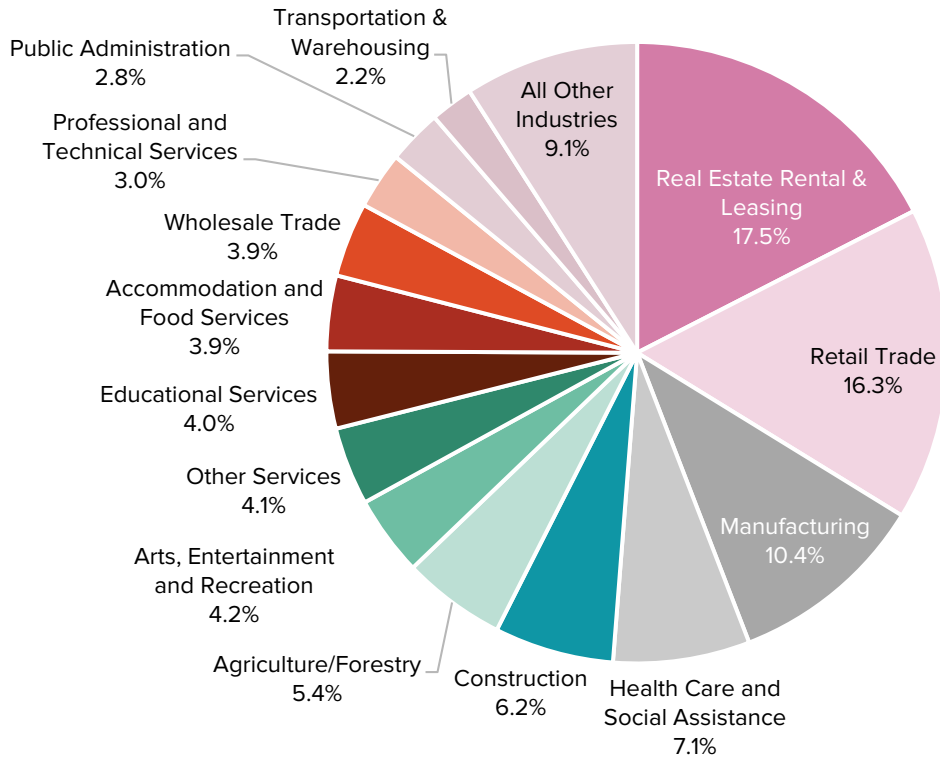
Business Lending

Well diversified lending portfolio

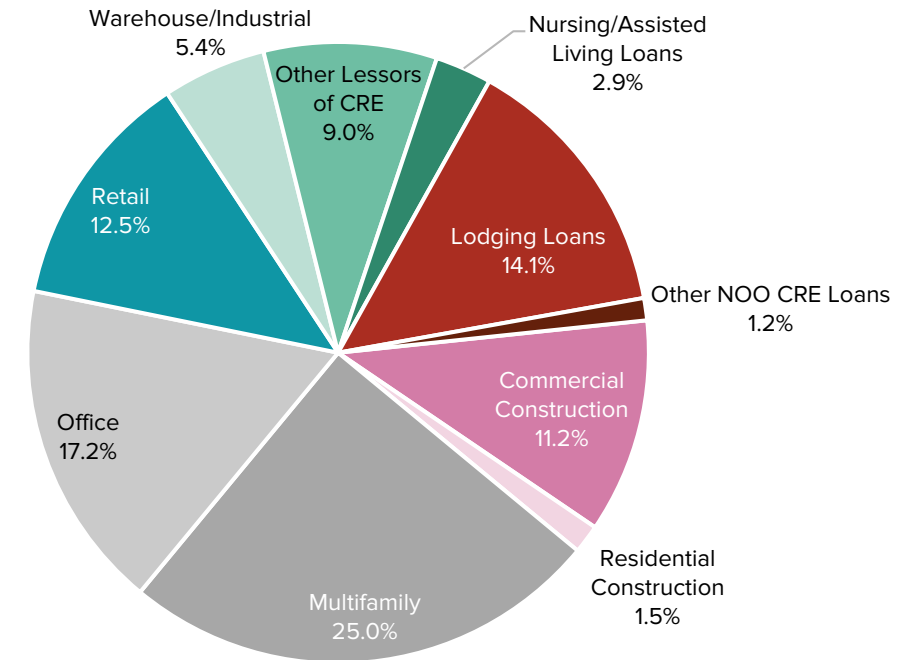
0.10% 10-year average net-charge off ratio (2013-2022)

C&I, Owner Occupied CRE & All Other Business¹
(\$1.71 billion)

Non-Owner Occupied CRE (“NOO CRE”)²
(\$1.94 billion)



Total Business Lending
\$3.65 Billion
41% of total loans



NOO CRE represents 165% of total bank-level capital compared to the peer median of 232%

Loan balances as of December 31, 2022, call report code-based customer loan data

¹ C&I, owner occupied CRE & all other portfolio includes all business loans not coded with “NOO CRE” call report codes (below)

² Non-owner occupied CRE portfolio includes all business loans coded with 1A2, 1D and 1E2 call report codes



Consumer Lending

Durable loss history versus industry¹

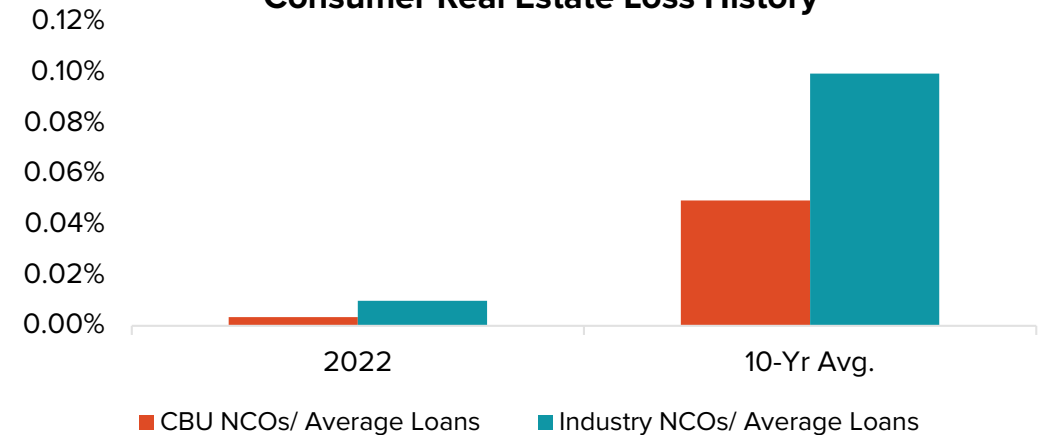
Consumer Real Estate (\$3.45 billion)

- Broad product set including non-conforming, FHA, VA and 1st time homebuyers program
- 87% consumer mortgage / 13% home equity
- 751 average origination FICO score

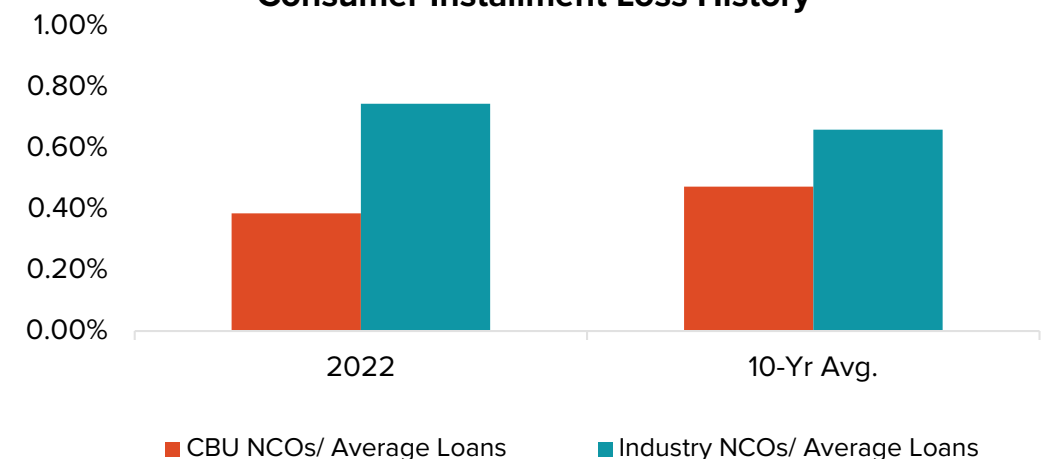
Consumer Installment (\$1.72 billion)

- 30+ years in the business
- 89% indirect (through 1,000+ dealer network) / 11% direct
- 753 average origination FICO score

