Community
BANK SYSTEM, INC.

NOVEMBER 2022

Investor Presentation

COMMUNITY BANK SYSTEM, INC. | NYSE: CBU

Disclaimers

Forward-Looking Statements

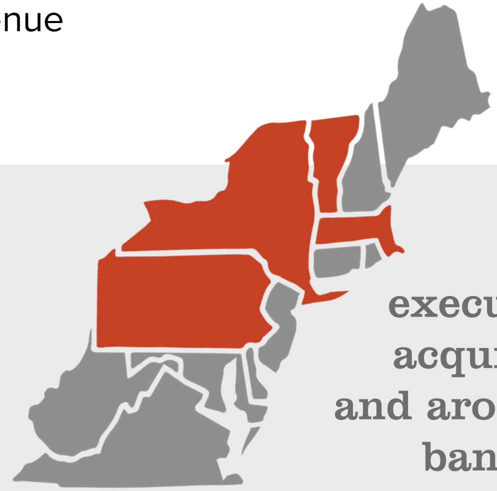
This presentation contains comments or information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995), which involve significant risks and uncertainties. Forward-looking statements often use words such as "anticipate," "could," "target," "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, related vaccine and booster rollouts and efficacies, and government measures taken in response thereto, 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 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 incomes 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 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



Record of executing accretive acquisitions within and around Northeast banking footprint

- **EXPERIENCED AND DISCIPLINED ACQUIRER**
- **DELIVERING VALUE** to shareholders
  - 30 consecutive years of annual dividend increases
  - 10-year cumulative total return to shareholders of 199% (11.6% annualized), outpacing KBW Regional Banking Index of 189% (11.2% annualized)[2]

$15.6B
in total assets[1]

$3.2B
market capitalization
(at 9/30/22 share price of $60.08)

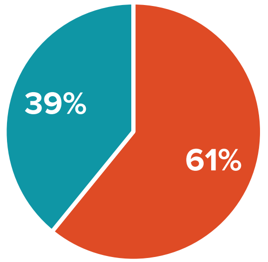
20+
year consistent and proven business model

[1] As of September 30, 2022
[2] Total return based on 10-year historical performance through October 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)



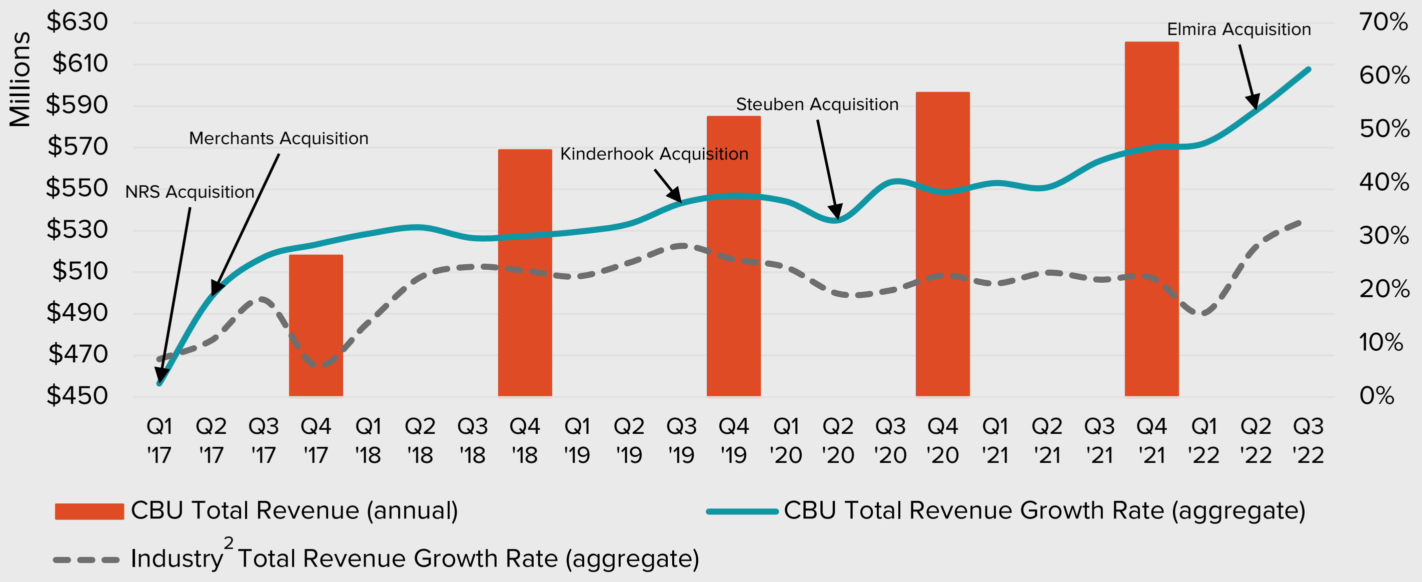
Banking	Employee Benefit Services	Wealth & Retirement	Insurance Services
Community Bank, N.A.	**BPAS**	**Community Bank Wealth Management**	**OneGroup**
• Commercial Banking • Cash Management • Municipal • Agricultural • Small Business • Retail & Consumer	• Retirement Plan & Benefits Administration • Actuarial & Pension Services • Public-Sector Benefits & VEBA • Health & Welfare Plans • Collective Investment Fund	• 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
$404.1M net interest income for TTM **$69.5M** non-interest banking revenues for TTM	**$116.8M** non-interest revenues from employee benefit services for TTM	**$32.8M** non-interest revenues from wealth management services for TTM	**$40.0M** non-interest revenues from insurance services for TTM

Trailing twelve months ("TTM") figures used throughout this presentation refer to the period ending 9/30/2022

Focus on Revenue Quality & Stability

Above Average Returns with Below Average Risk Driven By Focus on Revenue Quality and Stability

- 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



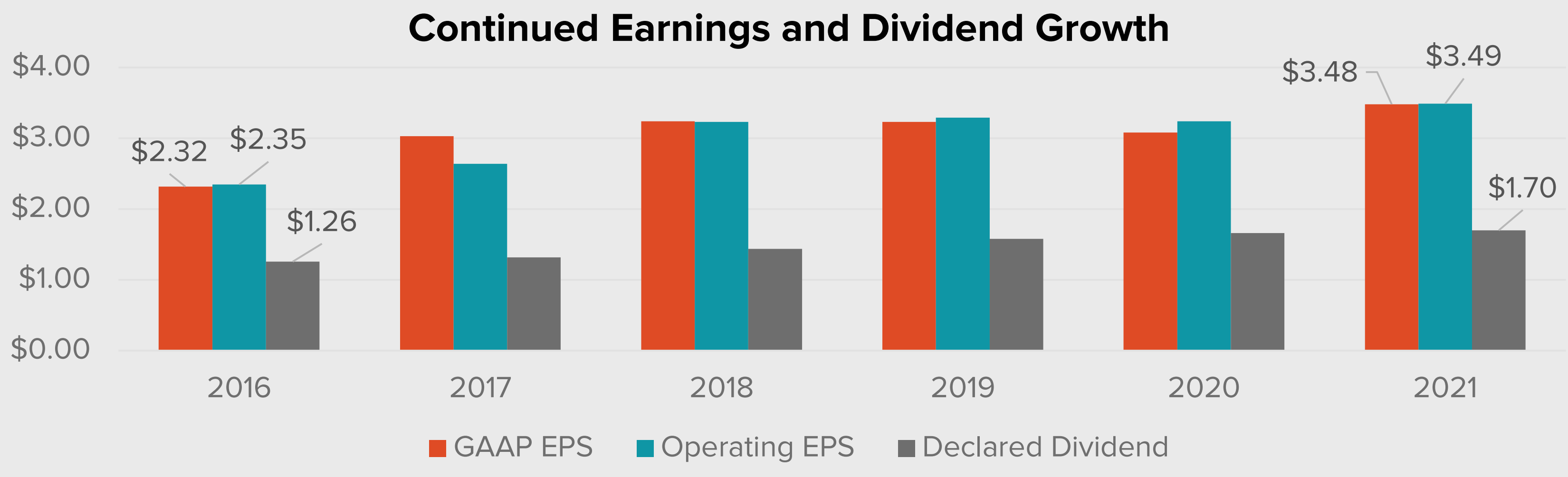
Diversified and Complementary Revenue[1]: Growth Rate

Revenue Source	2018	2019	2020	2021	TTM
Net Interest Income (~60%)	9.3%	4.1%	2.6%	1.6%	8.6%
Banking Fees (~10%)	2.7%	(6.5%)	(5.8%)	(2.7%)	9.3%
Benefits Administration (~20%)	14.2%	5.3%	4.3%	12.8%	7.1%
Wealth + Insurance (~10%)	16.3%	3.5%	3.8%	11.6%	6.7%
Total Revenue Sources	**9.8%**	**2.8%**	**2.0%**	**4.1%**	**8.2%**

Sources: S&P Global, Internal filings
[1] Excludes securities gains/losses
[2] Industry group is defined as U.S. Commercial Banks with assets between $10 and $50 billion

Performance Highlights

- Solid earnings in Q3 2022 with fully-diluted EPS of $0.90 on a GAAP-basis and $0.90 on an operating-basis[1]
- Third quarter 2022 adjusted pre-tax, pre-provision net revenue per share (non-GAAP) of $1.25 per share, up $0.21, or 20.2%, per share from the third 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
- Fifth consecutive quarter of organic, non-PPP[3] loan growth, up 5.3% during the quarter
- Continued strong asset quality, including 0.02% annualized net charge-off ratio in Q3 2022



1.24% return on assets *(Q3 2022)*

1.25% operating return on assets[1] *(Q3 2022)*

11.5% return on equity *(Q3 2022)*

23.7% return on tangible equity[2] *(Q3 2022)*

13.9% TTM organic, non-PPP loan growth

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 a non-GAAP measure and is calculated by dividing Net Income by Average Shareholders' Equity less average intangible assets, net of deferred tax on intangible assets. Please see Appendix for details.

