Community
BANK SYSTEM, INC.

APRIL 2022

Investor Presentation

COMMUNITY BANK SYSTEM, INC. | NYSE: CBU

Disclaimers

Forward-Looking Statements

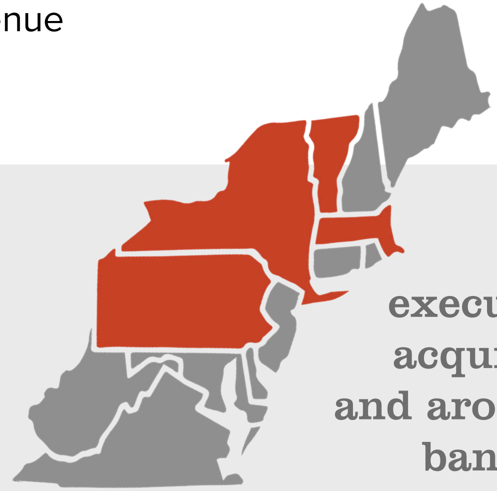
This presentation contains comments or information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995), which involve significant risks and uncertainties. Forward-looking statements often use words such as “anticipate,” “could,” “target,” “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 rollout and efficacy, 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, which may have an adverse effect on the Company’s business; (2) current and future economic and market conditions, including the effects of a decline in housing or vehicle prices, higher unemployment rates, labor shortages, supply chain disruptions, 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) changes to the U.S. Small Business Administration (“SBA”) Paycheck Protection Program (the “PPP”), including to the rules under which the PPP is administered, with respect to the origination, servicing, or forgiveness of PPP loans, whether now existing or originated in the future, or the terms and conditions of any guaranteed payments due to the Company from the SBA with respect to PPP loans; (4) the effect of, and changes in, monetary and fiscal policies and laws, including future changes in Federal and State statutory incomes tax rates and interest rate and other policy actions of the Board of Governors of the Federal Reserve System; (5) the effect of changes in the level of checking or savings account deposits on the Company’s funding costs and net interest margin; (6) future provisions for credit losses on loans and debt securities; (7) changes in nonperforming assets; (8) 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; (9) risks related to credit quality; (10) inflation, interest rate, liquidity, market and monetary fluctuations; (11) the strength of the U.S. economy in general and the strength of the local economies where the Company conducts its business; (12) 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; (13) changes in consumer spending, borrowing and savings habits; (14) technological changes and implementation and financial risks associated with transitioning to new technology-based systems involving large multi-year contracts; (15) the ability of the Company to maintain the security of its financial, accounting, technology, data processing and other operating systems and facilities; (16) 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; (17) failure of third parties to provide various services that are important to the Company’s operations; (18) 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; (19) the ability to maintain and increase market share and control expenses; (20) 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, specifically the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or those emanating from COVID-19; (21) changes in the Company’s organization, compensation and benefit plans and in the availability of, and compensation levels for, employees in its geographic markets; (22) the outcome of pending or future litigation and government proceedings; (23) the effects of climate change and natural disasters on the Company’s operations or operations of its customers; (24) other risk factors outlined in the Company’s filings with the SEC from time to time; and (25) 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 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-PCD purchased loans, expenses associated with acquisitions, 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 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 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.

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



Record of executing accretive acquisitions within and around Northeast banking footprint

- **EXPERIENCED AND DISCIPLINED ACQUIRER**
- **DELIVERING VALUE** to shareholders
  - 29 consecutive years of annual dividend increases
  - 10-year cumulative total return to shareholders of 224% (12.5% annualized), outpacing KBW Regional Banking Index of 178% (10.8% annualized)[2]

$15.6B
in total assets[1]

$3.78B
market capitalization
(at 3/31/22 share price of $70.15)

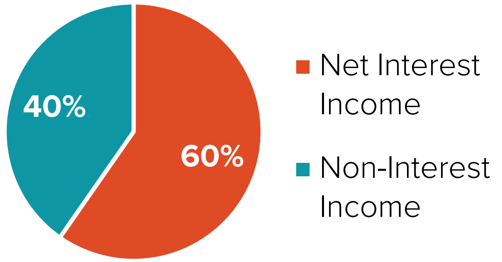
20+
year consistent and proven business model

[1] As of March 31, 2022
[2] Total return based on 10-year historical performance through March 31, 2022, 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**
• Commercial Banking • Cash Management • Municipal • Agricultural • Small Business • Retail & Consumer	• Retirement Plan & Benefits Administration • Actuarial & Pension Services • Public-Sector Benefits & VEBA • Health & Welfare Plans	• Investment Advising • Retirement Plan Design • Asset Management • Trust Services • Financial Planning • Family & Succession Planning	• Risk Management • Business Insurance • Personal Insurance • Employee Benefits • Human Resources Services & Consulting
$375.3M net interest income for TTM **$66.1M** non-interest banking revenues for TTM	**$117.4M** non-interest revenues from employee benefit services for TTM	**$33.7M** non-interest revenues from wealth management services for TTM	**$36.2M** non-interest revenues from insurance services for TTM

Trailing twelve months ("TTM") figures used throughout this presentation refer to the period ending 3/31/2022

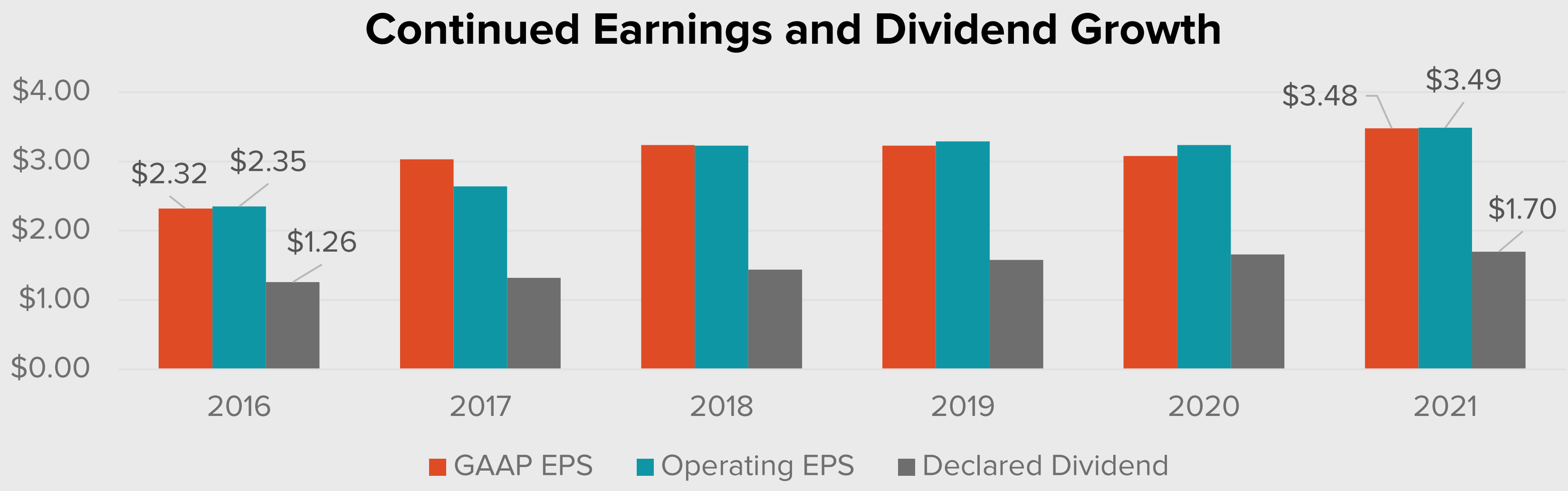
Performance Highlights

- Solid earnings in Q1 2022 with fully-diluted EPS of $0.86 on a GAAP-basis and $0.87 operating[1]
- Quarterly cash dividend of $0.43 per share, up 2.4% from the prior year quarter
  - CBU'S 29 years of consecutive annual dividend increases has empowered it to retain its status as an S&P Dividend Aristocrat
- Third consecutive quarter of organic, non-PPP loan growth, up 1.3% during the quarter
- Continued strong asset quality, including 0.03% annualized net charge-off ratio in Q1 2022

1.22%
return on assets
(Q1 2022)

15.6%
return on tangible equity[2]
(Q1 2022)

8.5%
GAAP EPS 5-year CAGR



[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] Return on Tangible Equity is calculated by dividing Net Income by Average Shareholders' Equity less average intangible assets, net of deferred tax on intangible assets.