Consumer Real Estate Loss History²



Consumer Installment Loss History²



Sources: S&P Global, Internal filings

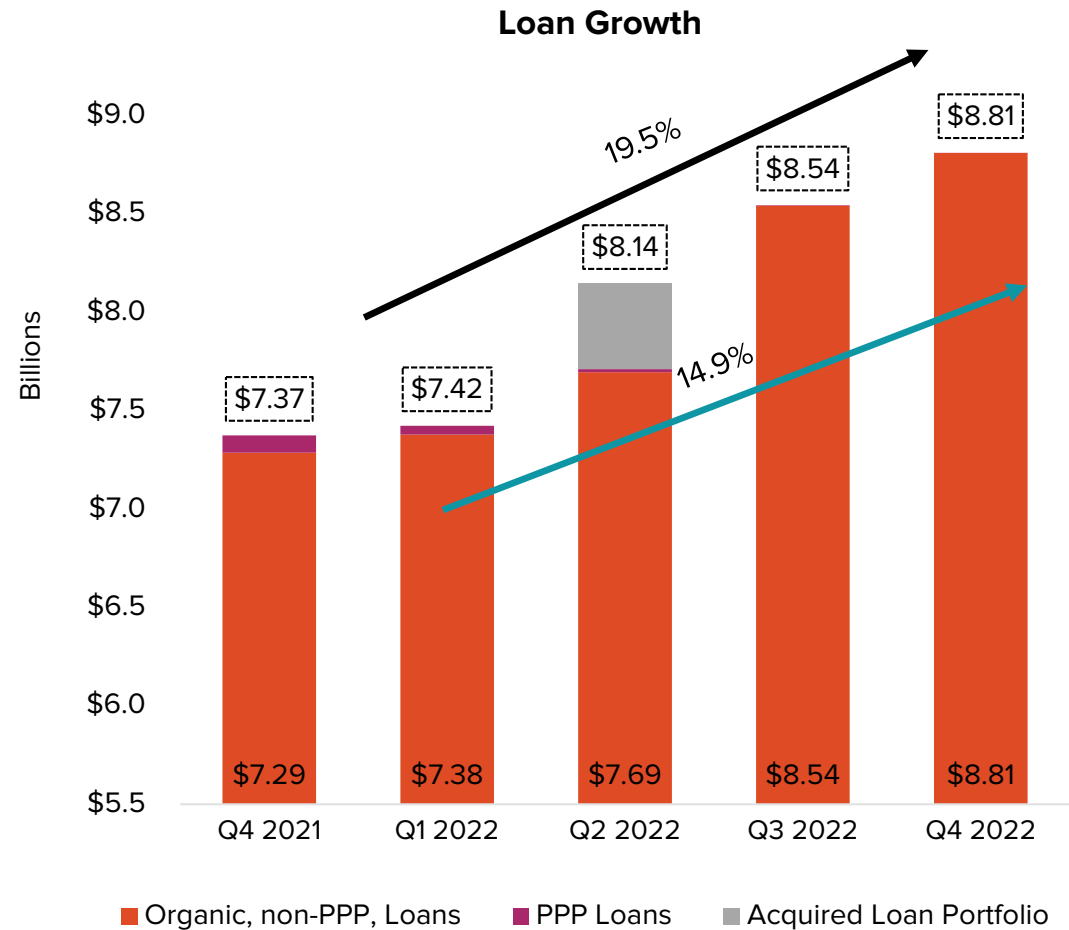
¹Industry group is defined as U.S. Commercial Banks with assets between \$10 and \$50 billion

²Regulatory reporting results. Consumer installment results include checking/overdraft charge-offs.



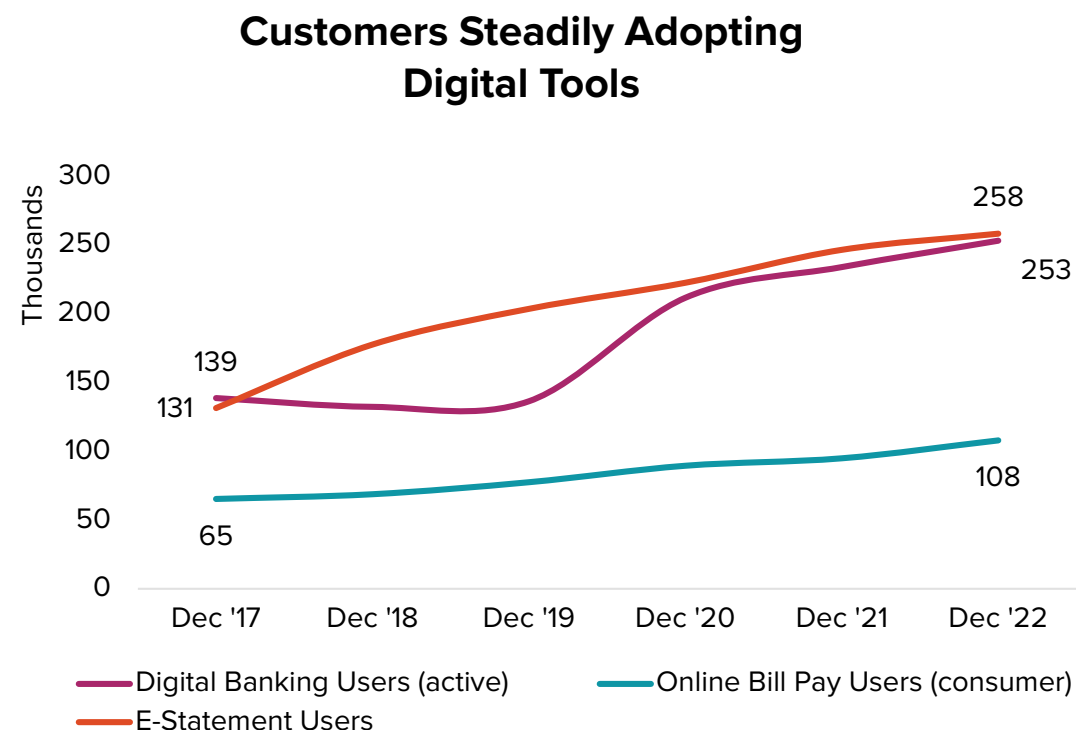
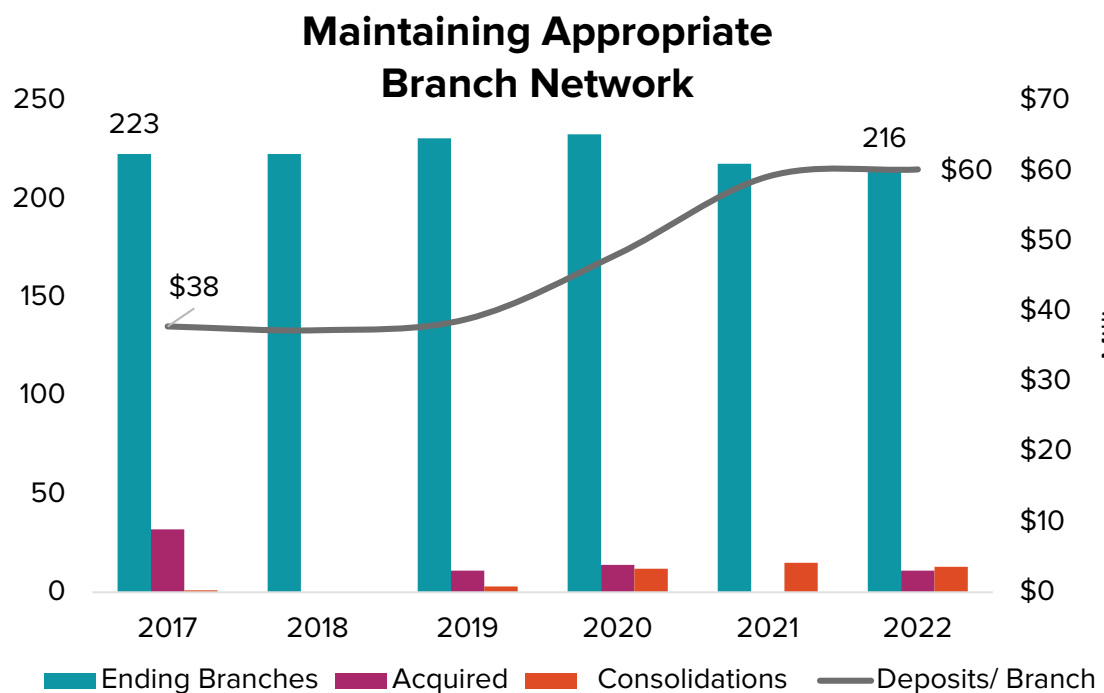
Organic Loan Growth

- Overall loan growth of 19.5% in 2022
- Organic loan growth of 14.9%, for full year 2022, excluding loans acquired during the year and PPP loans
- All major loan segments produced positive organic loan growth during the year



Optimizing Delivery Channels for Growth

- Addressing redundancies through consolidations and expanding digital banking services
- 44 branches consolidated from 2017 through 2022
- As of December 2022, 63% of total customers were digital banking users, while 55% and 26% of core deposit customers were e-statement users and online bill pay users, respectively