[3] Paycheck Protection Program Loans

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 (210+ customer locations) with enhanced digital banking services, including mobile banking, online deposit account opening and loan applications
- Earned Best Retail Strategy in Bank Director's 2021 RankingBanking study
- 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

[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 Banking Acquisitions	Transaction Type	Net Branches	Assets in Millions
2022 – Elmira Savings Bank[1]	Whole	8	$579
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

2022 Elmira Savings Bank Acquisition Strengthened Southern Tier of New York

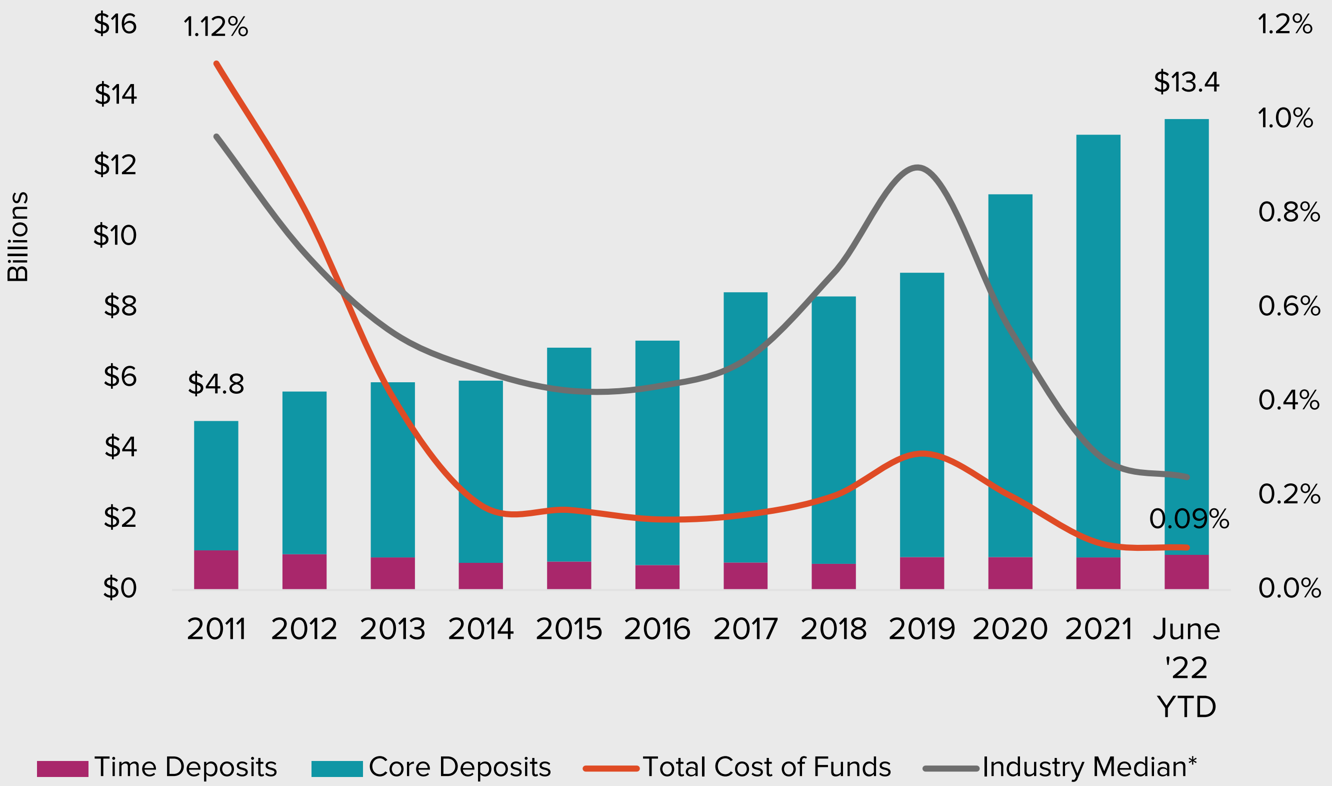
- Enhanced the Company's presence in five counties of New York's Southern Tier and Finger Lakes regions
- Highly complementary franchise with consistent performance track record
- Productive use of CBU's capital
- Immediately accretive to operating EPS

[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 92.8% of total deposits at September 30, 2022
  - Average cost of deposits of 0.11% in Q3 2022
- $13.5 billion of total deposits at September 30, 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 (2.5%)[1]. During the current cycle (2022), CBU has experienced an even lower deposit beta (1.4%)[2]

Core Deposit Strength Supports Low Overall Funding Costs



* All public U.S. banks as of October 31, 2022, based on data from S&P Global Market Intelligence.

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.

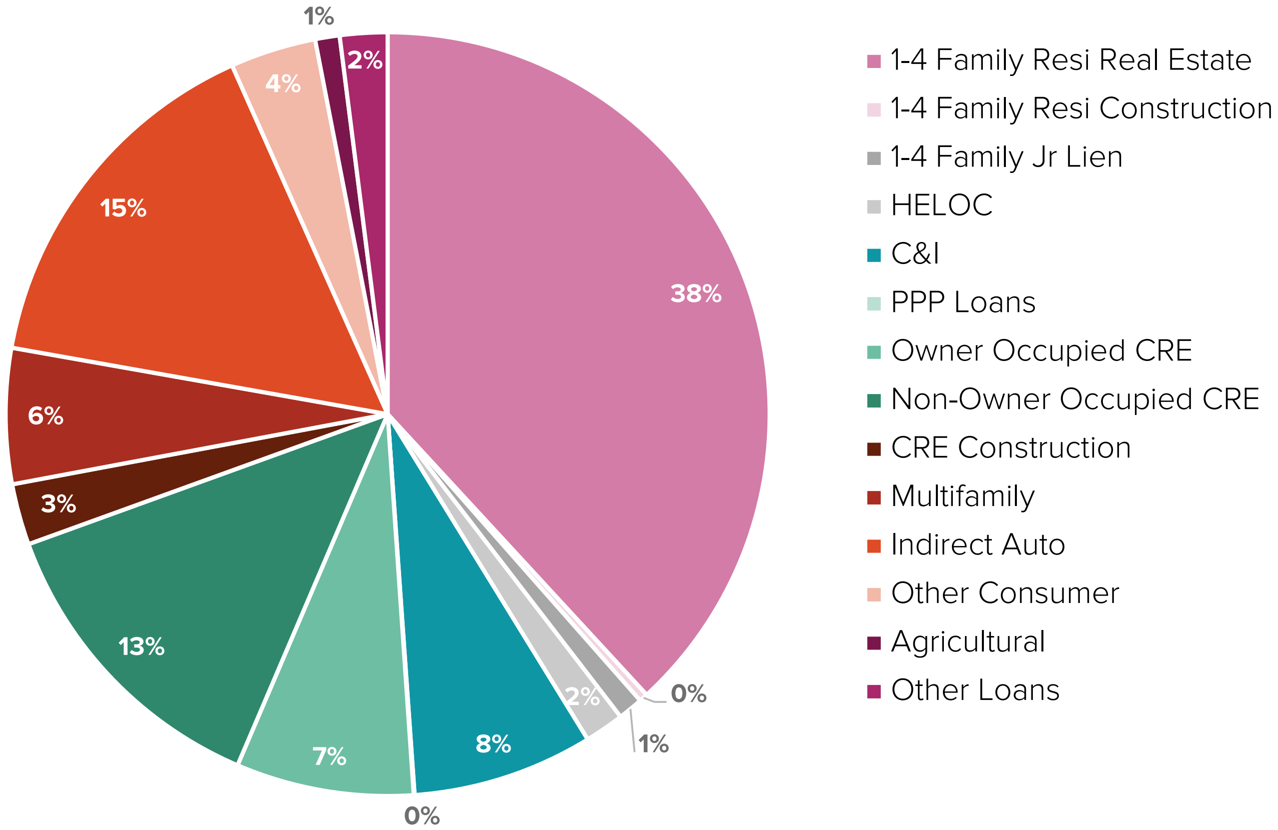
1. Calculation period of Q3 2015 (base period) through Q4 2018
2. Calculation period of Q4 2021 (base period) through Q3 2022

In-footprint Lender

$602K average commercial loan relationship[1]

- Diversified and high-quality loan portfolio with in-footprint focus
- $8.5 billion in total loans as of September 30, 2022
- Average loan originations are uniquely granular for an institution of our size
    - Average Residential Mortgage – $149,000
    - Average Home Equity Loan – $68,000
    - Average Indirect Loan – $27,000