Market-leading Community Bank

Community Bank was proud to be named sixth among banks in Newsweek's 2022 list of America's Most Trustworthy Companies

- 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 business[1]
- 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 (215 customer locations) with enhanced digital banking services, including mobile banking, online deposit account opening and loan applications
- 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

[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

Most Recent Acquisitions	Transaction Type	Net Branches	Assets in Millions
2022 (Q2) – Elmira Savings Bank (pending)[1]	Whole	12	~$650
2020 – Steuben Trust Corporation	Whole	11	$608
2019 – Kinderhook Bank Corp	Whole	11	$643
2017 – Merchants Bancshares	Whole	32	$1,999
2015 – Oneida Financial Corp	Whole	12	$769
2013 – Bank of America	Branch	6	$303
2012 – HSBC/First Niagara	Branch	12	$797
2011 – Wilber Corporation	Whole	22	$848

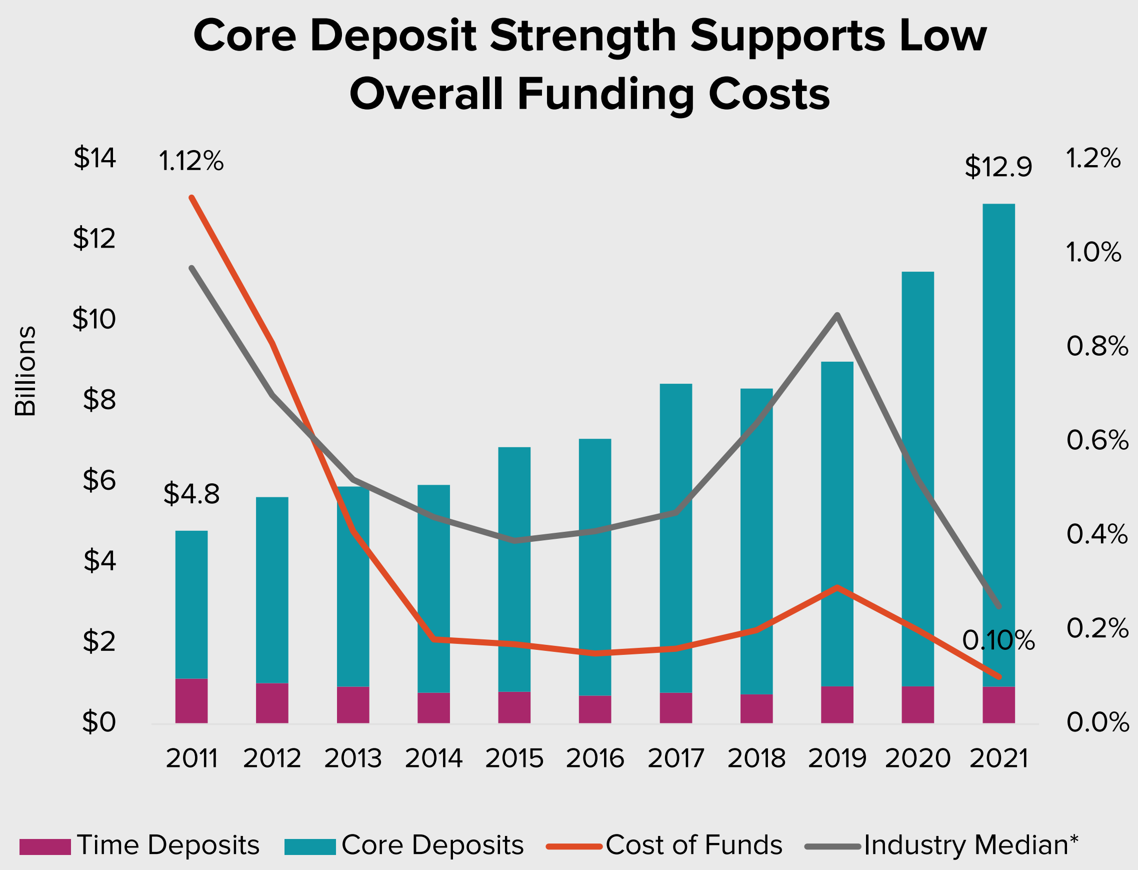
Elmira Savings Bank Transaction Strengthens Southern Tier of New York

- Highly complementary franchise with consistent performance track record
- 12 branches and one LPO
- Productive use of CBU's strong and growing capital position
- Immediately accretive to operating EPS

[1] On April 22, 2022 the Company announced that it received regulatory approval to complete its merger with Elmira Savings Bank. The Company expects to complete the acquisition on May 13, 2022, subject to customary closing conditions.

Core Deposit Strength

- Excellent core deposit customer base
    - Focus on generating and retaining core non-time deposits, which made up 93.3% of total deposits March 31, 2022
    - Average cost of deposits of 0.08% in Q1 2022
- $13.3 billion of total deposits at March 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



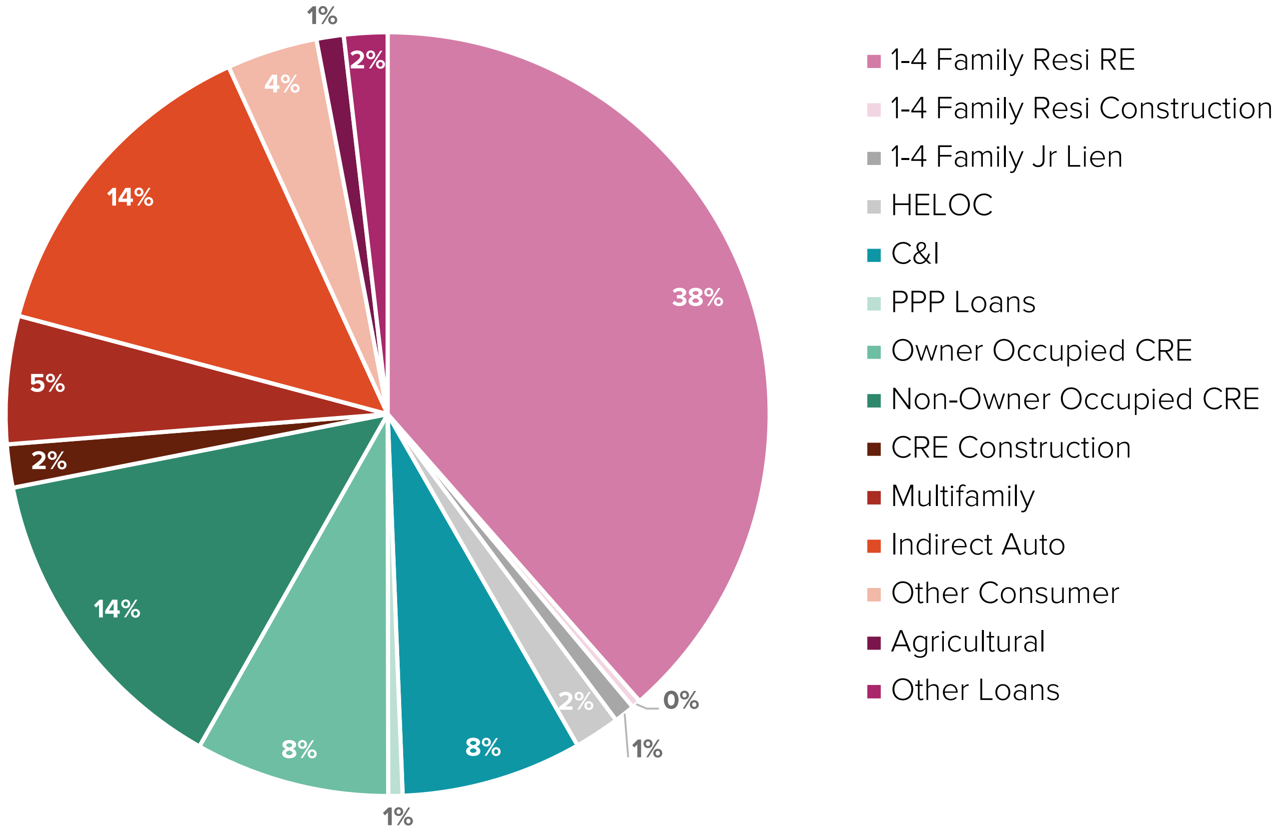
* All public U.S. banks as of April 29, 2022, based on data from S&P Global Market Intelligence.