Digital Transformation

Supporting customers' preference towards digital while enhancing efficiencies

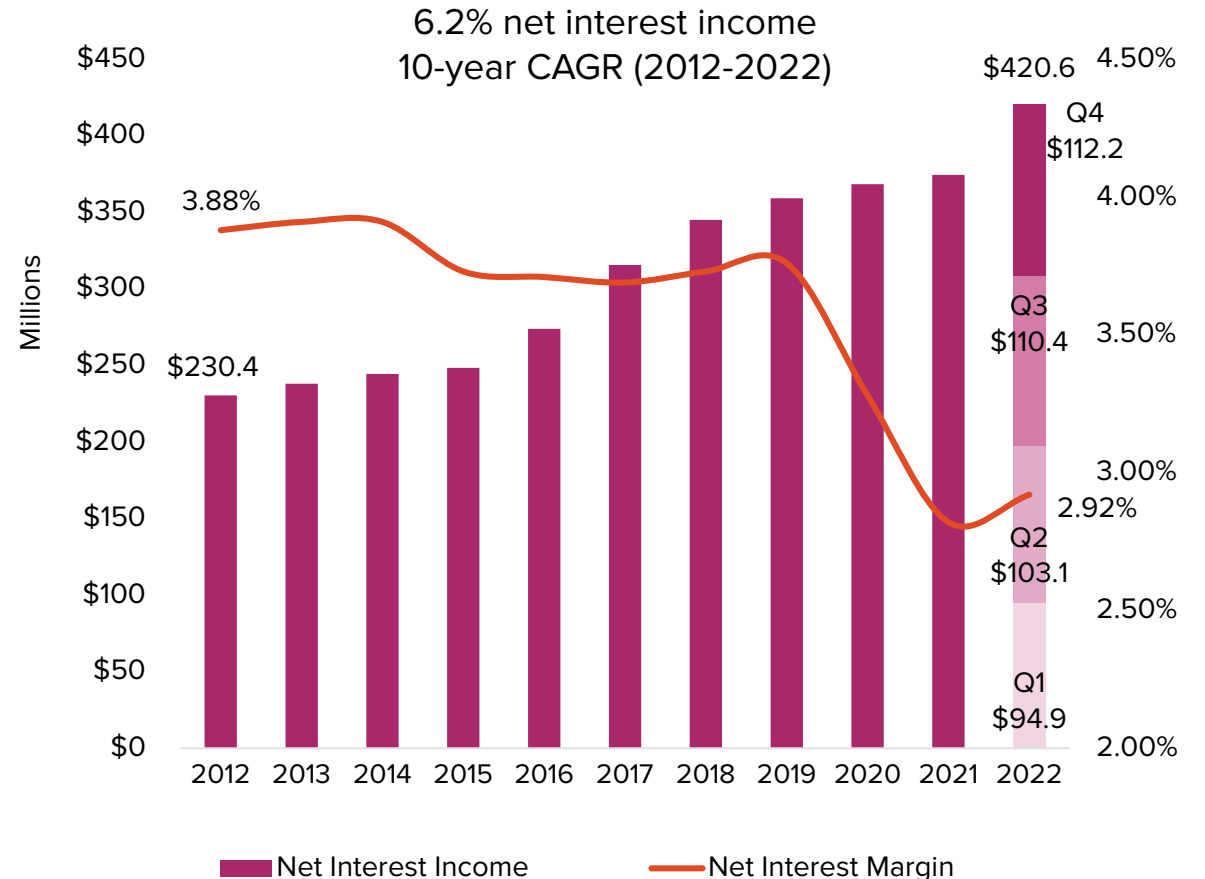
	Recent Accomplishments	What's Next
Client Experience	<ul style="list-style-type: none"> Enhanced personal banking budgeting tool 31% of residential mortgage applications in 2022 were submitted online; 20% in 2021 Rolled out an enhanced Treasury Management tool for business and municipal customers Rolled out a new tool to simplify digital account opening and direct deposit setup 	<ul style="list-style-type: none"> Enhancing digital account opening process to include more funding options Developing online small business loan application portal Currently implementing Zelle® for enhanced person-to-person payments Implementing new credit monitoring/education tools in 2023 Developing a unified and comprehensive online application process that will result in a more efficient and complete customer submission
Process Efficiencies and Digital Investments	<ul style="list-style-type: none"> Workflow automation technology Shifted marketing budget to drive digital traffic Invested resources in Application Development and Digital Banking departments 	<ul style="list-style-type: none"> Participating in bank tech / fintech ecosystem Enhancing e-sign / digital signature capabilities Implementing end to end processes and robotic process automation technologies
Client and Data Management	<ul style="list-style-type: none"> Continually investing in information security infrastructure across banking and financial services businesses 	<ul style="list-style-type: none"> Investing resources in data analytics talent and platforms Creating a single source of truth for all corporate data, via a new single, fully managed solution



Robust Net Interest Income

- Net interest income (“NII”) of \$112.2 million for Q4 2022 increased \$16.5 million, or 17.2%, over Q4 2021 despite a \$3.5 million decrease in PPP related interest income
- The Company’s improved net interest income outcome was aided in Q4 2022 by strong organic loan growth, relatively stable funding costs and higher market interest rates on new loan volume
- The Company’s full year 2022 NII of \$420.6 million increased \$46.2 million, or 12.3%, over full year 2021 despite a \$15.4 million decrease in PPP related interest income
- The Company’s 2022 net interest margin (“NIM”) of 2.92% expanded 0.10 percentage points during the year

Net Interest Income Growth and Net Interest Margin (FTE)¹



¹ The Company maintained \$1.9 billion of low yield average cash equivalents during 2021 driving lower net interest margin results than the prior year. CBU data as of 12/31/2022. Source: S&P Global, Company filings



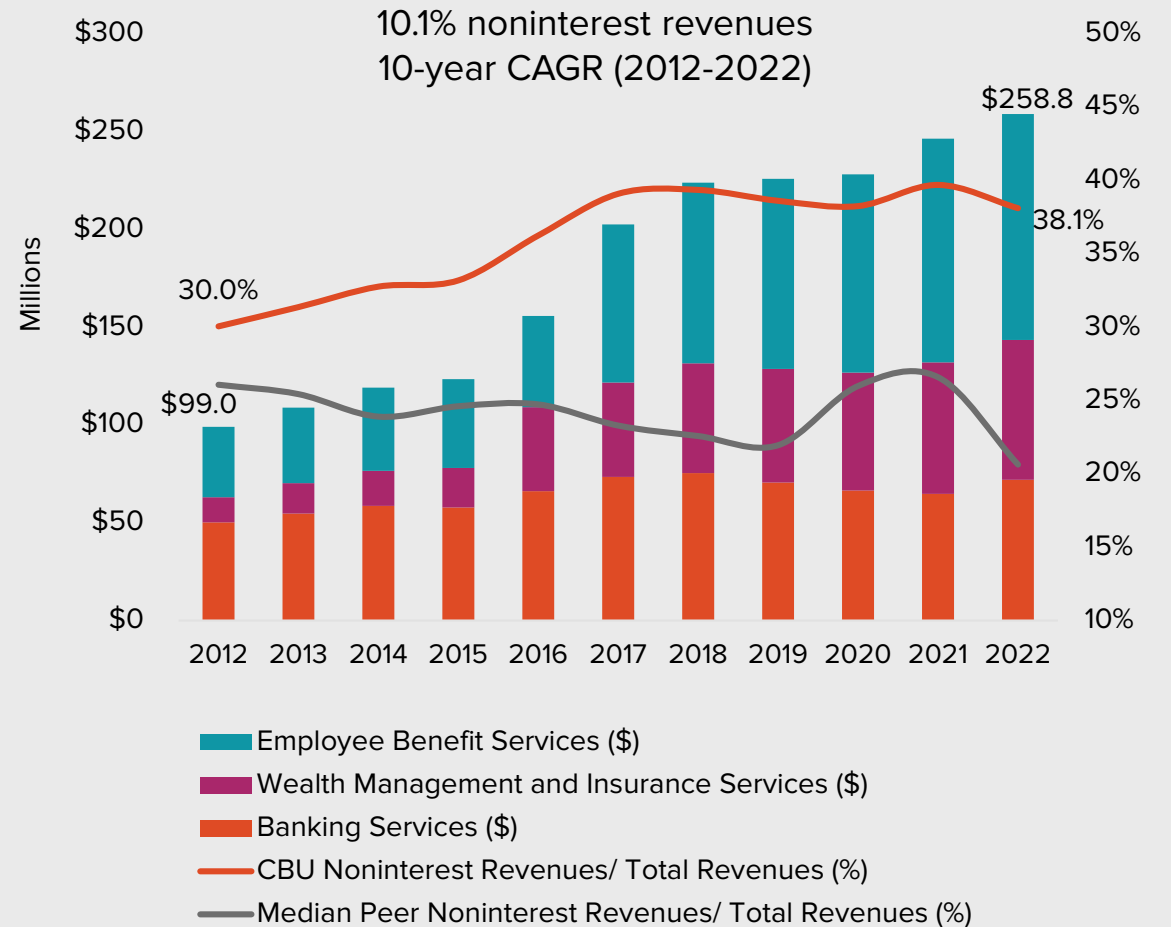
Growing, Recurring Noninterest Revenues

38% of revenue in 2022

- Longstanding focus on growing noninterest revenues reduces its dependence on net interest income
- 70% of CBU's Q4 2022 noninterest revenues derived from its non-bank businesses¹

¹ Excludes securities gains/losses
 CBU and peer data as of 12/31/2022. Peers used throughout presentation may be found in the appendix.

Strong Contributions from Fee-generating Businesses

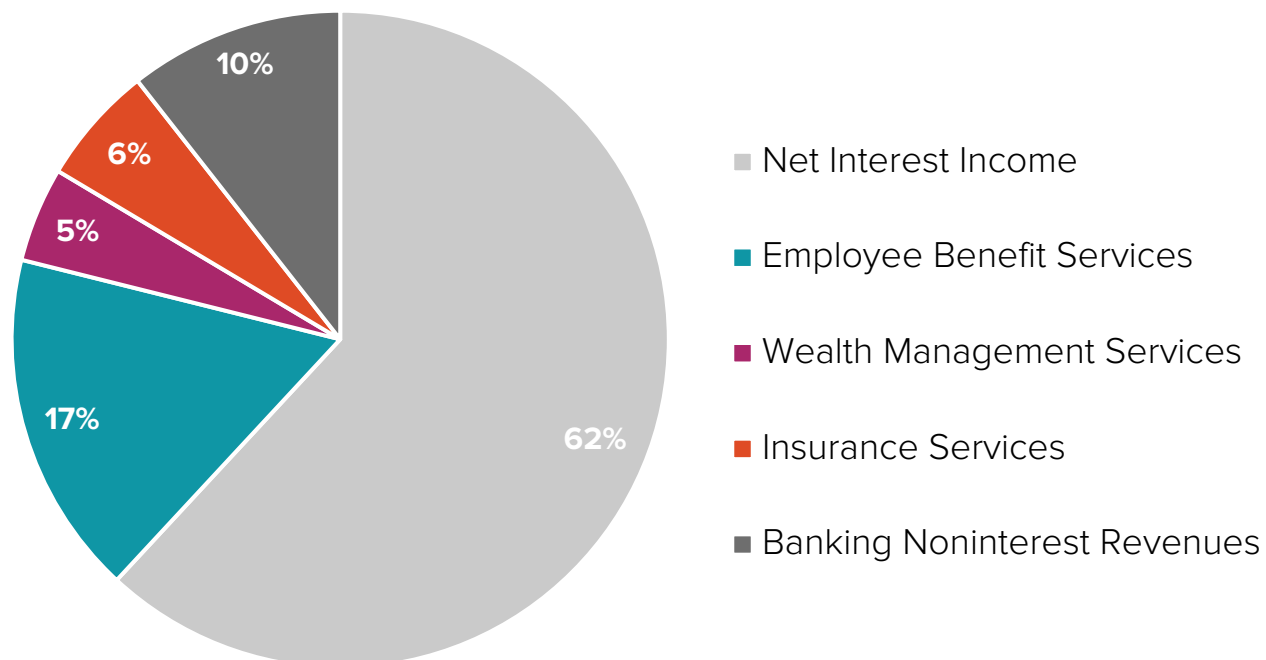


Exceptional Financial Services Subsidiaries



Providing important revenue diversification that requires lower levels of capital