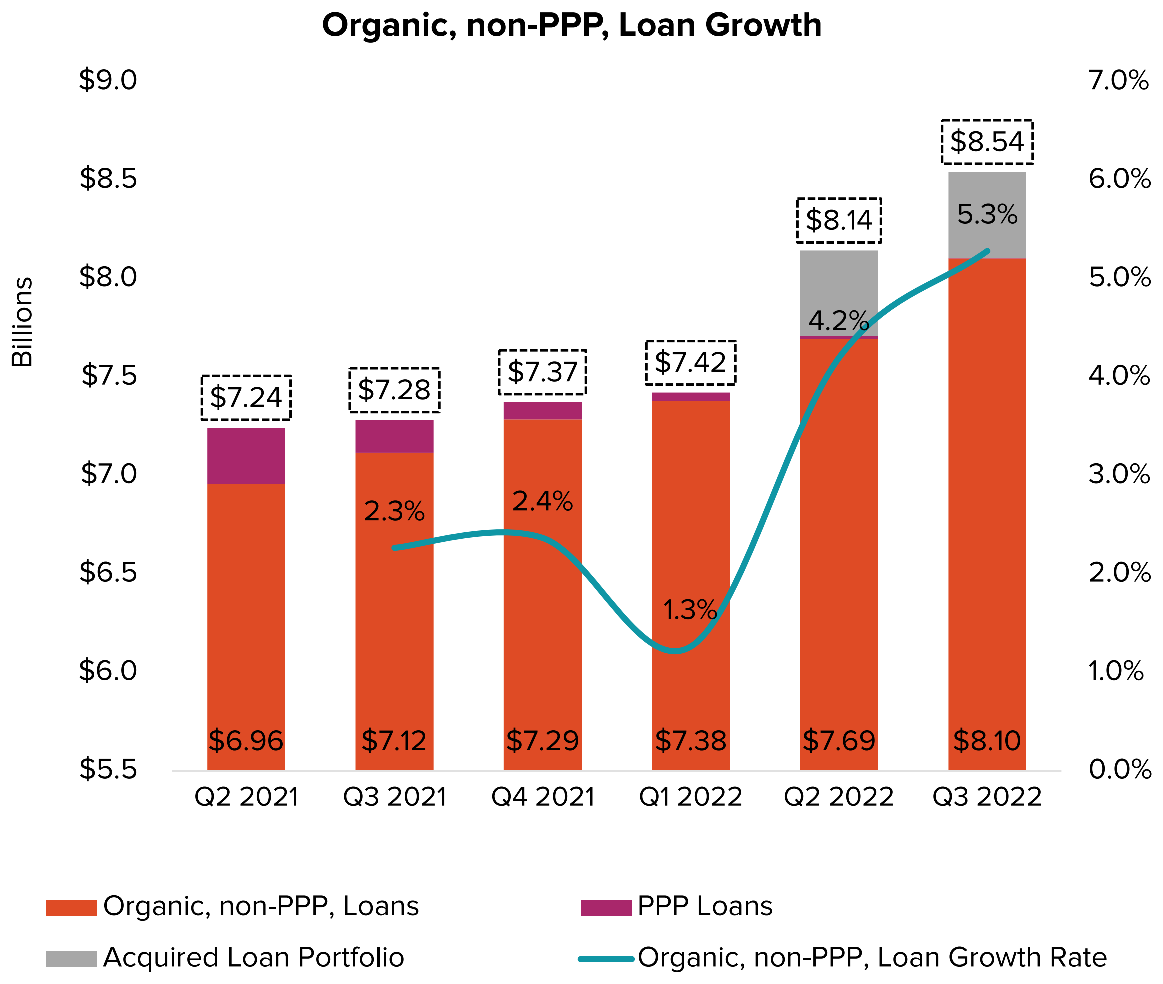
Diversified Loan Portfolio[2]



[1] Excludes Paycheck Protection Program ("PPP") loans
[2] Loan customer balances as of September 30, 2022, call report code-based customer loan data

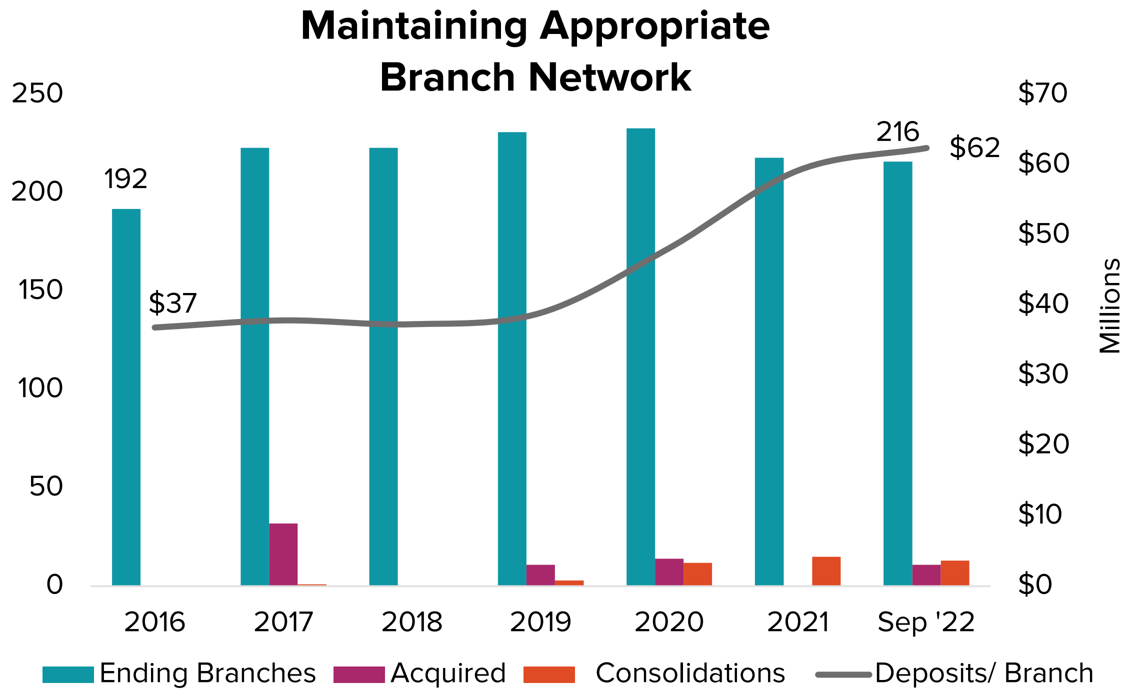
Organic Loan Growth

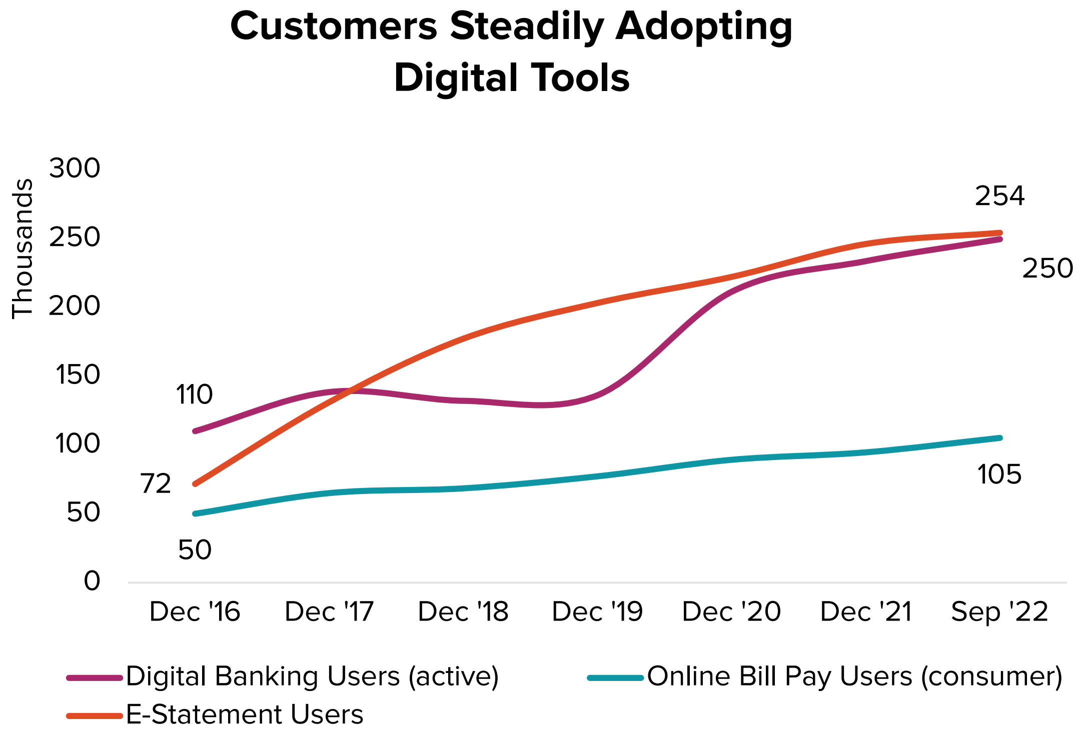
- Achieved our fifth consecutive quarter of organic, non-PPP loan growth
    - Organic, non-PPP loan growth of 5.3% in Q3 2022 and 16.4% over the prior five quarters
- All major loan segments produced positive organic loan growth during the quarter
- This loan growth momentum, including healthy pipelines, are expected to continue to drive the expansion of the Company's net interest margin results



Optimizing Delivery Channels for Growth

- Addressing redundancies through consolidations and expanding digital banking services
- 44 branches consolidated from 2017 through September 2022
- As of September 2022, 61% of total customers were digital banking users, while 54% and 25% of core deposit customers were e-statement users and online bill pay users, respectively