In-footprint Lender

- Diversified and high-quality lending focused on smaller in-market customers than larger competitors
- $7.4 billion in total loans as of March 31, 2022
- Average loan originations are uniquely granular for an institution of our size
    - Average Residential Mortgage – $138,000
    - Average Home Equity Loan – $66,000
    - Average Indirect Loan – $24,000

$571K average commercial loan relationship[1]

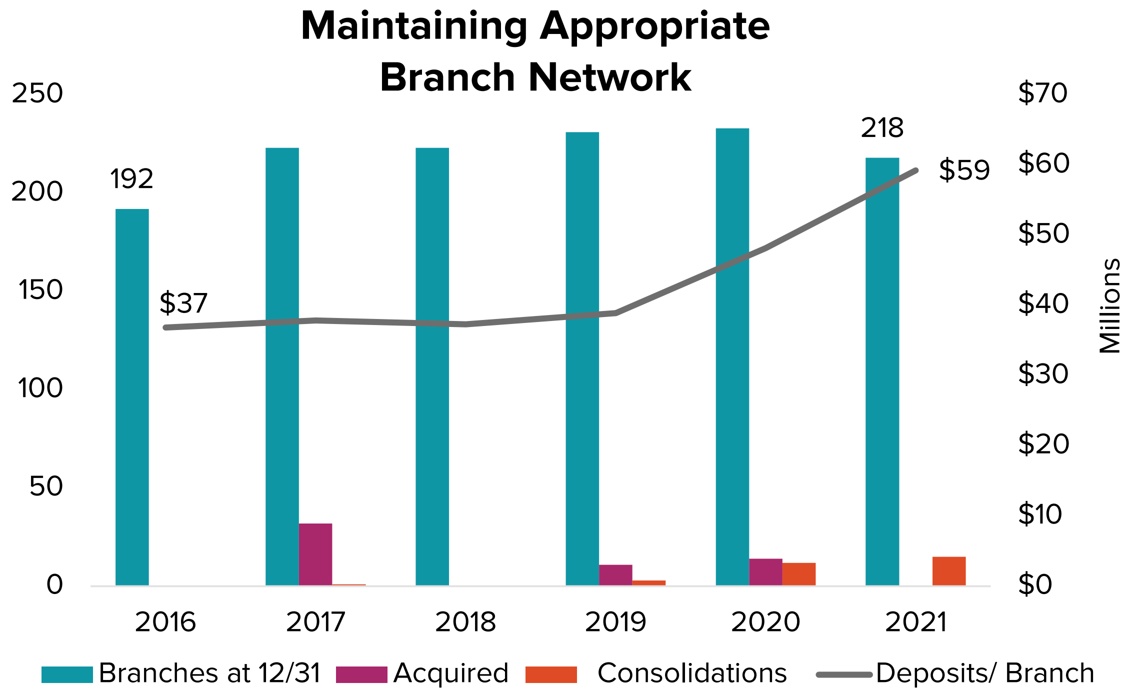
Diversified Loan Portfolio[2]

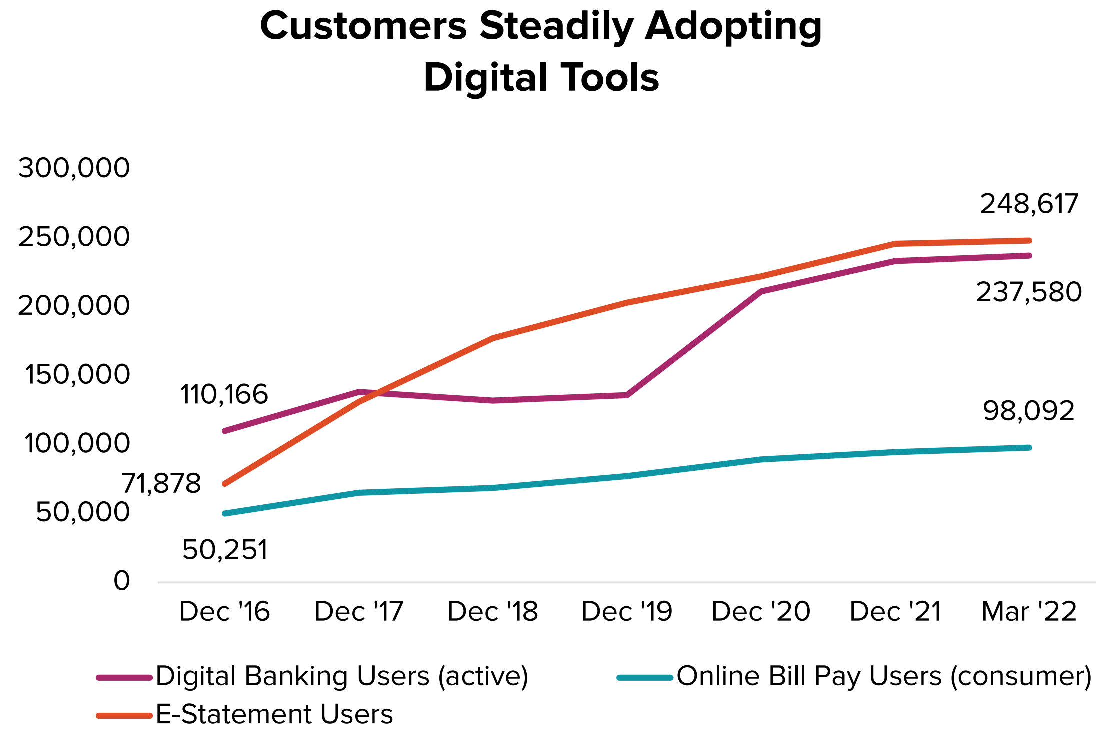


[1] Excludes Paycheck Protection Program ("PPP") loans
[2] Loan customer balances as of March 31, 2022, call report code-based customer loan data

Optimizing Delivery Channels for Growth

- Addressing redundancies through consolidations and expanding digital banking services
- 31 branches consolidated during past five years
- As of March 2022, 57% of total customers were digital banking users, while 54% and 24% of core deposit customers were e-statement users and online bill pay users, respectively





Digital Transformation

Supporting customers' preference towards digital while enhancing efficiencies

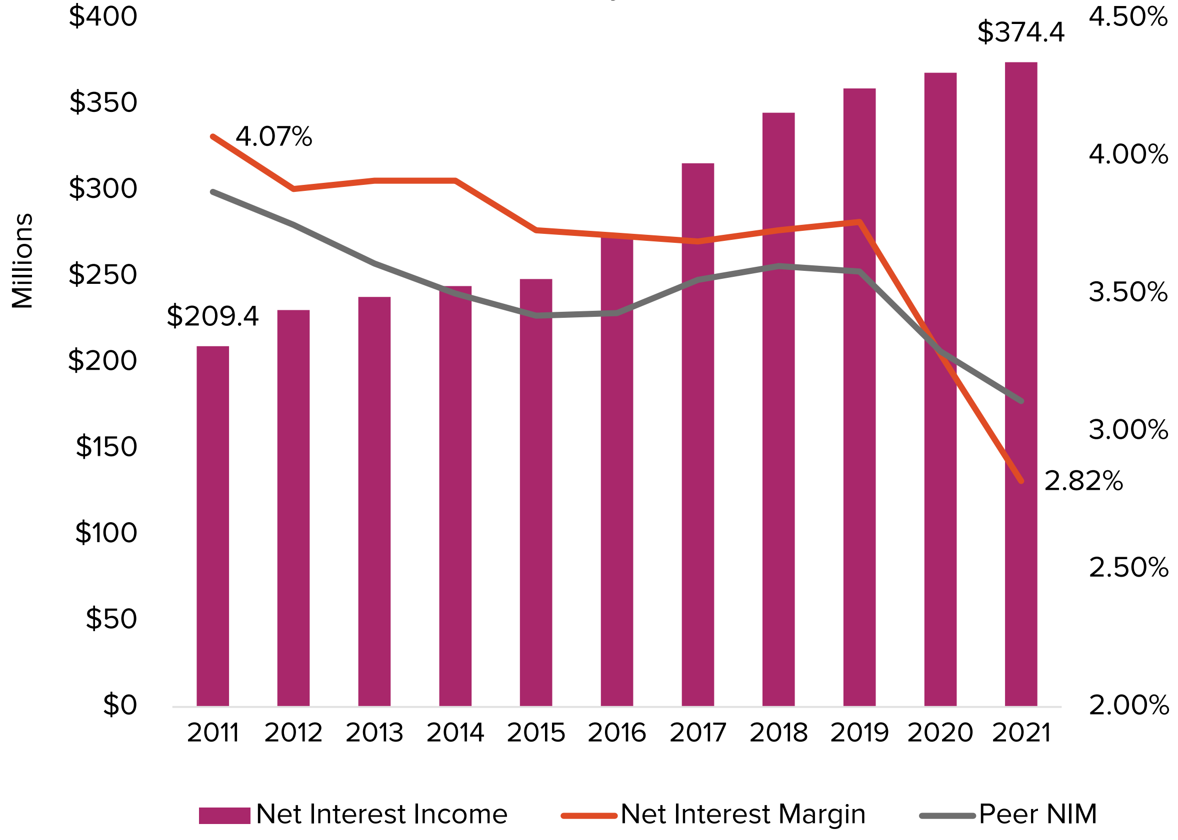
	Recent Accomplishments	What's Next
Client Experience	• New mobile banking app in 2020 • Enhanced personal banking budgeting tool • Loan application portal for second draw PPP loans • 20% of residential mortgage applications in 2021 were submitted online • Rolled out micro business digital banking platform to assist customers with invoicing, payments and bookkeeping	• Enhancing Treasury Management tool for business and municipal customers • Developing online small business loan application portal • Enhancing card management technology (restrictions & alerting) • Pursuing enhanced functionality for person-to-person payments
Process Efficiencies and Digital Investments	• Workflow automation technology • Shifted marketing budget to drive digital traffic • Invested resources in Application Development and Digital Banking departments	• Participating in bank tech / fintech ecosystem • Enhancing e-sign / digital signature capabilities • Evaluating end to end processes and robotic process automation technologies
Client and Data Management	• Continually investing in information security infrastructure across banking and financial services businesses	• Investing resources in data analytics talent and platforms