TTM Revenue Diversification¹



- Through a family of subsidiary companies, we offer retirement and employee benefit plans, fund administration, collective investment trusts, wealth and investment management, and insurance and risk management services
- Consistent with our banking business, we complement the organic growth of our other business lines through strategic acquisitions
- Financial services subsidiaries support a premium valuation of CBU which, in turn, supports CBU's currency for banking mergers & acquisitions

¹ Excludes securities gains/losses



Employee Benefit Services: BPAS

Combining administration, technology and investment expertise for clients across the U.S. and Puerto Rico through 14 offices

“One Company, One Call”

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

- Our benefits business is the primary contributor of noninterest revenue which has grown at a 12.4% 10-year CAGR (2012-2022).
- A leading national provider of administration services, investment expertise and technology enabling clients nationwide to consolidate retirement and benefit plans, fund administration, actuarial and pension services, health and welfare plans, and other needs with BPAS.
 - Retirement Plan & Benefits Administration
 - Actuarial & Pension Services
 - Public-Sector Benefits & VEBA
 - Health & Welfare Plans
 - Collective Investment Fund



\$115.4M

TTM revenue, up 1.0% from the prior year period



620,000+

plan participants among 4,500 retirement plans



In June 2022, BPAS earned top spots among the National Association of Plan Advisors (NAPA) Advisors' Choice Awards in nearly all categories in the under \$10 million plan space.

Wealth Management Services

100+ years of industry experience

- Providing comprehensive asset management, strategic wealth planning and management, and trust administration
 - Investment Advising
 - Retirement Plan Design
 - Asset Management
 - Trust Services
 - Financial Planning
 - Family & Succession Planning
- Serving much of the East Coast through offices in NY, PA, VT, MA and FL



Recently entered into a strategic relationship agreement with Jacobi Capital Management, LLC to provide investment advisory services to Community Bank commercial and high net worth clients in Pennsylvania



\$31.7M

TTM revenue, down 4.7% from the prior year period



10.7%

10-year CAGR (2012-2022)



\$7.3B

assets under management (“AUM”)¹ at 12/31/2022

¹ Excludes intercompany AUM

Insurance Services: OneGroup

100+ years of industry experience

Serving much of the East Coast through offices in NY, PA, MA, SC and FL

More than \$300 million in total annual premiums

- 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 & Consulting
- 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, enhancing CBU's insurance revenues



\$39.8M

TTM revenue, up 17.1% from the prior year period



100

Among the top 100 U.S. insurance agencies¹

¹Based on a 2022 *Insurance Journal* ranking of total property & casualty agency revenue

Operating Performance Summary

As of December 31, 2022

Financial Highlights	Q4 2022 in millions, except EPS	% Change from Q4 2021	2022 YTD in millions, except EPS	% Change from 2021 YTD
Net interest income	\$112.2	17.2%	\$420.6	12.3%
Noninterest revenues	63.7	(0.3%)	258.7	5.1%
Operating expenses ¹	106.2	6.0%	419.5	8.3%
Adjusted pre-tax, pre-provision ("PTPP") net revenue ²	69.8	17.2%	259.9	11.4%
Provision for credit losses ³	2.8	NM	10.8	NM
Net income, GAAP	52.5	20.6%	188.1	(0.9%)
Net income, operating ⁴	52.3	18.4%	194.9	2.4%
Fully diluted weighted average common shares outstanding	54.3	(0.6%)	54.4	(0.3%)
GAAP EPS (diluted)	\$0.97	21.3%	\$3.46	(0.6%)
Operating EPS (diluted) ⁴	\$0.96	18.5%	\$3.58	2.6%
Adjusted PTPP EPS (diluted) ²	\$1.29	18.4%	\$4.78	11.7%

12.3% growth
in net interest income in
2022 compared to 2021

¹ Excludes acquisition expenses and special charges.

² Adjusted pre-tax, pre-provision ("PTPP") net revenue and PTPP EPS are non-GAAP measures. Please see the Appendix for details.

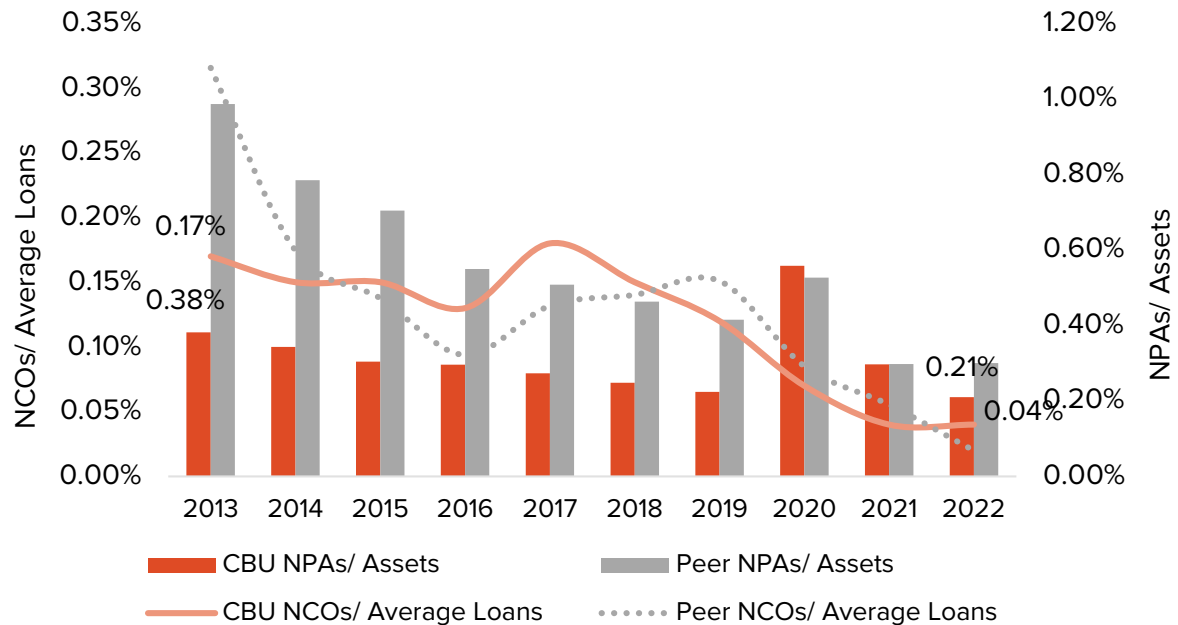
³ Excludes acquisition-related provision for credit losses

⁴ Operating earnings are a non-GAAP measure and exclude unrealized gain (loss) on equity securities, acquisition related expenses and special charges; net of tax effect. Please see Appendix for details.

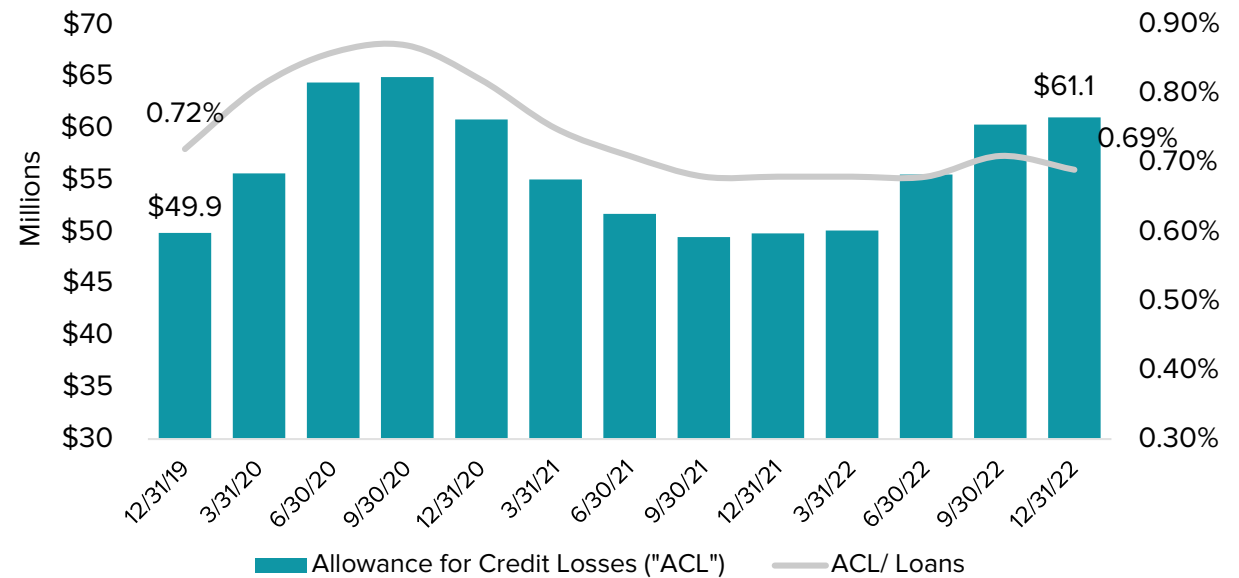


Strong Asset Quality

Historically Strong Asset Quality Metrics¹



Allowance for Credit Losses²



¹ CBU and peer data as of 12/31/2022. NPAs above are defined as nonaccrual loans, loans 90 days or more past due and still accruing, and other real estate owned. Restructured loans are not included. Peers used throughout this presentation may be found in the appendix.

² The 12/31/2019 Allowance for Loan Losses was calculated under the Incurred Loss model while the remaining periods were calculated under the Current Expected Credit Losses ("CECL") model.