Digital Transformation

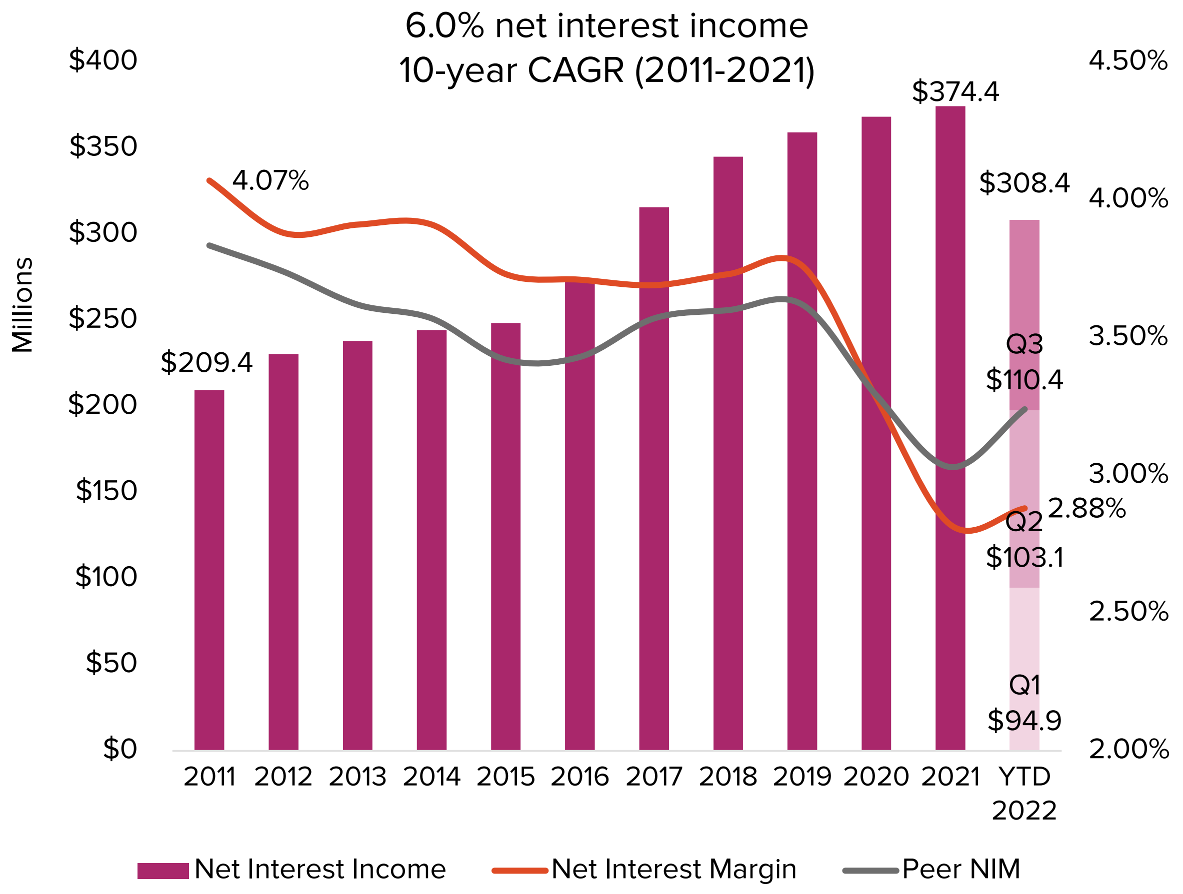
Supporting customers' preference towards digital while enhancing efficiencies

	Recent Accomplishments	What's Next
Client Experience	• Enhanced personal banking budgeting tool • 30% of residential mortgage applications through September 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	• 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
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 • Implementing 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 • 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 $110.4 million for Q3 2022 increased $17.8 million, or 19.2%, over Q3 2021 despite a $3.8 million decrease in PPP related interest income
- The Company's improved net interest income outcome was aided in Q3 2022 by strong organic loan growth, stable funding costs and higher market interest rates on new loan volume
- While the Q3 2022 net interest margin ("NIM") of 3.03% remained below pre-pandemic levels, the net interest margin expanded 0.14 percentage points during the quarter compared to the linked second quarter

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



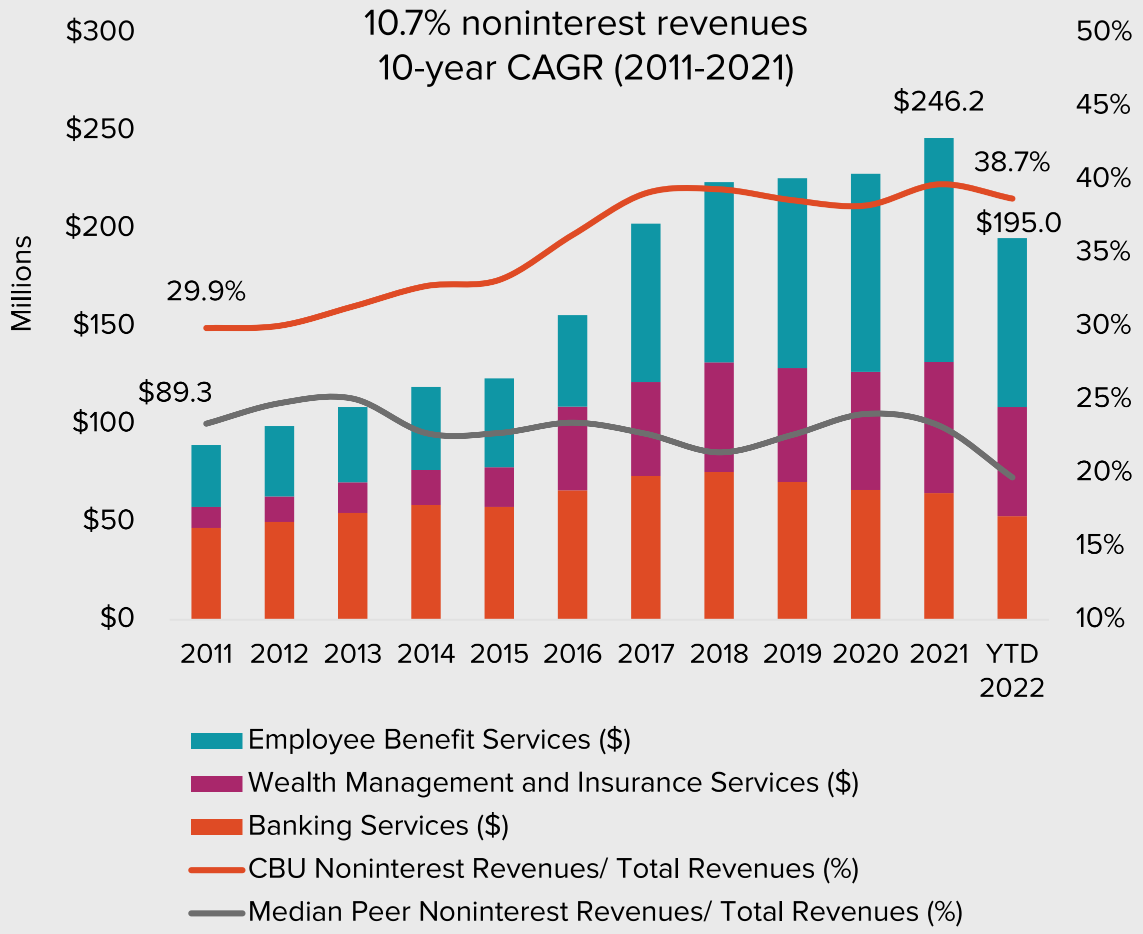
[1] The Company maintained $1.9 billion of low yield average cash equivalents during 2021 driving lower net interest margin results than the prior year.
CBU and peer data as of 9/30/2022. Peers used throughout presentation may be found in the appendix.
Source: S&P Global, Company filings

Growing, Recurring Noninterest Revenues

37% of revenue in Q3 2022

- Longstanding focus on growing noninterest revenues reduces its dependence on net interest income
- September 2022 YTD noninterest revenues made up almost 39% of revenue, highest level among peer group
- 72% of CBU's Q3 2022 noninterest revenues derived from its non-bank businesses[1]

Strong Contributions from Fee-generating Businesses

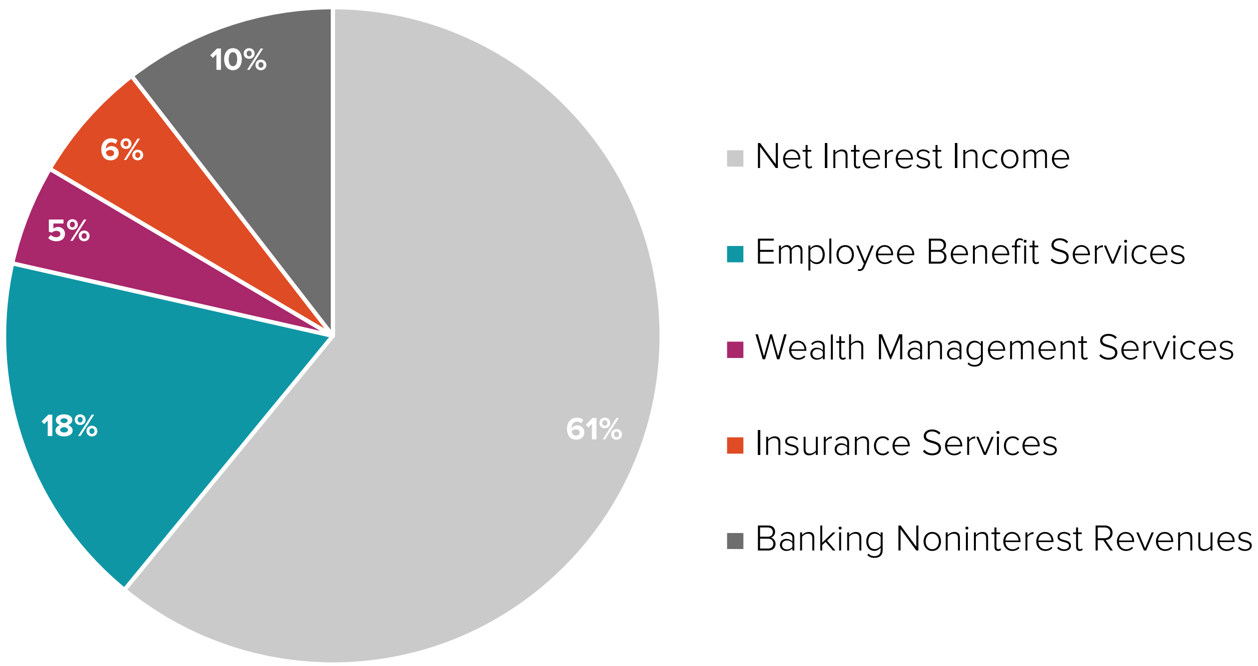


[1] Excludes securities gains/losses
CBU and peer data as of 9/30/2022. Peers used throughout presentation may be found in the appendix.