Robust Net Interest Income

- Net interest income ("NII") of $94.9 million for Q1 2022 increased $0.9 million over Q1 2021 despite a $5.2 million decrease in Paycheck Protection Program ("PPP") related interest income
- Q1 2022 net interest margin ("NIM") of 2.73% remained below pre-pandemic levels due to continued interest earning asset growth and elevated levels of low-yield cash equivalents balances
- The Company's asset-sensitive balance sheet is supported by strong, low-beta deposit base and cash and cash equivalents of more than $1.0 billion at March, 31, 2022

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

6.0% NII 10-year CAGR

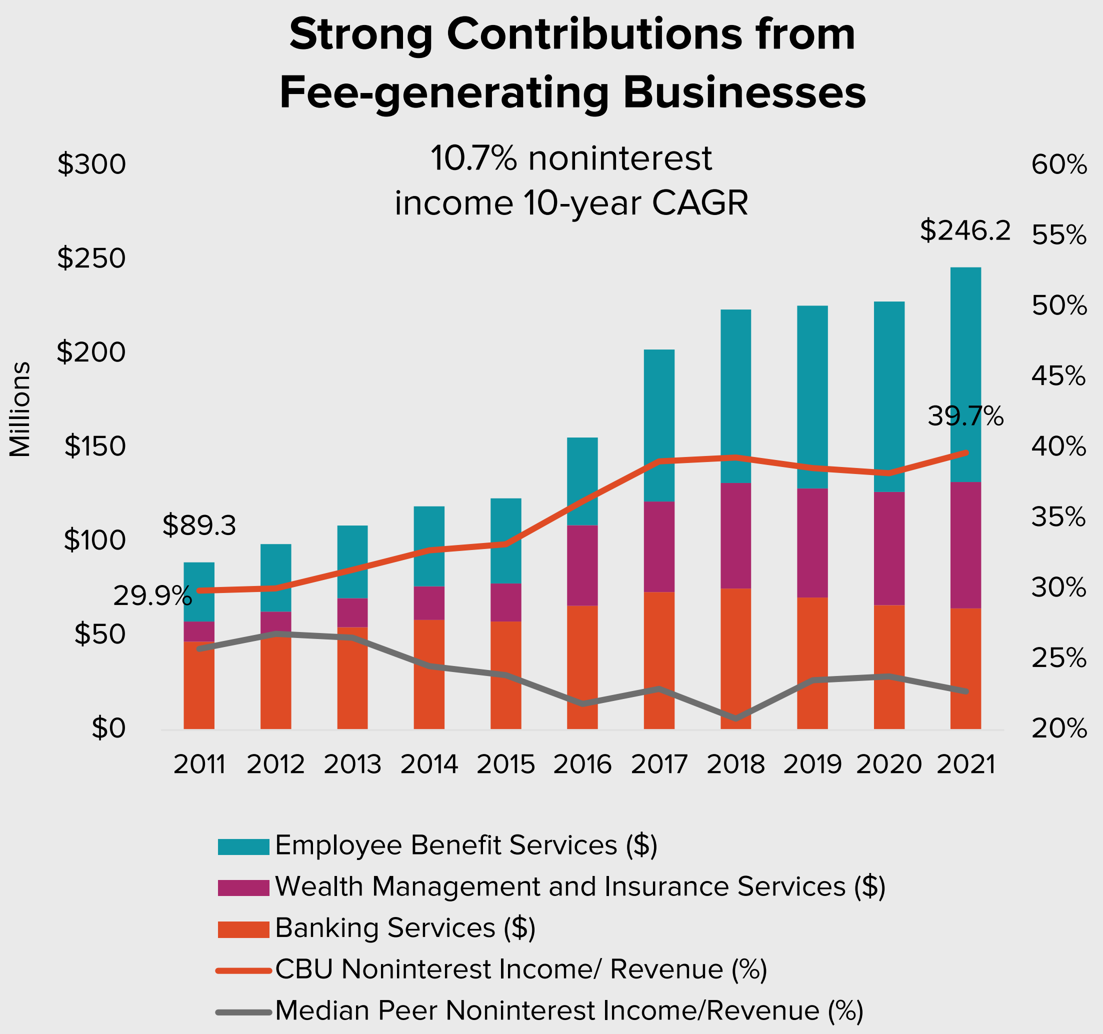


[1] The Company maintained $1.9 billion of low yield average cash equivalents during 2021 driving lower net interest margin results than the prior year.
Peers used throughout presentation may be found in the appendix.
Source: S&P Global, Company filings

Growing, Recurring Noninterest Income

Nearly 41% of revenue in Q1 2022

- Longstanding focus on growing noninterest revenues reduces its dependence on net interest income
- Q1 2022 noninterest income made up 41% of revenue, highest level among peer group
- 74% of CBU's Q1 2022 noninterest income derived from its non-bank businesses[1]

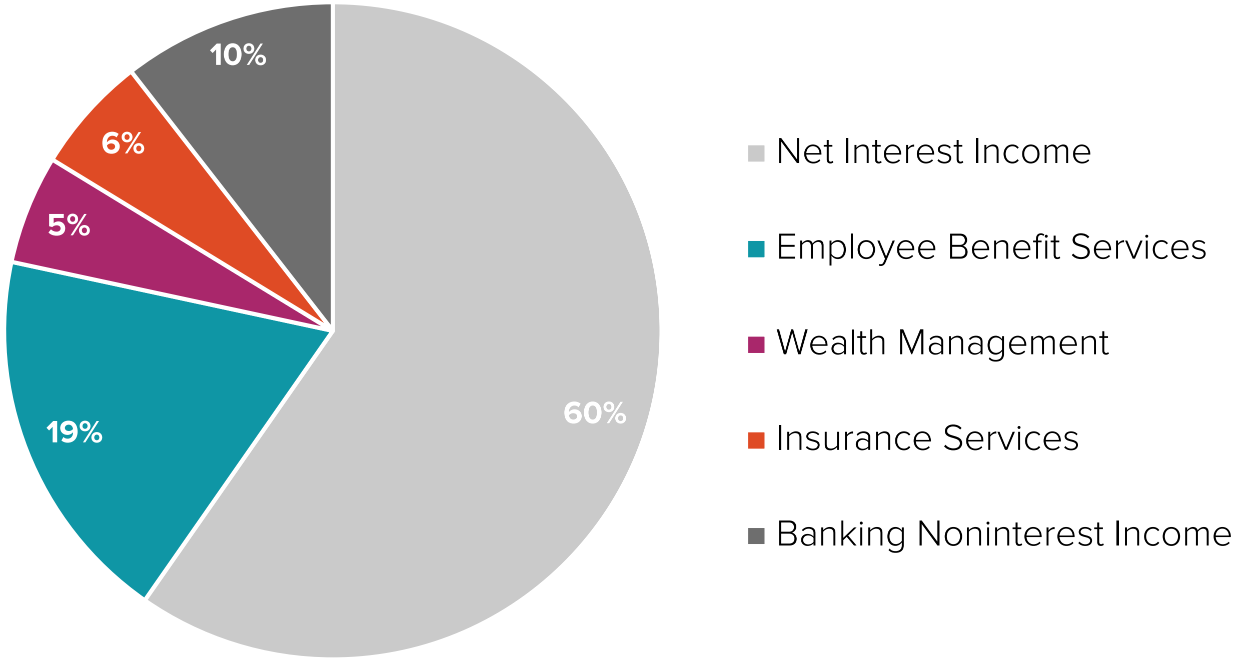


[1] Excludes securities gains/losses

Exceptional Financial Services Subsidiaries

Providing important revenue diversification that requires lower levels of capital

TTM Revenue Diversification[1]



- 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
- 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 M&A

[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 13 offices

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 13.7% 10-year CAGR (2011-2021).
- 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