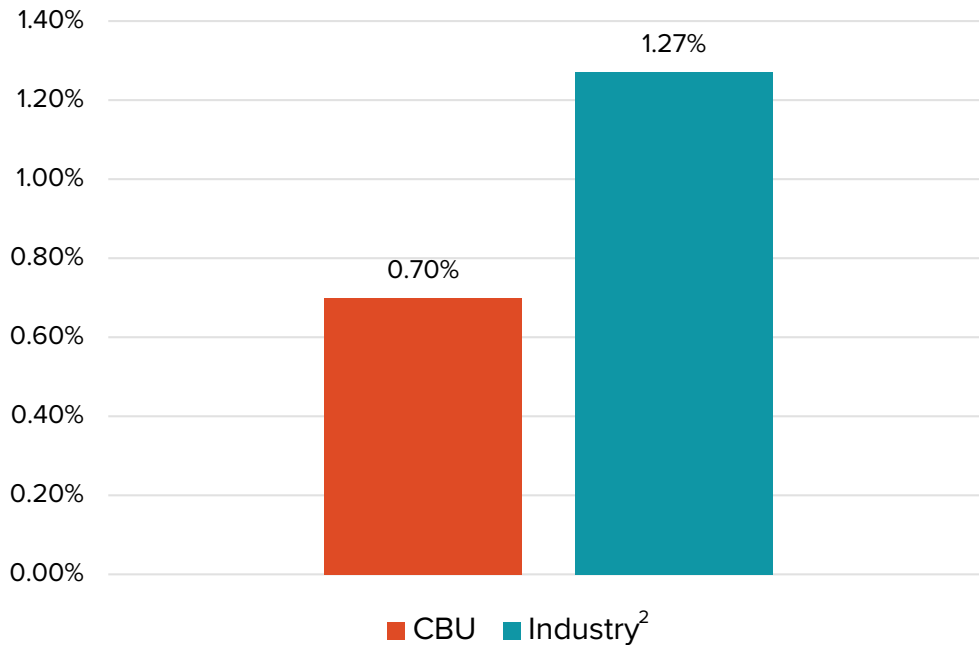
Sources: S&P Global, Company Filings



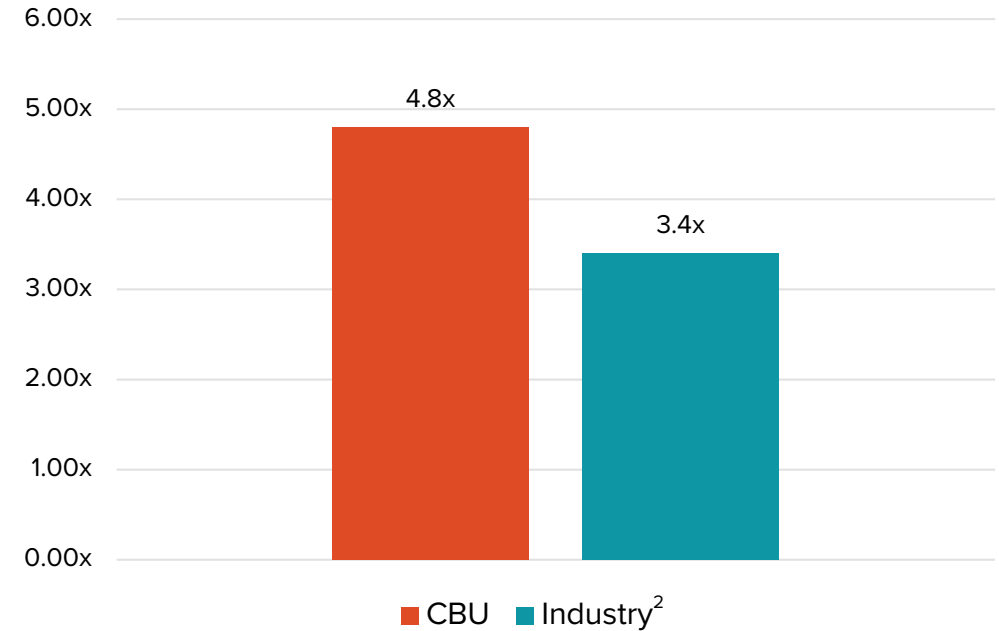
Allowance Industry Comparison

Ample loss coverage compared to industry

Allowance for Credit Losses (“ACL”) Ratio¹



Allowance Loss Coverage¹ (ACL Ratio / 10-year Average Net Charge-Off Ratio³)



¹ Q4 2022 ACL regulatory reporting results. Analysis excludes leases.

² Industry group is defined as U.S. Commercial Banks with assets between \$10 and \$50 billion.

³ Average net charge-off ratio is a 10-year average from 2013 – 2022

Sources: S&P Global



Liquidity Position & Sources

Conservative approach

- Loan to deposit ratio of 68% as of December 31, 2022
- Investment portfolio is plain vanilla
 - 81% US Treasury Securities & Cash Equivalents at 12/31/2022
- Core deposit focused

Dollars in thousands	December 31, 2022
Cash and cash equivalents (net of float)	\$109,472
FHLB borrowing capacity	1,075,598
FRB borrowing availability	490,531
Investments ¹	
US government and agency	4,323,233
MBS and CMO	396,903
Municipals	487,988
Corporate	7,114
Less: Pledged securities	(2,014,966)
Net unpledged securities	3,200,271
Total liquidity sources	\$4,875,873

¹ Includes \$523.8 million in net unrealized losses on AFS securities; excludes municipal qualified school construction bonds, equity securities and other investments

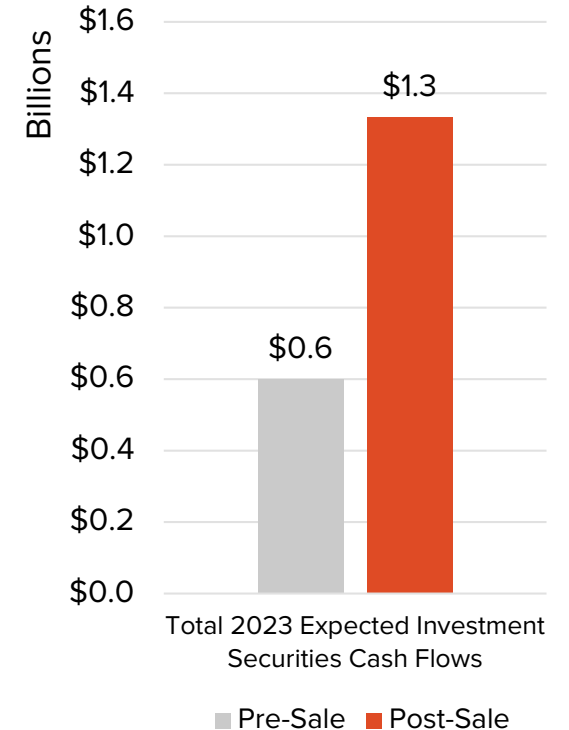


Balance Sheet Repositioning

~2
years

Estimated loss
recoupment period

- In February 2023, the Company announced the sale of \$786.1 million (book value) of its low-yielding U.S Treasuries for an estimated after-tax realized loss of \$39.6 million
- Proceeds from the sale of \$733.8 million (market value) were redeployed towards paying off existing wholesale borrowings with a spread differential of approximately 320 basis points higher than the securities that were sold
- The Company estimates that the loss will be recouped within approximately 2 years
- The loss on the sale is expected to have a neutral impact on shareholders' equity and book value per share but provide a favorable impact to both the Tier 1 leverage and tangible equity-to-assets ratio
- This repositioning will be substantially accretive to earnings, net interest margin and return on assets in future periods, and simultaneously provide the Company with greater flexibility in managing balance sheet growth and deposit funding