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 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 13 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 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
    - Collective Investment Fund

$116.8M
TTM revenue, up 5.5% from the prior year period

620,000+
plan participants among 4,500 retirement plans

NAPA

In June, 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

$32.8M
TTM revenue, up 1.9% from the prior year period

13.4%
10-year CAGR (2011-2021)

$7.7B
assets under management ("AUM") at 9/30/2022

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
  - 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

$40.0M

TTM revenue, up 20.8% from the prior year period

100

Among the top 100 U.S. insurance agencies[1]

[1] Based on a 2021 *Insurance Journal* ranking of total property & casualty agency revenue

Operating Performance Summary

As of September 30, 2022

Financial Highlights	Q3 2022 in millions, except EPS	% Change from Q3 2021	2022 YTD in millions, except EPS	% Change from 2021 YTD
Net interest income	$110.4	19.2%	$308.4	10.7%
Noninterest revenues	65.3	1.6%	195.0	7.0%
Operating expenses[1]	107.8	7.3%	313.3	9.1%
Adjusted pre-tax, pre-provision ("PTPP") net revenue[2]	67.9	20.1%	190.1	9.4%
Provision for credit losses[3]	5.1	NM	8.1	NM
Net income, operating[4]	49.0	8.1%	142.6	(2.4%)
Fully diluted weighted average common shares outstanding	54.3	(0.5%)	54.4	(0.2%)
GAAP EPS (diluted)	$0.90	8.4%	$2.49	(7.1%)
Operating EPS (diluted)[4]	$0.90	8.4%	$2.62	(2.2%)
Adjusted PTPP EPS (diluted)[2]	$1.25	20.2%	$3.49	9.4%

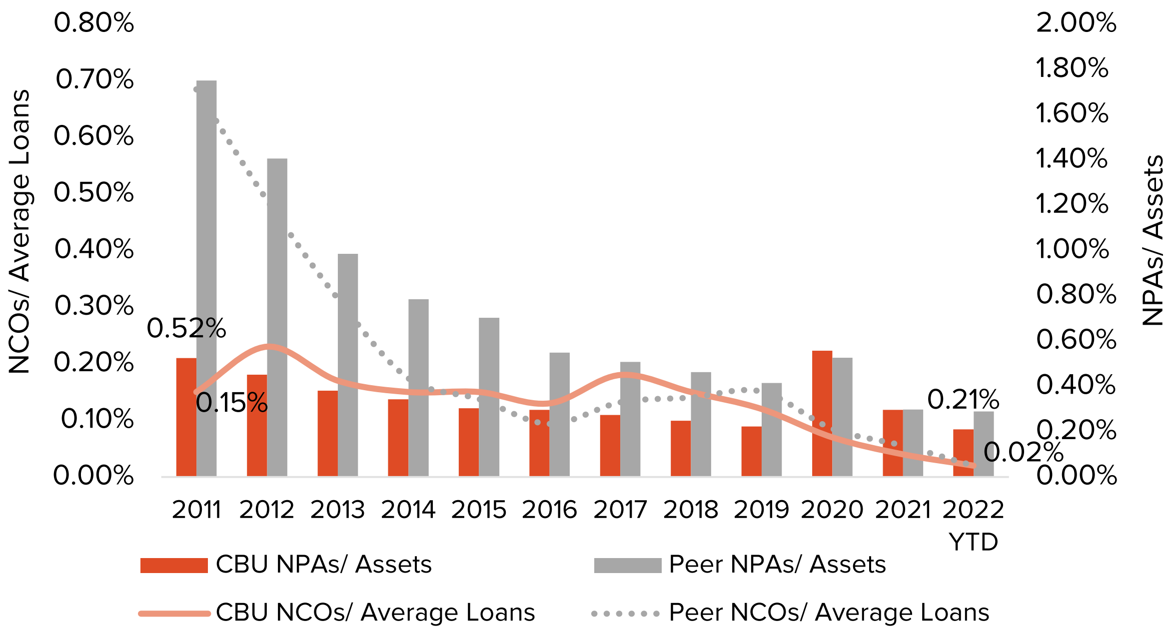
20.2% growth
in adjusted PTPP EPS compared to Q3 2021

[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.

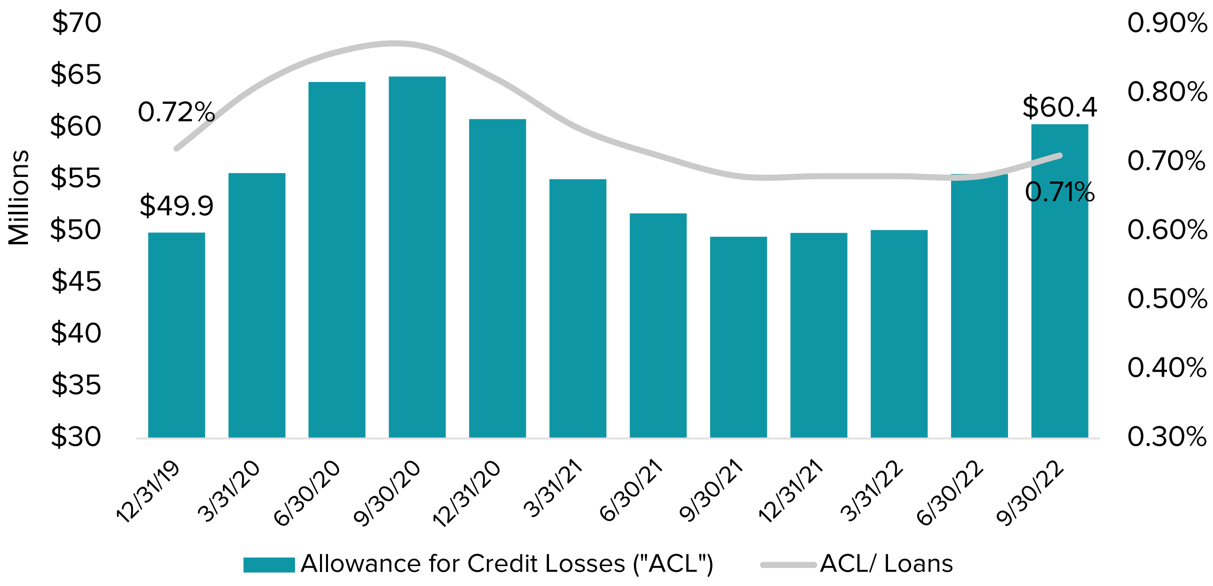
Strong Asset Quality

Low-risk balance sheet

Historically Strong Asset Quality Metrics[1]



Allowance for Credit Losses[2]



[1] CBU and peer data as of 9/30/2022. 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.

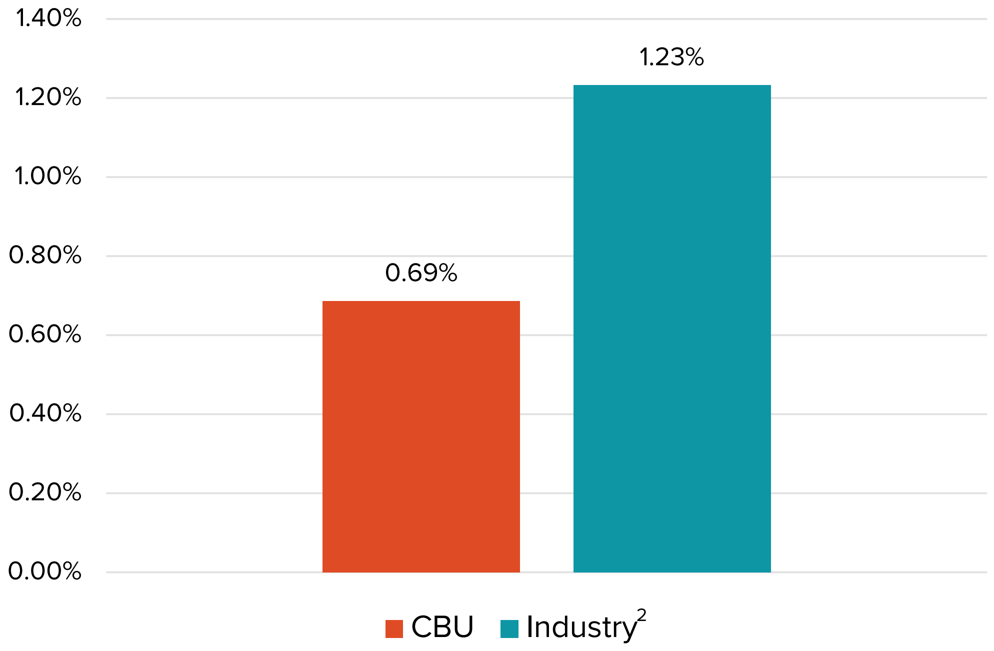
[2] The 12/31/2019 Allowance for Loan Losses was calculated under the Incurred Loss model while the remaining periods were calculated under the Current Expected Credit Losses ("CECL") model.