$117.4M
TTM revenue, up 14.5% from the prior year period

510,000+
plan participants among 4,200 retirement plans

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

$33.7M
TTM revenue, up 16.6% from the prior year period

13.4%
10-year CAGR (2011-2021)

$8.8B
AUM or AUA at 3/31/2022

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
  - In 2021, acquired certain assets of NuVantage Insurance Corp., an insurance agency headquartered in Melbourne, Florida and Boston-based specialty-lines broker, Thomas Gregory Associates Insurance Brokers, Inc., enhancing CBU's annual insurance revenues

$36.2M

TTM revenue, up 11.4% from the prior year period

100

Among the top 100 U.S. insurance agencies

Operating Performance Summary

As of March 31, 2022

Financial Highlights	Q1 2022 $ in millions, except EPS	% Change from Q1 2021	2021 YTD $ in millions, except EPS	% Change from 2020 YTD
Net interest income	$94.9	1.0%	$374.4	1.6%
Noninterest revenues	65.7	12.3%	246.2	8.0%
Operating expenses[1]	99.5	6.7%	387.3	5.1%
Adjusted pre-tax, pre-provision ("PTPP") net revenue[2]	61.0	3.0%	233.3	2.4%
Provision for credit losses	0.9	NM	(8.8)	NM
Net income, operating[3]	47.3	(10.5%)	190.3	9.9%
Fully diluted weighted average common shares outstanding	54.5	0.2%	54.5	1.9%
GAAP EPS (diluted)	$0.86	(12.2%)	$3.48	13.0%
Operating EPS (diluted)[3]	$0.87	(10.3%)	$3.49	7.7%
Adjusted PTPP EPS (diluted)[2]	$1.12	2.8%	$4.28	0.5%

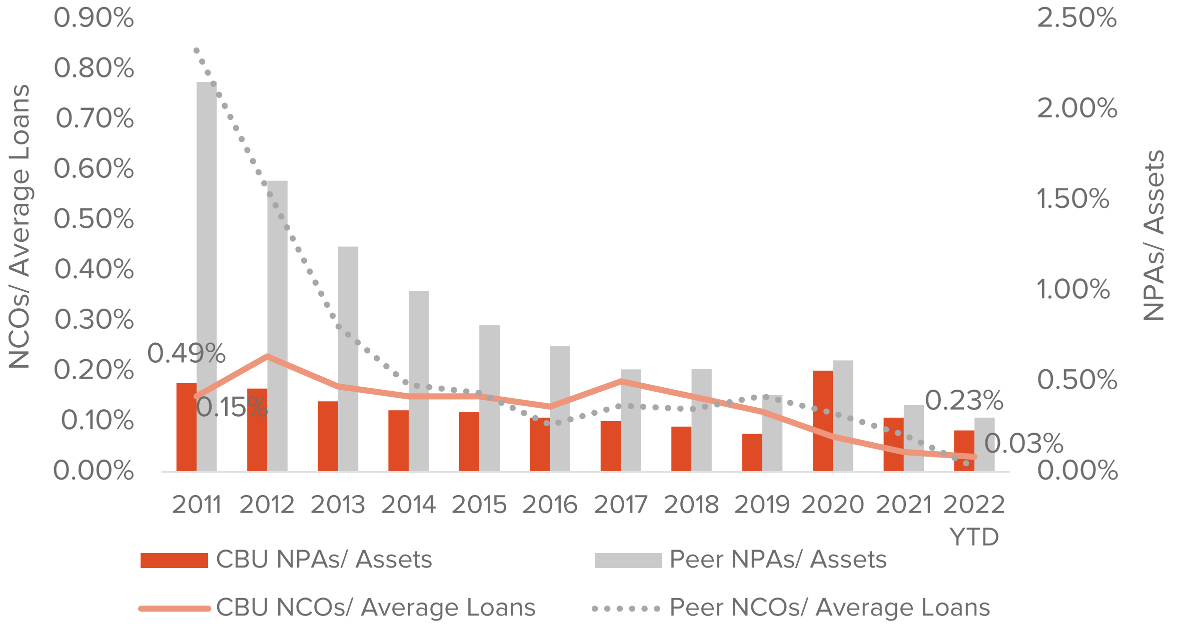
12.3% growth in noninterest revenues compared to Q1 2021

[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] 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.

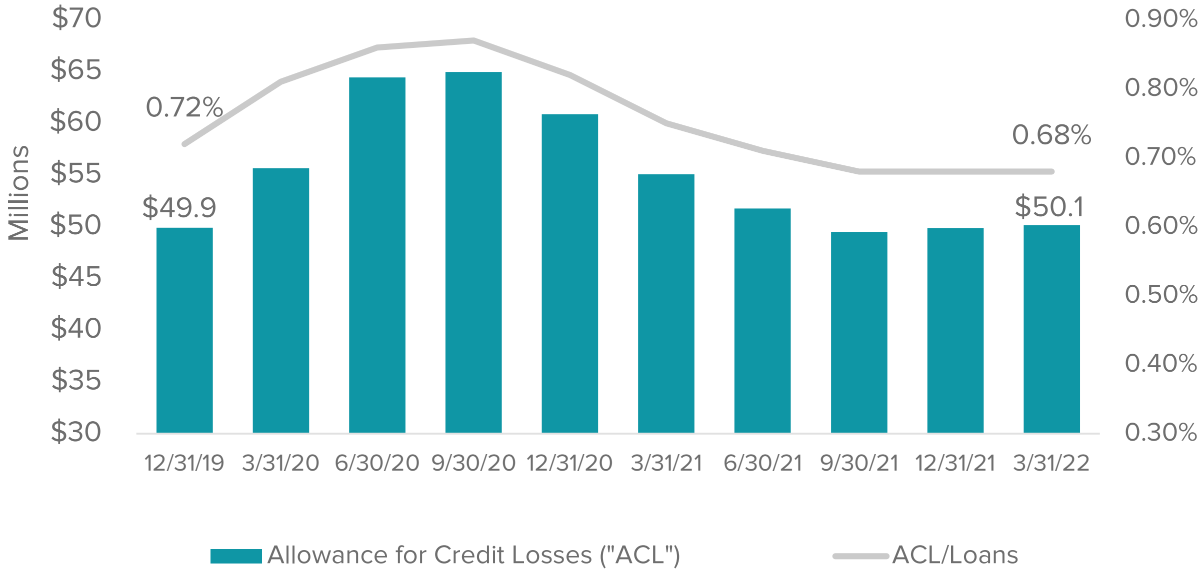
Superior Asset Quality

Low-risk balance sheet

Historically Strong Asset Quality Metrics[1]



Allowance for Credit Losses[2]



[1] CBU as of 3/31/2022. Peer median is based on the most recent available data. Peers used throughout this presentation may be found in the appendix. During fourth quarter 2020, the Company extended loan forbearance requests due to continued pandemic-related financial hardship and reclassified the majority of these loan relationships from accruing to nonaccrual status causing NPA levels to increase.
[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

Strong Liquidity Position & Sources

Conservative approach

- Loan to deposit ratio of 56% as of March 31, 2022
- Investment portfolio is plain/vanilla
  - 84% US Treasury Securities & Cash Equivalents at 3/31/2022
- Core deposit focused
- As of 3/31/2022, CBU had $1.2 billion of cash and cash equivalents (net of float) and anticipated investment securities cash flows over the next 12 months