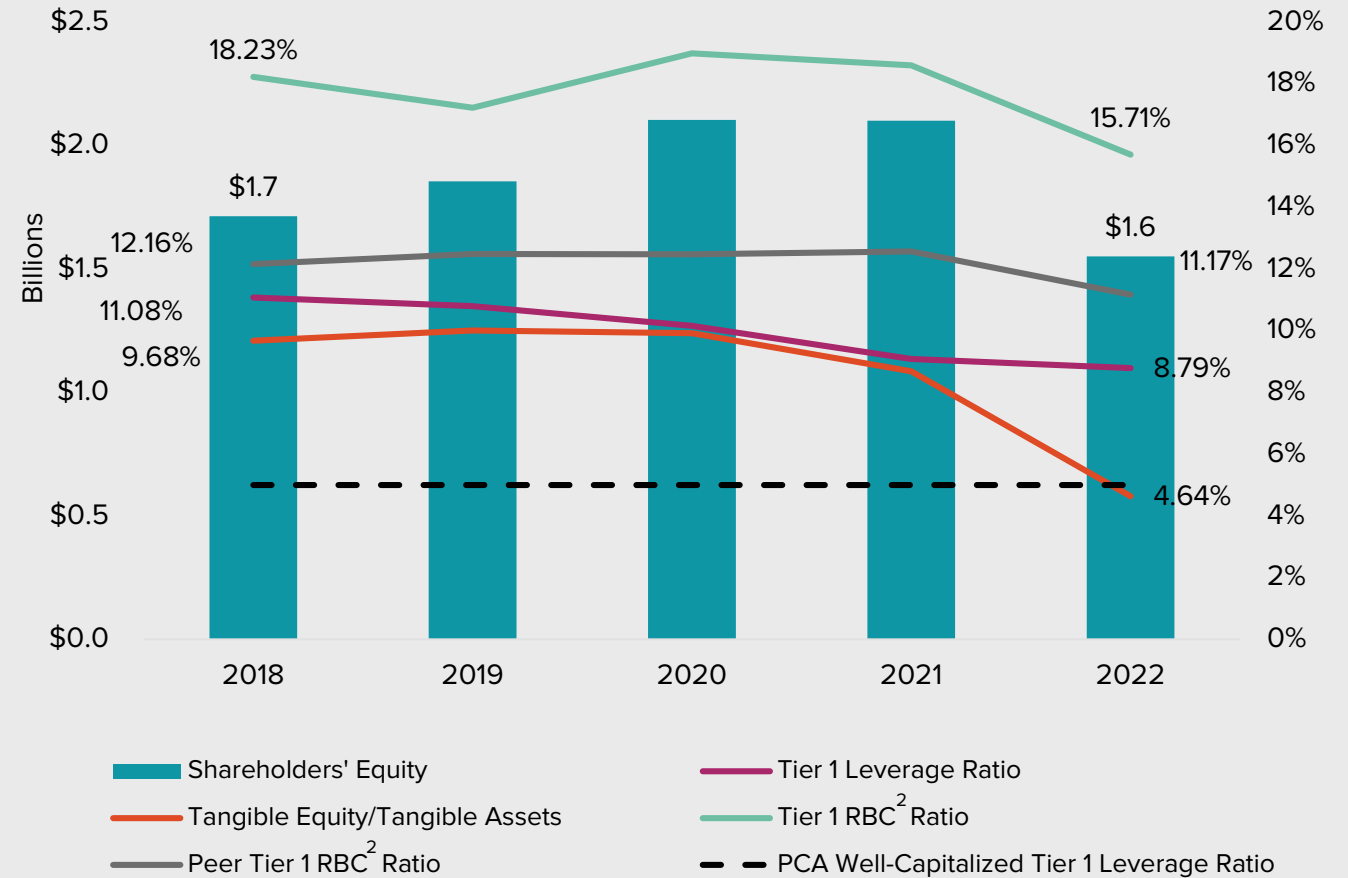


Solid Capital Position

Ready to support growth

- Tier 1 leverage ratio maintained well above PCA¹ well-capitalized standards to support future organic growth and M&A
- Risk-based capital ratios maintained well-above peer levels reflective of strong capital position and lower-risk balance sheet

Strong Capital Position



¹ Prompt Corrective Action

² Risk Based Capital ("RBC")



Consistent Returns and Low Volatility Drive Premium Results

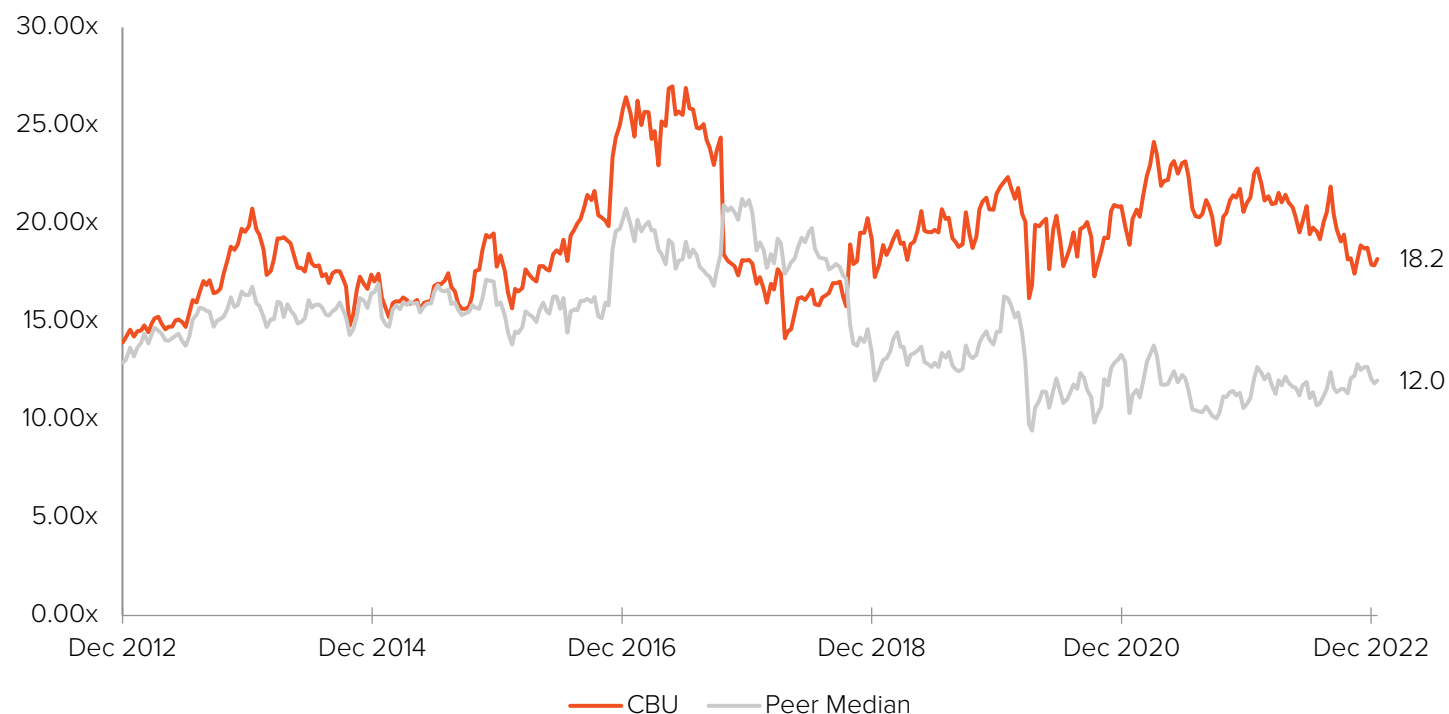
Investment Profile As of December 31, 2022

Closing Stock Price	\$62.95
52-week High Stock Price	\$77.89
52-week Low Stock Price	\$58.94
Dividend Yield (annualized)	2.80%
5-year Beta	0.69%
Price/ TTM EPS	18.2
Price/ Tangible Book	4.87
Average Daily Volume (3-month)	~209,000
Common Shares Outstanding	53.7 million
Institutional Ownership	73%

Delivering superior risk-adjusted returns

~30% of revenue is non-banking

Price/ TTM EPS



Source: S&P Global. Ending share prices and earnings are as of 12/31/2022.



Shareholder Returns & Key Investment Merits



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



Superior long-term return to shareholders and long-standing dividend growth

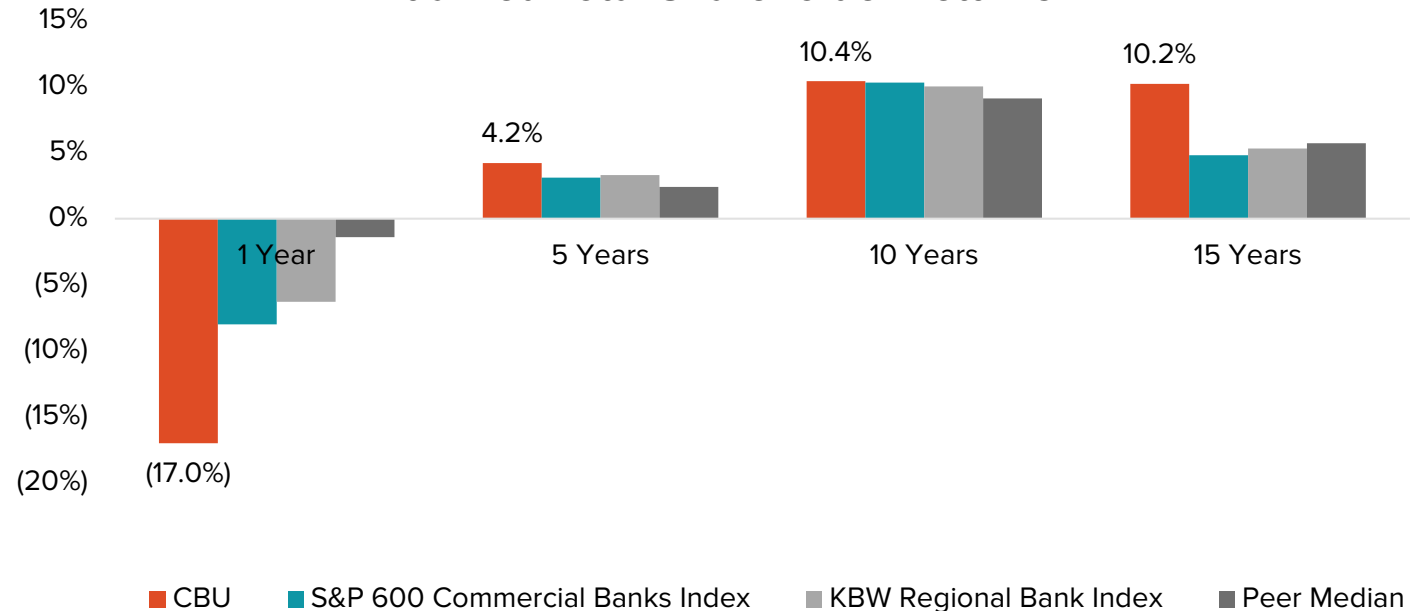


Strong fundamentals with consistent and strong asset quality and high quality, durable revenues



Long-term responsible growth focus

Annualized Total Shareholder Returns¹



¹ Through January 31, 2023, including reinvestment of dividends. Peers used throughout presentation may be found in the appendix.