Sources: S&P Global, Company Filings

Allowance Industry Comparison

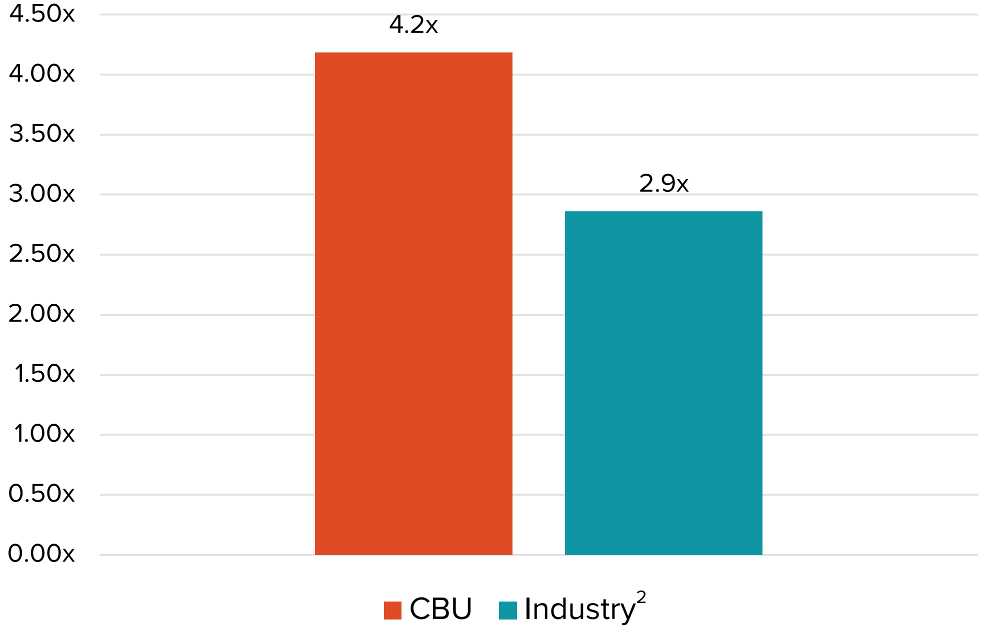
Ample loss coverage compared to industry

Allowance for Credit Losses ("ACL") Ratio[1]



Allowance Loss Coverage[1]

(ACL Ratio / 10-year Average Net Charge-Off Ratio[3])



[1] Q2 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 2012 – 2021

Sources: S&P Global

Liquidity Position & Sources

Conservative approach

- Loan to deposit ratio of 63% as of September 30, 2022
- Investment portfolio is plain vanilla
  - 81% US Treasury Securities & Cash Equivalents at 9/30/2022
- Core deposit focused
- Cash and cash equivalents (net of float) and anticipated investment securities cash flows total ~$761 million over the next 12 months

Dollars in thousands	September 30, 2022
Cash and cash equivalents (net of float)	$123,140
FHLB borrowing capacity	1,760,116
FRB borrowing availability	487,717
Investments[1]	
US government and agency	4,275,440
MBS and CMO	398,306
Municipals	473,448
Corporate	7,033
Less: Pledged securities	(2,292,299)
Net unpledged securities	2,861,928
Total liquidity sources	**$5,232,902**

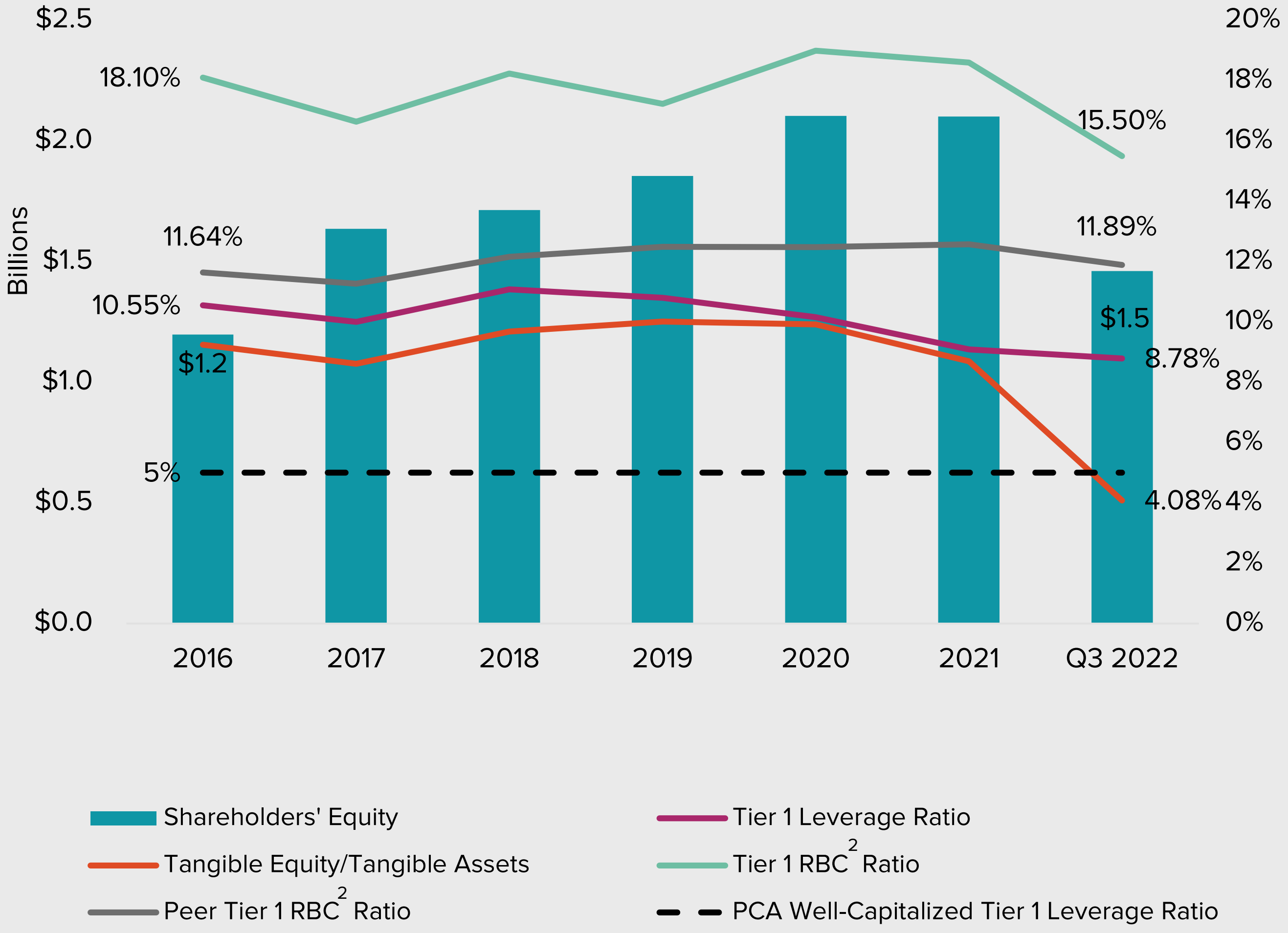
[1] Includes $966.2 million in net unrealized losses on securities; excludes municipal qualified school construction bonds, equity securities and other investments

Solid 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

Strong Capital Position



[1] Prompt Corrective Action

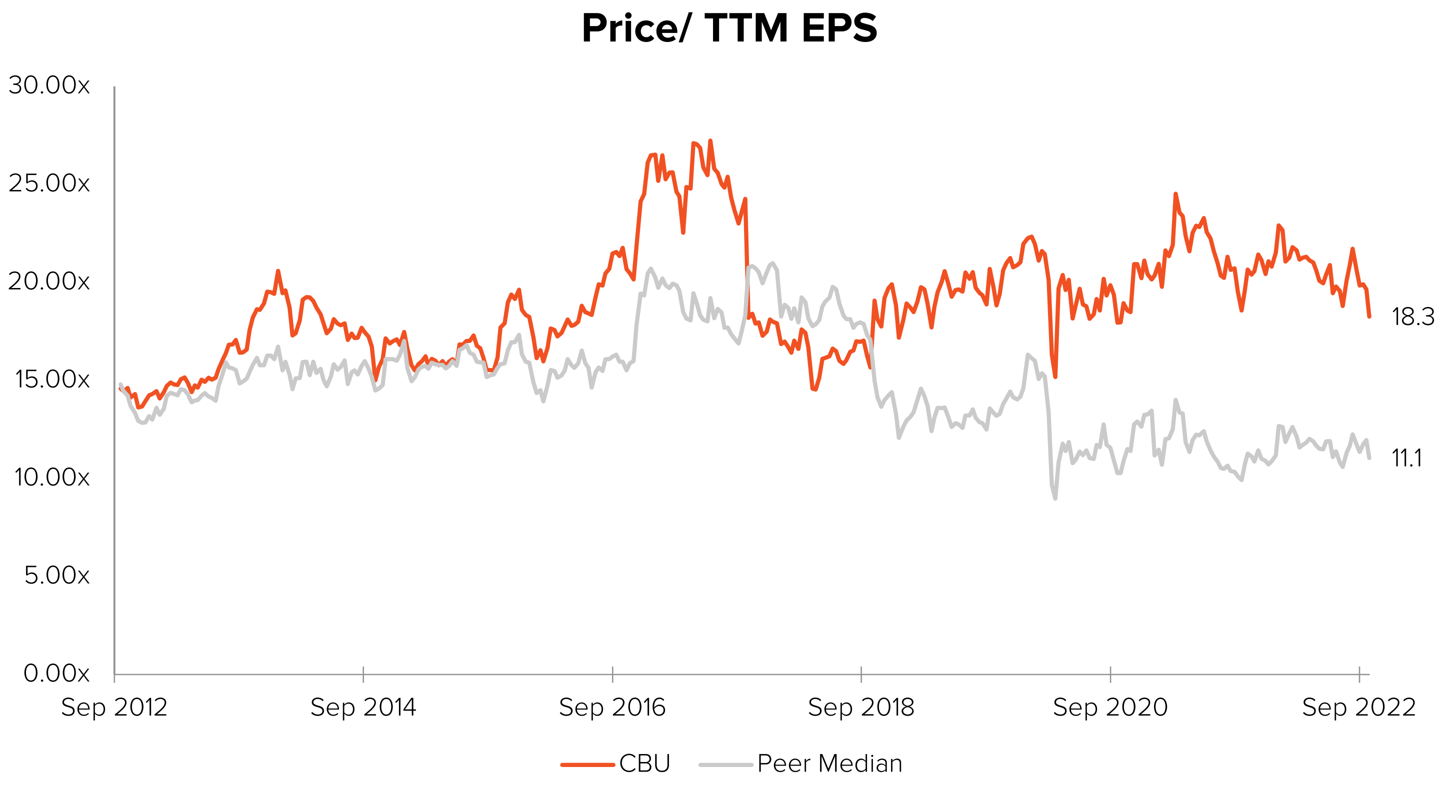
[2] Risk Based Capital ("RBC")