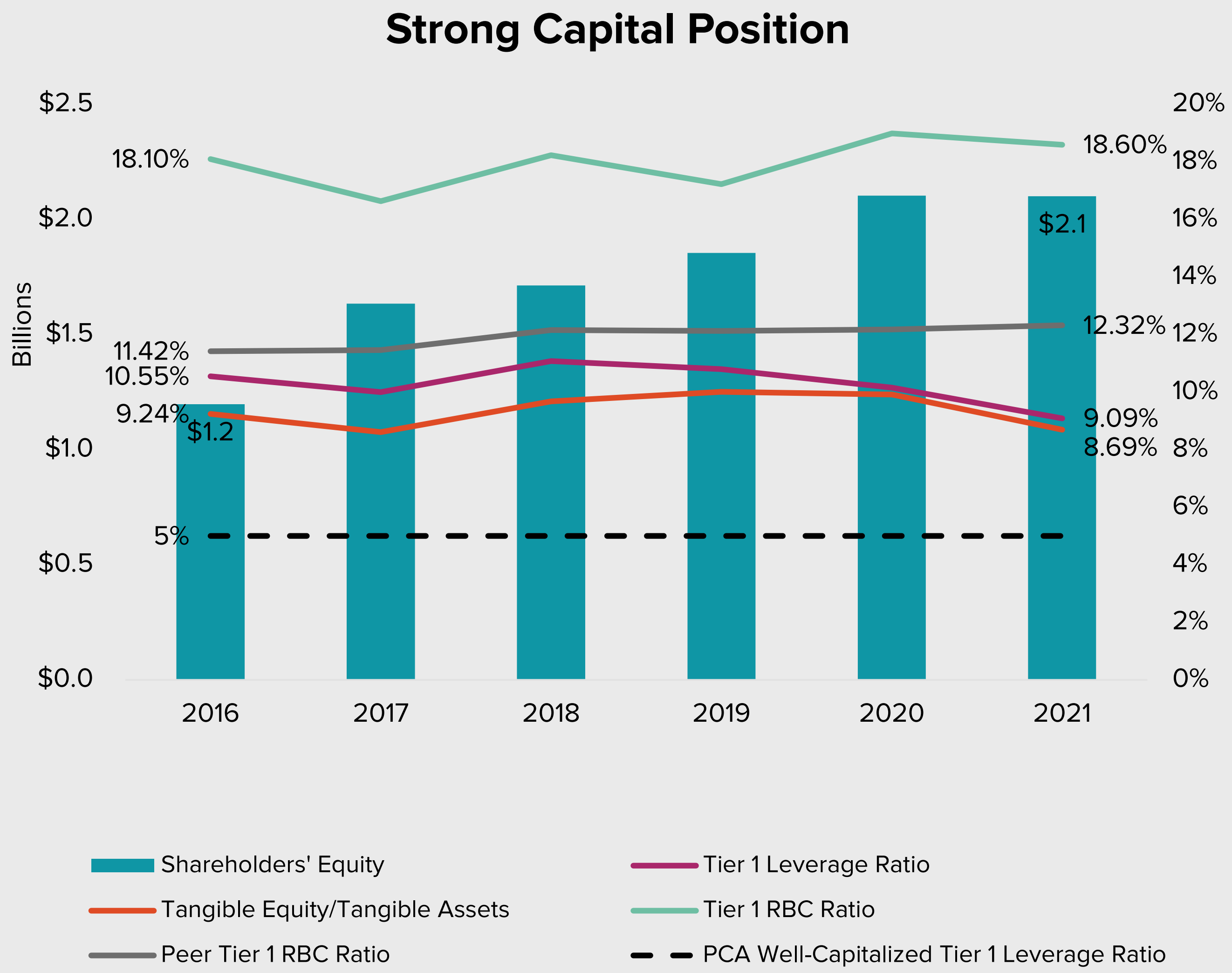
Dollars in thousands	March 31, 2022
Cash and cash equivalents (net of float)	$940,415
FHLB borrowing capacity	1,775,468
FRB borrowing availability	237,047
Investments[1]	
US government and agency	4,832,087
MBS and CMO	471,419
Municipals	458,262
Corporate	7,497
Less: Pledged securities	(2,314,873)
Net unpledged securities	3,454,392
Total liquidity sources	**$6,407,322**

[1] Includes $406 million in unrealized losses on securities; excludes municipal qualified school construction bonds, equity securities and other investments

Strong Capital Position

Ready to support growth

- Tier 1 leverage ratio maintained well above PCA[1] 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



[1] Prompt Corrective Action

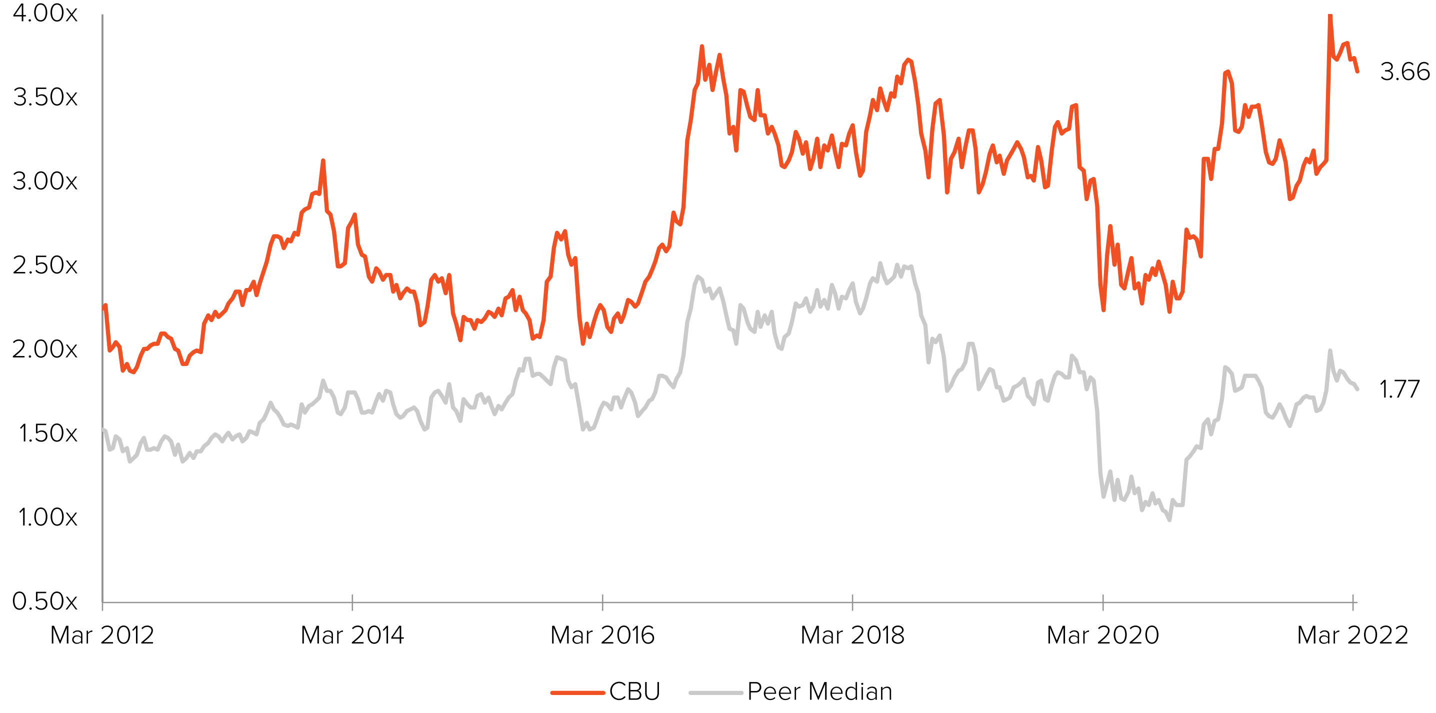
Consistent Returns and Low Volatility Drive Premium Results

Investment Profile **As of March 31, 2022**	
Closing Stock Price	$70.15
52-week High Stock Price	$81.52
52-week Low Stock Price	$65.53
Dividend Yield (annualized)	2.45%
5-year Beta	0.67%
Price/ LTM EPS	20.8
Price/ Tangible Book	3.66
Average Daily Volume (3-month)	~218,000
Common Shares Outstanding	53.9 million
Institutional Ownership	71%