Creating Excess Value

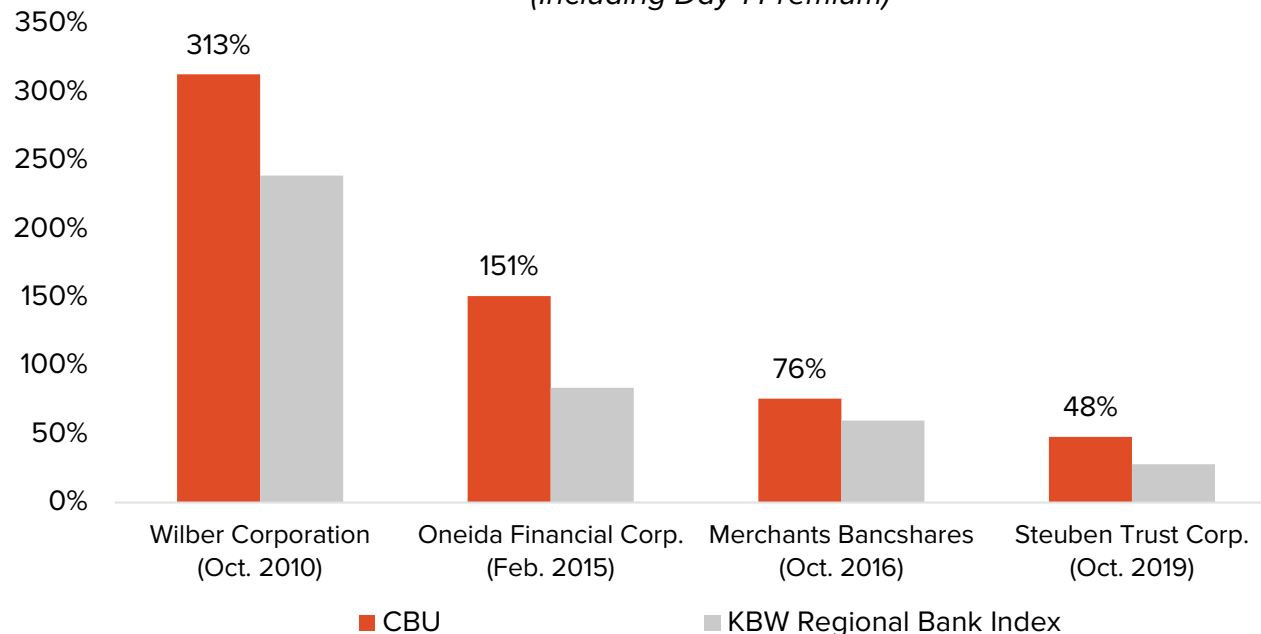
For CBU's Partners and Shareholders



Longstanding commitment to growing dividend benefits for our partners and shareholders

Total Shareholder Returns Since Announcement

(Including Day 1 Premium)



198%

dividend increase since Wilber acquisition announcement

107%

dividend increase since Oneida acquisition announcement

46%

dividend increase since Merchants acquisition announcement

23%

dividend increase since Steuben acquisition announcement

Note: Kinderhook Bank Corp (announced in January 2019) and Elmira Savings Bank (announced in October 2021) were all-cash transactions and are excluded from the above shareholder return analysis
Source: Bloomberg, FactSet, Company filings. Market data as of January 31, 2023



ESG Initiatives

Integrating sustainability and corporate responsibility into our business practices

- Our Culture and Diversity Council oversees initiatives focused on diversity and equity across key areas of talent acquisition and retention, employee community service spotlights, senior leadership composition, unconscious bias awareness, and vendor selection processes. In 2022, a Cultural and Diversity Officer was appointed to facilitate our ESG initiatives
- Enhanced vendor management policy to connect with more minority-owned and socially responsible business partners
- Committed to strong corporate governance, with an engaged independent Chair of the Board and 12 independent directors and alignment of Executive compensation structured with shareholders' interests
- Implemented “MyVoice” company-wide engagement program to enhance employee satisfaction and engagement as well as adherence to core values
- Learn more about our ESG initiatives at <https://ir.communitybanksystem.com/corporate-overview/Community-Responsibility/default.aspx>

 **31%**
of directors identify as women or minorities

 **100%**
recycling rate of electronics

2023 ESG Initiatives

- ❑ Engage a third party advisor to assist with the development of the Company’s ESG roadmap
- ❑ Promote a newly developed special purpose credit product and digital application process to enable underrepresented and low-to-moderate income areas in the Company’s markets to obtain residential mortgages
- ❑ Accelerate the Company’s digital initiatives to improve operating efficiency and reduce paper waste

Scan to visit our
Community
Responsibility
site

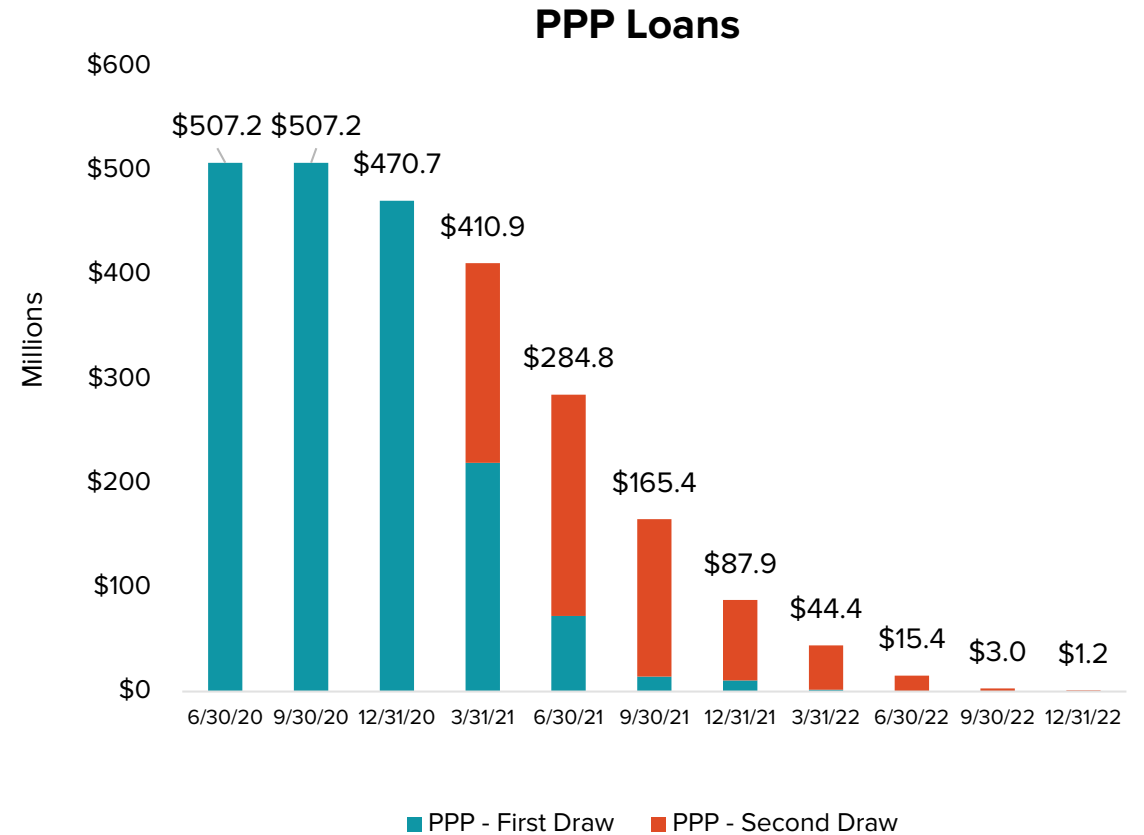


Appendix



Paycheck Protection Program ("PPP")

- 24 PPP loans, representing \$1.2 million in customer balances, were outstanding on December 31, 2022
- At December 31, 2022, the Company's remaining PPP net deferred loan fees were \$0.1 million



Primary Subsidiaries

Banking	Wealth & Retirement	Insurance Services	Employee Benefit Services
Community Bank, N.A.	Community Investment Services, Inc.	OneGroup NY, Inc.	Benefit Plans Administrative Services, Inc.
	Nottingham Advisors, Inc.		Benefit Plans Administrative Services, LLC
	Community Bank Trust Services (Division)		BPAS Actuarial & Pension Services, LLC
	The Carta Group, Inc.		Hand Benefits & Trust
	OneGroup Wealth Partners, Inc.		Hand Securities, Inc.
			Northeast Retirement Services, LLC
			Global Trust Company
			BPAS Trust Company of Puerto Rico
			Fringe Benefits Design of Minnesota, Inc.



Peer Group

Peer Company Name	Ticker	Location	Total Assets (\$000) ¹	Market Cap (\$M) ¹
Atlantic Union Bkshs Corp.	AUB	Richmond, VA	20,461,138	2,625
Berkshire Hills Bancorp Inc.	BHLB	Boston, MA	11,317,074	1,347
Eastern Bankshares Inc.	EBC	Boston, MA	22,042,933	3,067
F.N.B. Corp.	FNB	Pittsburgh, PA	43,724,973	4,577
First Busey Corp.	BUSE	Champaign, IL	12,336,677	1,365
First Commonwealth Financial	FCF	Indiana, PA	9,805,666	1,304
First Financial Bancorp.	FFBC	Cincinnati, OH	16,623,793	2,298
First Merchants Corp.	FRME	Muncie, IN	17,718,985	2,431
Fulton Financial Corp.	FULT	Lancaster, PA	26,931,702	2,820
Independent Bank Corp.	INDB	Rockland, MA	19,294,174	3,853
NBT Bancorp Inc.	NBTB	Norwich, NY	11,739,296	1,860
Northwest Bancshares, Inc.	NWBI	Columbus, OH	14,113,324	1,774
Old National Bancorp	ONB	Evansville, IN	46,763,372	5,266
Park National Corp.	PRK	Newark, OH	9,854,993	2,288
Provident Financial Services	PFS	Jersey City, NJ	13,603,846	1,605
Sandy Spring Bancorp Inc.	SASR	Olney, MD	13,765,597	1,573
United Bankshares Inc.	UBSI	Charleston, WV	29,048,475	5,451
WesBanco Inc.	WSBC	Wheeling, WV	16,931,905	2,193
WSFS Financial Corp.	WSFS	Wilmington, DE	19,985,387	2,809
	Minimum		9,805,666	1,304
	Median		16,931,905	2,298
	Average		19,792,806	2,658
	Maximum		46,763,372	5,451
Community Bank System, Inc.	CBU	De Witt, NY	15,835,651	3,383