Consistent Returns and Low Volatility Drive Premium Results

Investment Profile As of September 30, 2022	
Closing Stock Price	$60.08
52-week High Stock Price	$77.89
52-week Low Stock Price	$60.08
Dividend Yield (annualized)	2.93%
5-year Beta	0.68%
Price/ TTM EPS	18.3
Price/ Tangible Book	5.37
Average Daily Volume (3-month)	~193,000
Common Shares Outstanding	53.7 million
Institutional Ownership	72%

Delivering superior risk-adjusted returns

~30% of revenue is non-banking



Source: S&P Global. Ending share prices and earnings are as of 9/30/2022.

Shareholder Returns & Key Investment Merits

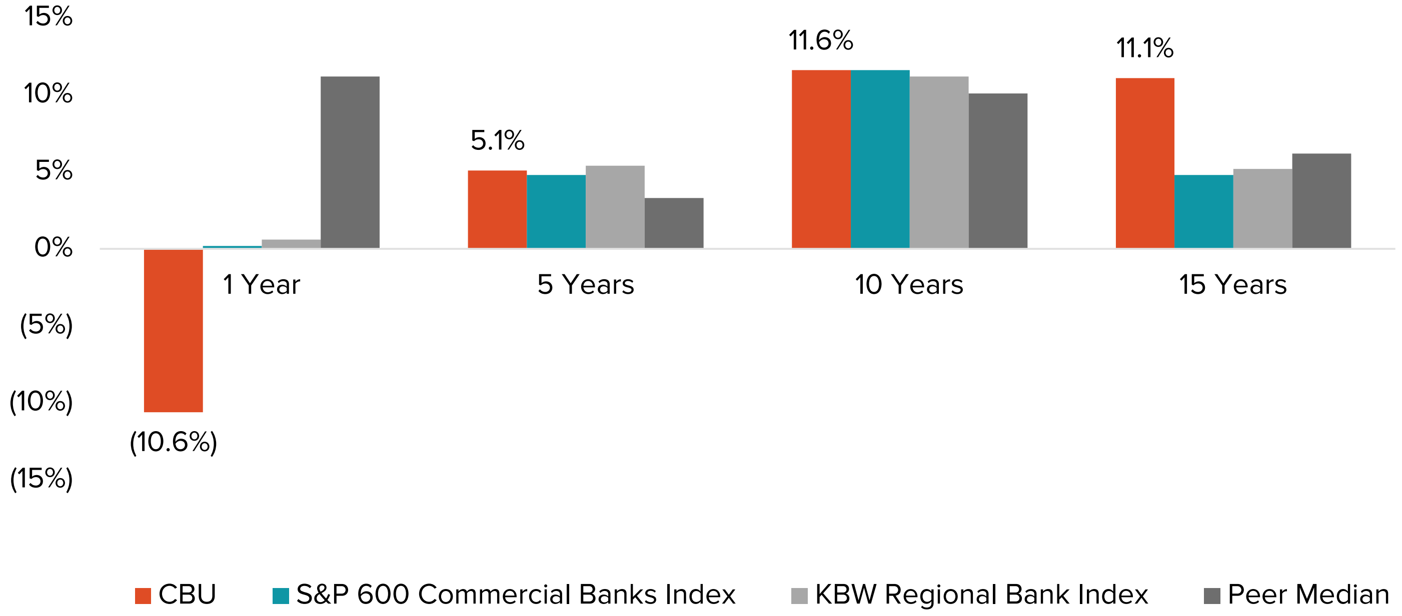
Committed to successful operating strategy focused on intelligent low-risk acquisitions, organic growth, and prudent capital management

Superior return to shareholders and long-standing dividend growth

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

Long-term responsible growth focus

Annualized Total Shareholder Returns[1]



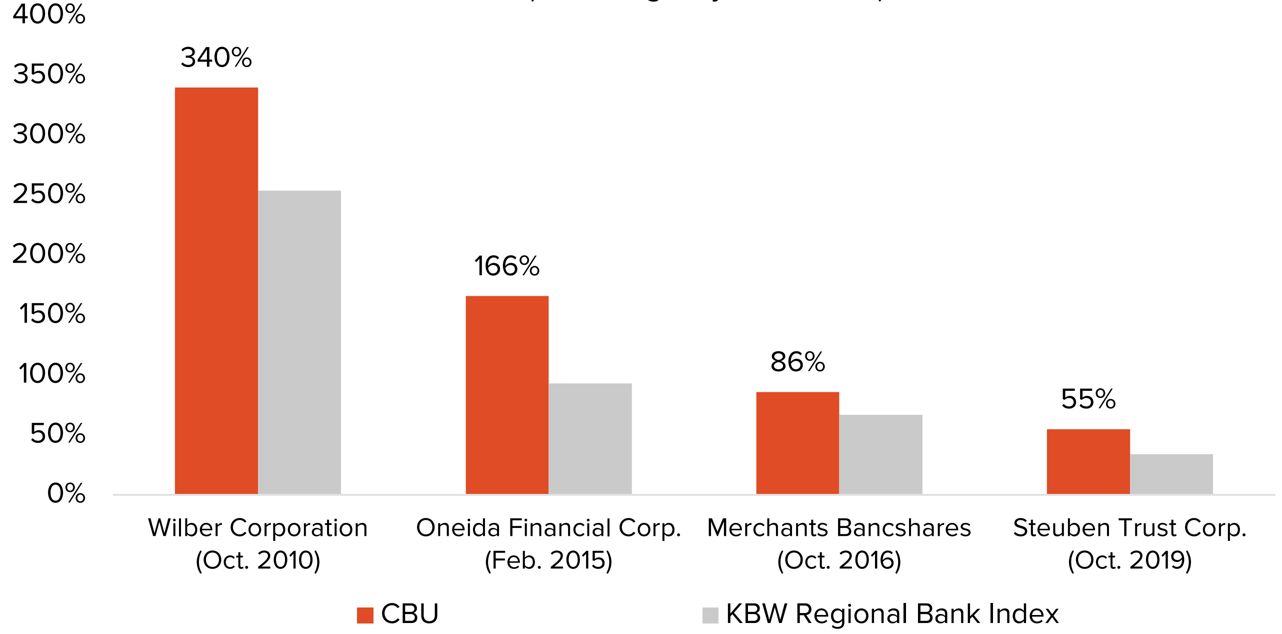
[1] Through October 31, 2022, including reinvestment of dividends. Peers used throughout presentation may be found in the appendix.

Creating Excess Value

For CBU's Partners and Shareholders

Total Shareholder Returns Since Announcement

(Including Day 1 Premium)



Longstanding commitment to growing dividend benefits for our partners and shareholders

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 October 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

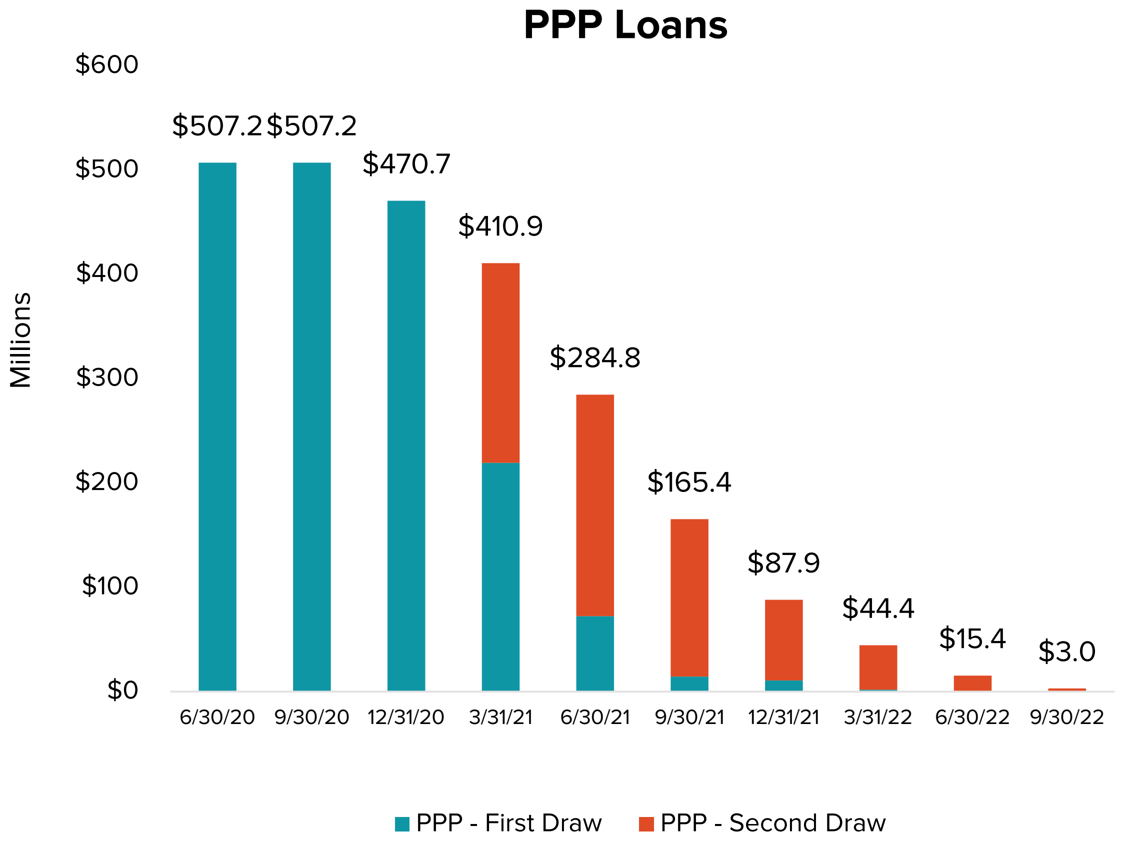
- ❑ Appoint Cultural and Diversity Officer
- ❑ Enhance vendor management program to reach more minority-owned and socially responsible business partners
- ❑ Implement "MyVoice" company-wide engagement program to ensure highly satisfied and engaged employees