Delivering superior risk-adjusted returns

~30% of revenue is non-banking

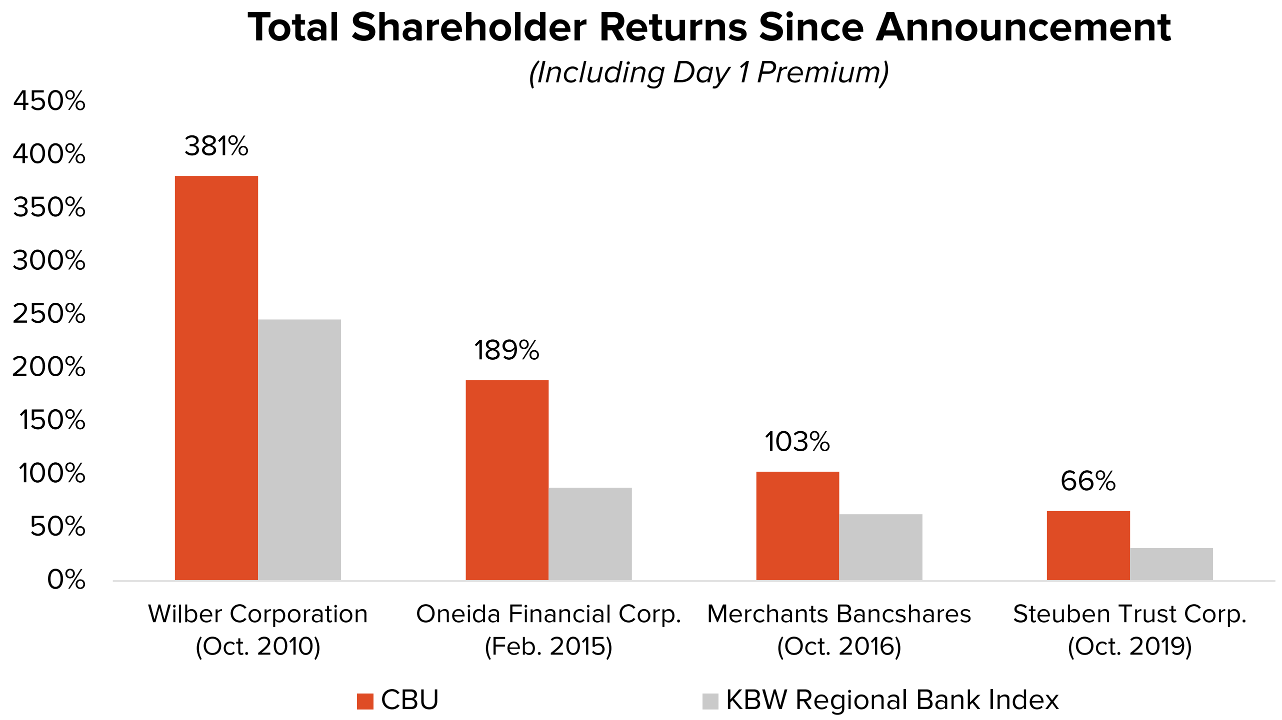
Price/ Tangible Book Value



Source: S&P Global. Ending share prices and tangible book values as of 3/31/2022.

Creating Excess Value

For CBU's Partners and Shareholders



Longstanding commitment to growing dividend benefits for our partners and shareholders

191%
dividend increase since Wilber acquisition announcement

102%
dividend increase since Oneida acquisition announcement

42%
dividend increase since Merchants acquisition announcement

20%
dividend increase since Steuben acquisition announcement

Note: Kinderhook Bank Corp (announced in January 2019) was an all-cash transaction and is excluded from the above shareholder return analysis
Source: Bloomberg, FactSet, Company filings. Market data as of March 31, 2022

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.
- Committed to strong corporate governance, with an engaged independent Chair of the Board and 12 independent directors.
- 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

2022 ESG Priorities

- Appoint Cultural and Diversity Officer
- Enhance vendor management program to reach more minority-owned and socially responsible business partners
- Implement “MyVoice” company-wide engagement program to ensure highly satisfied and engaged employees

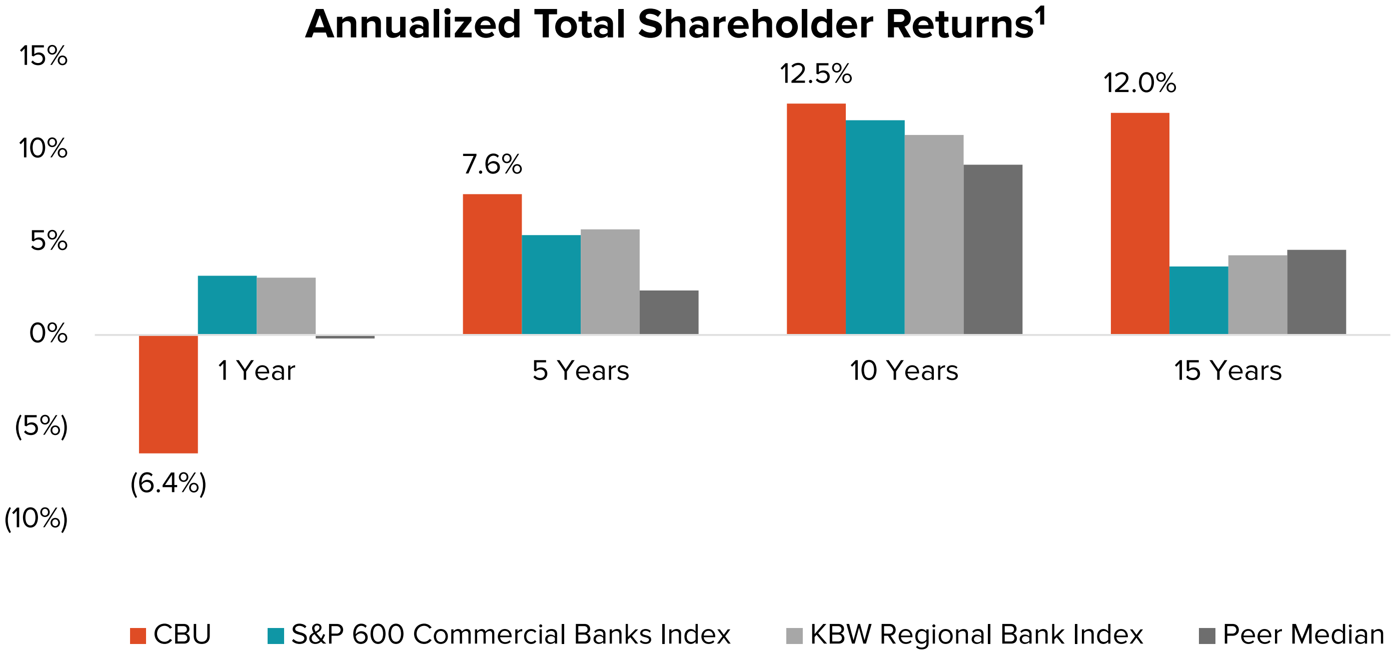
Shareholder Returns & Key Investment Merits

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

Superior return to shareholders and long-standing dividend

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

Long-term responsible growth focus

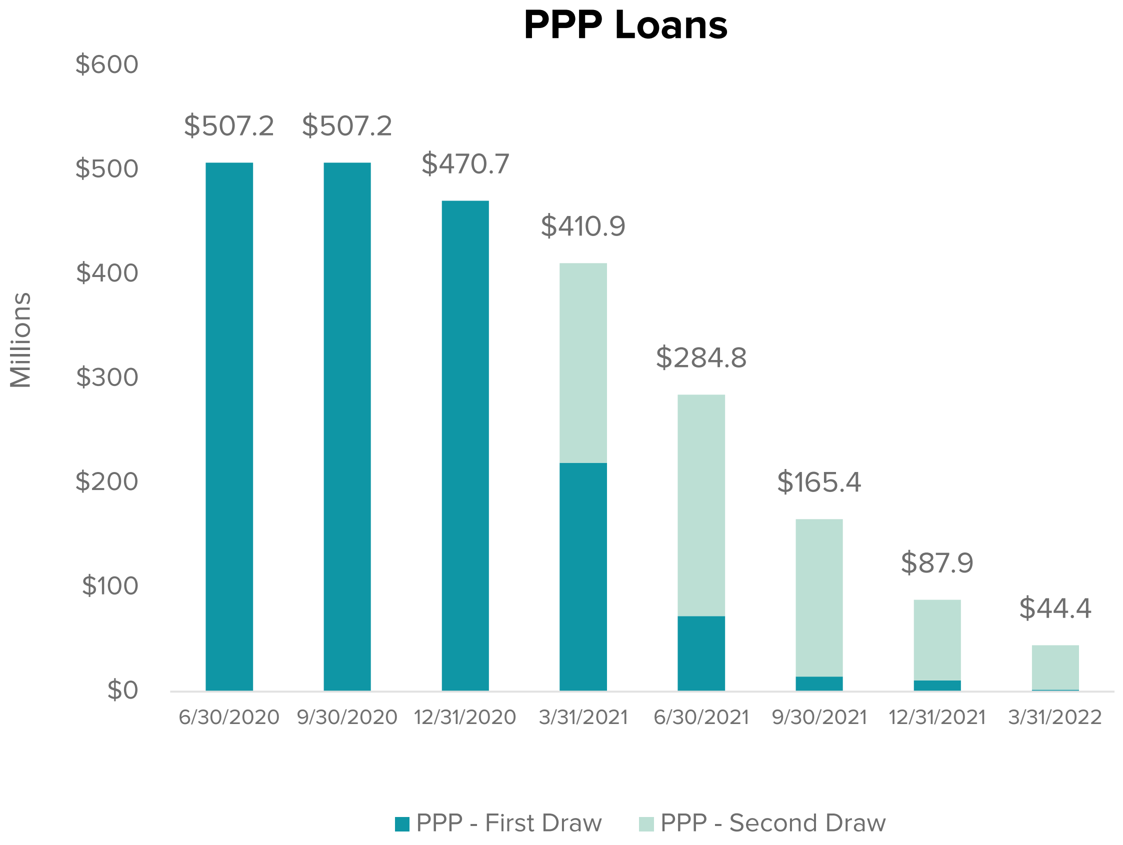


[1] Through March 31, 2022, or more recent available, including reinvestment of dividends. Peers used throughout presentation may be found in the appendix.