¹As of December 30, 2022



Reconciliation of GAAP and Non-GAAP

Community Bank System's management uses the term "non-GAAP" financial measures in their analysis of the company's performance and operations. Management believes that these non-GAAP financial measures helps investors and analysts measure underlying core performance and improves comparability to other organizations that have not engaged in acquisitions. These disclosures should not be viewed as a substitute for financial measures determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP financial measures that may be presented by other companies. The types of non-GAAP financial measures used in this presentation include:

- Tangible equity, tangible common equity, tangible assets and tangible book value are non-GAAP financial measures which Community Bank System's management uses to assess the quality of capital and believes that investors may find useful in their analysis, although these metrics are not necessarily comparable to similar non-GAAP financial measures used by other companies. Tangible equity is calculated by excluding the balance of goodwill and other intangible assets from the calculation of total equity and adding back the amount of the deferred tax liability related to tax deductible goodwill and other intangible assets. Tangible common equity is calculated by excluding the balance of goodwill and other intangible assets from the calculation of stockholders' equity and adding back the amount of the deferred tax liability related to tax deductible goodwill and other intangible assets. Tangible assets is calculated by excluding the balance of goodwill and other intangible assets from the calculation of total assets and adding back the amount of the deferred tax liability related to tax deductible goodwill and other intangible assets. Tangible book value per share is calculated by dividing tangible common equity by the number of shares outstanding at a point of time.
- Operating earnings is a non-GAAP financial measure which Community Bank System believes investors may find useful in their analysis. Operating earnings is calculated by excluding the one-time deferred tax expense benefits of the Tax Cuts and Jobs Act recorded in the fourth quarter of 2017, as well as net of tax effect acquisition expenses, acquisition-related contingent consideration adjustment, net gain on sale of investments, unrealized gain (loss) on equity securities, gain (loss) on debt extinguishment, acquisition-related provision for credit losses and litigation accrual expenses.
- Operating cash flow, a non-GAAP financial measure, adds back the amortization of intangibles, net of tax effect and subtracts non-PCD purchased loan accretion, net of tax effect from Operating Earnings.
- Adjusted pre-tax, pre-provision net revenues, a non-GAAP financial measure, subtracts the provision for credit losses, acquisition-related expenses, unrealized gain (loss) on equity securities, litigation accrual expenses from income before tax. The Company's management believes this information helps investors and analysts measure and compare the Company's performance through a credit cycle by excluding the volatility in the provision for credit losses associated with the adoption of CECL and the economic uncertainty caused by the COVID-19 pandemic.



Free Cash Flow

Dollars in thousands, except per share data

	2017	2018	2019	2020	2021	2022	Q4 2022
Diluted Earnings per Share (GAAP)	\$3.03	\$3.24	\$3.23	\$3.08	\$3.48	\$3.46	\$0.97
Operating Diluted Earnings per Share (non-GAAP)	\$2.64	\$3.23	\$3.29	\$3.24	\$3.49	\$3.58	\$0.96
Net income (GAAP)	\$150,717	\$168,641	\$169,063	\$164,676	\$189,694	\$188,081	\$52,530
Tax Cuts and Jobs Act deferred impact	(38,010)	-	-	-	-	-	-
Acquisition expenses, net of tax effect	18,309	(609)	6,952	3,942	551	3,933	275
Acquisition-related contingent consideration adjustment, net of tax effect	-	-	-	-	157	(232)	(546)
Gain on sale of investments, net of tax effect	(1)	-	(3,943)	-	-	-	-
Unrealized (gain) loss on equity securities, net of tax effect	-	(520)	(15)	5	(13)	34	16
Loss (gain) on debt extinguishment, net of tax effect	-	252	-	(336)	-	-	-
Acquisition-related provision for credit losses, net of tax effect	-	-	-	2,446	-	3,079	-
Litigation accrual, net of tax effect	-	-	-	2,357	(79)	-	-
Operating Net Income (non-GAAP)	131,015	167,764	172,057	173,090	190,310	194,895	52,275
Amortization of intangibles, net of tax effect	11,936	14,375	12,886	11,425	11,044	11,909	2,961
Subtotal (non-GAAP)	142,951	182,139	184,943	184,515	201,354	206,804	55,236
Acquired non-PCD loan accretion, net of tax effect	(4,149)	(6,272)	(4,981)	(4,388)	(3,135)	(3,357)	(888)
Adjusted Net Income (non-GAAP)	138,802	175,867	179,962	180,127	198,219	203,447	54,348
Cash Dividends Paid	62,305	71,495	80,241	87,131	91,051	93,387	23,706
Cash Dividend % of Adjusted Net Income	44.9%	40.7%	44.6%	48.4%	45.9%	45.9%	43.6%



Return on Assets

Dollars in thousands, except per share data

	2017	2018	2019	2020	2021	2022	Q4 2022
Average Total Assets	\$10,089,215	\$10,665,209	\$11,043,173	\$12,896,499	\$14,835,025	\$15,567,139	\$15,665,726
Net income (GAAP)	\$150,717	\$168,641	\$169,063	\$164,676	\$189,694	\$188,081	\$52,530
Return on Assets (GAAP)	1.49%	1.58%	1.53%	1.28%	1.28%	1.21%	1.33%
Operating Net Income (non-GAAP)	131,015	167,764	172,057	173,090	190,310	\$194,895	52,275
Operating Return on Assets (non-GAAP)	1.30%	1.57%	1.56%	1.34%	1.28%	1.25%	1.32%
Adjusted Net Income (non-GAAP)	138,802	175,867	179,962	180,127	198,219	\$203,447	54,348
Adjusted Return on Assets (non-GAAP)	1.38%	1.65%	1.63%	1.40%	1.34%	1.31%	1.38%



Equity-to-Assets

Dollars in thousands, except per share data

	2016	2017	2018	2019	2020	2021	2022
Total assets							
Total assets (GAAP)	\$8,666,437	\$10,746,198	\$10,607,295	\$11,410,295	\$13,931,094	\$15,552,657	\$15,835,651
Intangible assets	(480,844)	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	(902,837)
Deferred taxes on intangible assets	43,504	48,419	46,370	44,742	44,370	44,160	46,130
Total tangible assets (non-GAAP)	8,229,097	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	14,978,944
Total common equity							
Shareholders' Equity (GAAP)	\$1,198,100	\$1,635,315	\$1,713,783	\$1,855,234	\$2,104,107	\$2,100,807	\$1,551,705
Intangible assets	(480,844)	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	(902,837)
Deferred taxes on intangible assets	43,504	48,419	46,370	44,742	44,370	44,160	46,130
Total tangible common equity (non-GAAP)	760,760	858,646	952,804	1,063,053	1,301,829	1,280,632	694,998
Net equity-to-assets ratio at period end							
Total tangible common equity (GAAP) – numerator	\$1,198,100	\$1,635,315	\$1,713,783	\$1,855,234	\$2,104,107	\$2,100,807	\$1,551,705
Total tangible assets (GAAP) – denominator	8,666,437	10,746,198	10,607,295	11,410,295	13,931,094	15,552,657	15,835,651
Net equity-to-assets ratio at period end (GAAP)	13.82%	15.22%	16.16%	16.26%	15.10%	13.51%	9.80%
Net tangible equity-to-assets ratio at period end							
Total tangible common equity (non-GAAP) – numerator	\$760,760	\$858,646	\$952,804	\$1,063,053	\$1,301,829	\$1,280,632	\$694,998
Total tangible assets (non-GAAP) – denominator	8,229,097	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	14,978,944
Net tangible equity-to-assets ratio at period end (non-GAAP)	9.24%	8.61%	9.68%	10.01%	9.92%	8.69%	4.64%



Pre-tax, Pre-provision Components

Dollars in thousands, except per share data

	2022	2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Pre-tax, pre-provision net revenue							
Net income (GAAP)	\$188,081	\$189,694	\$43,564	\$47,055	\$39,805	\$48,691	\$52,530
Income taxes	52,233	51,654	13,038	12,777	10,971	13,706	14,779
Income before income taxes	240,314	241,348	56,602	59,832	50,776	62,397	67,309
Provision for credit losses	14,773	(8,839)	2,162	906	6,038	5,061	2,768
Pre-tax, pre-provision net revenue (non-GAAP)	255,087	232,509	58,764	60,738	56,814	67,458	70,077
Acquisition expenses	5,021	701	568	299	3,960	409	353
Acquisition-related contingent consideration adjustment	(300)	200	200	-	400	-	(700)
Unrealized loss (gain) on equity securities	44	(17)	(3)	(2)	22	4	20
Litigation accrual	-	(100)	-	-	-	-	-
Adjusted pre-tax, pre-provision net revenue (non-GAAP)	\$259,852	\$233,293	\$59,529	\$61,035	\$61,196	\$67,871	\$69,750
Pre-tax, pre-provision net revenue per share							
Diluted earnings per share (GAAP)	\$3.46	\$3.48	\$0.80	\$0.86	\$0.73	\$0.90	\$0.97
Income taxes	0.96	0.95	0.24	0.24	0.20	0.25	0.27
Income before income taxes	4.42	4.43	1.04	1.10	0.93	1.15	1.24
Provision for credit losses	0.27	(0.16)	0.04	0.01	0.12	0.10	0.06
Pre-tax, pre-provision net revenue per share (non-GAAP)	4.69	4.27	1.08	1.11	1.05	1.25	1.30
Acquisition expenses	0.09	0.01	0.01	0.01	0.07	-	-
Acquisition-related contingent consideration adjustment	-	-	-	-	0.01	-	(0.01)
Unrealized loss (gain) on equity securities	-	-	-	-	-	-	-
Litigation accrual	-	-	-	-	-	-	-
Adjusted pre-tax, pre-provision net revenue per share (non-GAAP)	\$4.78	\$4.28	\$1.09	\$1.12	\$1.13	\$1.25	\$1.29



Thank you!

INVESTOR RELATIONS CONTACT

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