Scan to visit our *Community Responsibility* site

Appendix

Paycheck Protection Program ("PPP")

- 32 PPP loans, representing $3.0 million in customer balances, were outstanding on September 30, 2022
- At September 30, 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.	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 ($000)[1]	Market Cap ($M)[1]
Atlantic Union Bkshs Corp.	AUB	Richmond, VA	19,950,231	2,270
Berkshire Hills Bancorp Inc.	BHLB	Boston, MA	11,317,074	1,230
Eastern Bankshares Inc.	EBC	Boston, MA	22,042,933	3,491
F.N.B. Corp.	FNB	Pittsburgh, PA	42,590,050	4,069
First Busey Corp.	BUSE	Champaign, IL	12,497,388	1,214
First Commonwealth Financial	FCF	Indiana, PA	9,578,630	1,199
First Financial Bancorp.	FFBC	Cincinnati, OH	16,623,793	1,999
First Merchants Corp.	FRME	Muncie, IN	17,718,985	2,288
Fulton Financial Corp.	FULT	Lancaster, PA	26,146,042	2,645
Independent Bank Corp.	INDB	Rockland, MA	19,703,269	3,401
NBT Bancorp Inc.	NBTB	Norwich, NY	11,640,742	1,626
Northwest Bancshares, Inc.	NWBI	Columbus, OH	13,953,144	1,715
Old National Bancorp	ONB	Evansville, IN	46,215,526	4,824
Park National Corp.	PRK	Newark, OH	9,855,047	2,023
Provident Financial Services	PFS	Jersey City, NJ	13,603,846	1,466
Sandy Spring Bancorp Inc.	SASR	Olney, MD	13,765,597	1,574
United Bankshares Inc.	UBSI	Charleston, WV	29,048,475	4,813
WesBanco Inc.	WSBC	Wheeling, WV	16,604,747	1,979
WSFS Financial Corp.	WSFS	Wilmington, DE	19,985,387	2,878
Minimum			**9,578,630**	**1,199**
Median			**16,623,793**	**2,023**
Average			**19,623,206**	**2,458**
Maximum			**46,215,526**	**4,824**
Community Bank System, Inc.	**CBU**	**De Witt, NY**	**15,594,547**	**3,228**

[1] As of September 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, 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.

Free Cash Flow

Dollars in thousands, except per share data

	2017	2018	2019	2020	2021	YTD 2022	Q3 2022
Diluted Earnings per Share (GAAP)	$3.03	$3.24	$3.23	$3.08	$3.48	**$2.49**	**$0.90**
Operating Diluted Earnings per Share (non-GAAP)	$2.64	$3.23	$3.29	$3.24	$3.49	**$2.62**	**$0.90**
Net income (GAAP)	$150,717	$168,641	$169,063	$164,676	$189,694	**$135,551**	**$48,691**
Tax Cuts and Jobs Act deferred impact	(38,010)	-	-	-	-	**-**	**-**
Acquisition expenses, net of tax effect	18,309	(609)	6,952	3,942	551	**3,658**	**319**
Acquisition-related contingent consideration adjustment, net of tax effect	-	-	-	-	157	**314**	**-**
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)	**18**	**3**
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	**142,620**	**49,013**
Amortization of intangibles, net of tax effect	11,936	14,375	12,886	11,425	11,044	**8,948**	**2,994**
Subtotal (non-GAAP)	142,951	182,139	184,943	184,515	201,354	**151,568**	**52,007**
Acquired non-PCD loan accretion, net of tax effect	(4,149)	(6,272)	(4,981)	(4,388)	(3,135)	**(2,469)**	**(1,090)**
Adjusted Net Income (non-GAAP)	138,802	175,867	179,962	180,127	198,219	**149,099**	**50,917**
Cash Dividends Paid	62,305	71,495	80,241	87,131	91,051	**69,681**	**23,228**
Cash Dividend % of Adjusted Net Income	**44.9%**	**40.7%**	**44.6%**	**48.4%**	**45.9%**	**46.7%**	**45.6%**

Return on Assets

Dollars in thousands, except per share data

	2017	2018	2019	2020	2021	YTD 2022	Q3 2022
Average Total Assets	$10,089,215	$10,665,209	$11,043,173	$12,896,499	$14,835,025	**$15,533,915**	**$15,553,296**
Net income (GAAP)	$150,717	$168,641	$169,063	$164,676	$189,694	**$135,551**	**$48,691**
Return on Assets (GAAP)	**1.49%**	**1.58%**	**1.53%**	**1.28%**	**1.28%**	**1.17%**	**1.24%**
Operating Net Income (non-GAAP)	131,015	167,764	172,057	173,090	190,310	**$142,620**	**49,013**
Operating Return on Assets (non-GAAP)	**1.30%**	**1.57%**	**1.56%**	**1.34%**	**1.28%**	**1.23%**	**1.25%**
Adjusted Net Income (non-GAAP)	138,802	175,867	179,962	180,127	198,219	**$149,099**	**50,917**
Adjusted Return on Assets (non-GAAP)	**1.38%**	**1.65%**	**1.63%**	**1.40%**	**1.34%**	**1.28%**	**1.30%**

Tangible Equity Components

Dollars in thousands, except per share data

	2016	2017	2018	2019	2020	2021	Q3 2022
Total assets							
Total assets (GAAP)	$8,666,437	$10,746,198	$10,607,295	$11,410,295	$13,931,094	$15,552,657	**$15,594,547**
Intangible assets	(480,844)	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	**(909,224)**
Deferred taxes on intangible assets	43,504	48,419	46,370	44,742	44,370	44,160	**48,893**
Total tangible assets (non-GAAP)	8,229,097	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	**14,734,216**
Total common equity							
Shareholders' Equity (GAAP)	$1,198,100	$1,635,315	$1,713,783	$1,855,234	$2,104,107	$2,100,807	**$1,461,163**
Intangible assets	(480,844)	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	**(909,224)**
Deferred taxes on intangible assets	43,504	48,419	46,370	44,742	44,370	44,160	**48,893**
Total tangible common equity (non-GAAP)	760,760	858,646	952,804	1,063,053	1,301,829	1,280,632	**600,832**
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	**$600,832**
Total tangible assets (non-GAAP)– denominator	8,229,097	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	**14,734,216**
Net tangible equity-to-assets ratio at period end (non-GAAP)	**9.24%**	**8.61%**	**9.68%**	**10.01%**	**9.92%**	**8.69%**	**4.08%**

Pre-tax, Pre-provision Components

Dollars in thousands, except per share data

	YTD 2022	YTD 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Pre-tax, pre-provision net revenue							
Net income (GAAP)	**$135,551**	$146,130	$45,336	$43,564	$47,055	$39,805	**$48,691**
Income taxes	**37,454**	38,616	12,092	13,038	12,777	10,971	**13,706**
Income before income taxes	**173,005**	184,746	57,428	56,602	59,832	50,776	**62,397**
Provision for credit losses	**12,005**	(11,001)	(944)	2,162	906	6,038	**5,061**
Pre-tax, pre-provision net revenue (non-GAAP)	**185,010**	173,745	56,484	58,764	60,738	56,814	**67,458**
Acquisition expenses	**4,668**	133	102	568	299	3,960	**409**
Acquisition-related contingent consideration adjustment	**400**	-	-	200	-	400	**-**
Unrealized loss (gain) on equity securities	**24**	(14)	10	(3)	(2)	22	**4**
Litigation accrual	**-**	(100)	(100)	-	-	-	**-**
Adjusted pre-tax, pre-provision net revenue (non-GAAP)	**$190,102**	**$173,764**	**$56,496**	**$59,529**	**$61,035**	**$61,196**	**$67,871**
Pre-tax, pre-provision net revenue per share							
Diluted earnings per share (GAAP)	**$2.49**	$2.68	$0.83	$0.80	$0.86	$0.73	**$0.90**
Income taxes	**0.69**	0.70	0.22	0.24	0.24	0.20	**0.25**
Income before income taxes	**3.18**	3.38	1.05	1.04	1.10	0.93	**1.15**
Provision for credit losses	**0.22**	(0.19)	(0.01)	0.04	0.01	0.12	**0.10**
Pre-tax, pre-provision net revenue per share (non-GAAP)	**3.40**	3.19	1.04	1.08	1.11	1.05	**1.25**
Acquisition expenses	**0.08**	-	-	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)	**$3.49**	**$3.19**	**$1.04**	**$1.09**	**$1.12**	**$1.13**	**$1.25**

Thank you!

INVESTOR RELATIONS CONTACT

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