Appendix

Paycheck Protection Program ("PPP")

- 423 PPP loans, representing $44.4 million in customer balances, were outstanding on March 31, 2022
- Loan forgiveness customer portal opened in late September 2020
- At March 31, 2022, the Company's remaining PPP net deferred loan fees were $1.6 million



Primary Subsidiaries

Banking	Wealth & Retirement	Insurance Services	Employee Benefit Services
Community Bank, N.A.	Community Investment Services, Inc.	OneGroup NY, Inc.	BPAS, 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 ($000)	Market Cap ($M)[1]
*Webster Financial Corp.	WBS	Stamford, CT	65,131,484	5,084
*Old National Bancorp	ONB	Evansville, IN	45,834,648	4,799
United Bankshares Inc.	UBSI	Charleston, WV	29,365,511	4,746
Fulton Financial Corp.	FULT	Lancaster, PA	25,598,310	2,670
Independent Bank Corp.	INDB	Rockland, MA	20,159,178	3,870
Atlantic Union Bkshs Corp.	AUB	Richmond, VA	19,782,430	2,764
Customers Bancorp Inc	CUBI	West Reading, PA	19,163,708	1,716
WesBanco Inc.	WSBC	Wheeling, WV	17,104,015	2,083
First Financial Bancorp.	FFBC	Cincinnati, OH	16,009,150	2,177
First Merchants Corp.	FRME	Muncie, IN	15,465,258	2,222
Sandy Spring Bancorp Inc.	SASR	Olney, MD	12,967,416	2,029
First Busey Corp.	BUSE	Champaign, IL	12,567,509	1,401
NBT Bancorp Inc.	NBTB	Norwich, NY	12,147,833	1,554
Berkshire Hills Bancorp Inc.	BHLB	Boston, MA	12,097,008	1,385
First Commonwealth Financial	FCF	Indiana, PA	9,642,124	1,430
Park National Corp.	PRK	Newark, OH	9,576,352	2,135
S&T Bancorp Inc.	STBA	Indiana, PA	9,432,281	1,164
Minimum			9,432,281	1,164
Median			16,009,150	2,135
Average			20,708,483	2,543
Maximum			65,131,484	5,084
Community Bank System, Inc.	**CBU**	**De Witt, NY**	**15,625,883**	**3,782**

*Completed significant bank mergers in Q1 2022
[1] Market capitalization of traded common equity as of March 31, 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, 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, net gain on sale of investments, unrealized gain (loss) on equity securities, litigation accrual expenses and gain (loss) on debt extinguishment 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.

CBU Free Cash Flow

Dollars in thousands, except per share data

	2017	2018	2019	2020	2021	Q1 2022
Diluted Earnings per Share (GAAP)	$3.03	$3.24	$3.23	$3.08	$3.48	**$0.86**
Operating Diluted Earnings per Share (non-GAAP)	$2.64	$3.23	$3.29	$3.24	$3.49	**$0.87**
Net income (GAAP)	$150,717	$168,641	$169,063	$164,676	$189,694	**$47,055**
Tax Cuts and Jobs Act deferred impact	(38,010)	-	-	-	-	**-**
Acquisition expenses, net of tax effect	18,309	(609)	6,952	3,942	551	**235**
Acquisition-related contingent consideration adjustment, net of tax effect	-	-	-	-	157	**-**
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)	**(2)**
(Gain) loss on debt extinguishment, net of tax effect	-	252	-	(336)	-	**-**
Acquisition-related provision for credit losses; net of tax effect	-	-	-	2,446	-	**-**
Litigation accrual, net of tax effect	-	-	-	2,357	(79)	**-**
Operating Net Income (non-GAAP)	131,015	167,764	172,057	173,090	190,310	**47,288**
Amortization of intangibles, net of tax effect	11,936	14,375	12,886	11,425	11,044	**2,935**
Subtotal (non-GAAP)	142,951	182,139	184,943	184,515	201,354	**50,223**
Acquired non-PCD loan accretion, net of tax effect	(4,149)	(6,272)	(4,981)	(4,388)	(3,135)	**(577)**
Adjusted Net Income (non-GAAP)	138,802	175,867	179,962	180,127	198,219	**49,646**
Cash Dividends Paid	62,305	71,495	80,241	87,131	91,051	**23,235**
Cash Dividend % of Adjusted Net Income	**44.90%**	**40.70%**	**44.60%**	**48.40%**	**45.90%**	**46.80%**

Tangible Equity Components

Dollars in thousands, except per share data

	2016	2017	2018	2019	2020	2021	Q1 2022
Total assets							
Total assets (GAAP)	$8,666,437	$10,746,198	$10,607,295	$11,410,295	$13,931,094	$15,552,657	**$15,625,883**
Intangible assets	(480,844)	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	**(863,038)**
Deferred taxes on intangible assets	43,504	48,419	46,370	44,742	44,370	44,160	**43,968**
Total tangible assets (non-GAAP)	8,229,097	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	**14,806,813**
Total common equity							
Shareholders' Equity (GAAP)	$1,198,100	$1,635,315	$1,713,783	$1,855,234	$2,104,107	$2,100,807	**$1,852,103**
Intangible assets	(480,844)	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	**(863,038)**
Deferred taxes on intangible assets	43,504	48,419	46,370	44,742	44,370	44,160	**43,968**
Total tangible common equity (non-GAAP)	760,760	858,646	952,804	1,063,053	1,301,829	1,280,632	**1,033,033**
Net tangible equity-to-assets ratio at quarter end							
Total tangible common equity (non-GAAP) – numerator	$760,760	$858,646	$952,804	$1,063,053	$1,301,829	$1,280,632	**$1,033,033**
Total tangible assets (non-GAAP) – denominator	8,229,097	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	**14,806,813**
Net tangible equity-to-assets ratio at period end (non-GAAP)	**9.24%**	**8.61%**	**9.68%**	**10.01%**	**9.92%**	**8.69%**	**6.98%**

Pre-tax, Pre-provision Components

Dollars in thousands, except per share data

	2020	2021	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Pre-tax, pre-provision net revenue							
Net income (GAAP)	$164,676	$189,694	$52,850	$47,944	$45,336	$43,564	**$47,055**
Income taxes	41,400	51,654	12,108	14,416	12,092	13,038	**12,777**
Income before income taxes	206,076	241,348	64,958	62,360	57,428	56,602	**59,832**
Provision for credit losses	14,212	(8,839)	(5,719)	(4,338)	(944)	2,162	**906**
Pre-tax, pre-provision net revenue (non-GAAP)	220,288	232,509	59,239	58,022	56,484	58,764	**60,738**
Acquisition expenses	4,933	701	27	4	102	568	**299**
Acquisition-related contingent consideration adjustment	-	200	-	-	-	200	**-**
Unrealized loss (gain) on equity securities	6	(17)	(24)	-	10	(3)	**(2)**
Litigation accrual	2,950	(100)	-	-	(100)	-	**-**
Gain on debt extinguishment	(421)	-	-	-	-	-	**-**
Adjusted pre-tax, pre-provision net revenue (non-GAAP)	**$227,756**	**$233,293**	**$59,242**	**$58,026**	**$56,496**	**$59,529**	**$61,035**
Pre-tax, pre-provision net revenue per share							
Diluted earnings per share (GAAP)	$3.08	$3.48	$0.97	$0.88	$0.83	$0.80	**$0.86**
Income taxes	0.77	0.95	0.22	0.26	0.22	0.24	**0.24**
Income before income taxes	3.85	4.43	1.19	1.14	1.05	1.04	**1.10**
Provision for credit losses	0.27	(0.16)	(0.10)	(0.08)	(0.01)	0.04	**0.01**
Pre-tax, pre-provision net revenue per share (non-GAAP)	4.12	4.27	1.09	1.06	1.04	1.08	**1.11**
Acquisition expenses	0.09	0.01	-	-	-	0.01	**0.01**
Acquisition-related contingent consideration adjustment	-	-	-	-	-	-	**-**
Unrealized loss (gain) on equity securities	-	-	-	-	-	-	**-**
Litigation accrual	0.06	-	-	-	-	-	**-**
Gain on debt extinguishment	(0.01)	-	-	-	-	-	**-**
Adjusted pre-tax, pre-provision net revenue per share (non-GAAP)	**$4.26**	**$4.28**	**$1.09**	**$1.06**	**$1.04**	**$1.09**	**$1.12**

Thank you!

INVESTOR RELATIONS CONTACT

Mr. Joseph E. Sutaris

EVP & Chief Financial Officer

Joseph.Sutaris@cbna.com

315.445.7396

Community
BANK SYSTEM, INC.