Community
BANK SYSTEM, INC.

MAY 2023

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) adverse developments in the banking industry related to recent bank failures and the potential impact of such developments on customer confidence and regulatory responses to these developments; (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 and government proceedings; (22) other risk factors outlined in the Company’s filings with the SEC from time to time; and (23) the success of the Company at managing the risks of the foregoing.

The foregoing list of important factors is not all-inclusive. For more information about factors that could cause actual results to differ materially from the Company’s expectations, refer to the discussion under the heading “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 as filed with the SEC on March 1, 2023 and this Quarterly Report on Form 10-Q below. Any forward-looking statements speak only as of the date on which they are made and the Company does not undertake any obligation to update any forward-looking statement, whether written or oral, to reflect events or circumstances after the date on which such statement is made. If the Company does update or correct one or more forward-looking statements, investors and others should not conclude that the Company will make additional updates or corrections with respect thereto or with respect to other forward-looking statements.

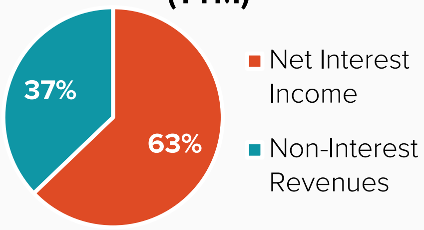
Note Regarding Non-GAAP Financial Measures

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 (loss) 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 (loss) 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 during 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

$15.3B
in total assets

SUCCESSFUL AND GROWING FINANCIAL SERVICES COMPANY operating four scaled, complementary business lines

Community Bank System, Inc.	Banking	Employee Benefits & Administration Services	Insurance & Risk Services	Wealth Management
	Community Bank	BPAS	ONEGROUP	Community Bank Wealth Management
Aggregate Revenue Mix (TTM) 	• Large bank capabilities with local service • Strong market share 	• Retirement Plan & Benefits Administration • Actuarial & Pension Services • Public-Sector Benefits & VEBA • Health & Welfare Plans • Collective Investment Fund	• Top 100 Insurance Broker in the U.S. • P&C, Benefits, HR Consulting • Offices in NY, MA, FL and SC	• Investment Advising • Retirement Plan Design • Asset Management • Trust Services • Financial Planning • Family & Succession Planning
TTM Revenue: **$695.5M** total revenue	**$436.8M** net interest income **$71.3M** non-interest revenues from banking services	**$115.2M** non-interest revenues from employee benefit services	**$40.9M** non-interest revenues from insurance services	**$31.3M** non-interest revenues from wealth management services
3-Yr Revenue CAGR *(2020-2022)*: 5.1%	4.7%	5.9%	7.3%	7.0%

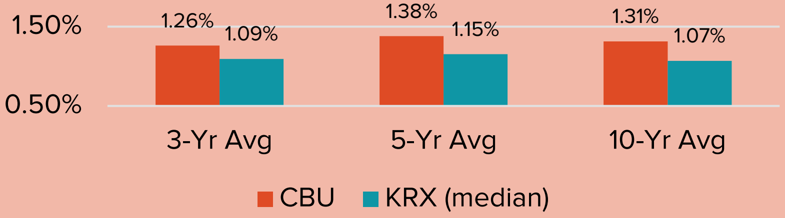
Trailing twelve months ("TTM") figures are used throughout this presentation refer to the period ending 3/31/2023

Our Investment Thesis

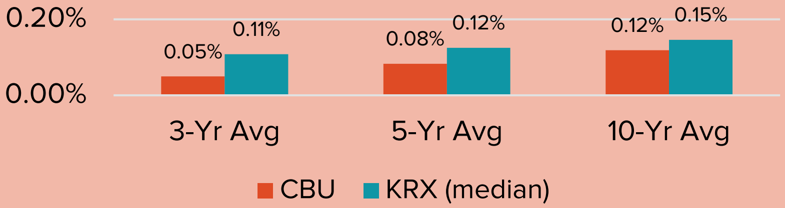
- **ABOVE AVERAGE RETURNS WITH BELOW AVERAGE RISK**
  - **Below average risk:** minimize volatility across the combined revenue base and in each of our businesses
    - **Banking:** low credit risk and cost of funding, above average liquidity, below average concentrations
    - **Benefits & Administration:** balance of fixed fees & market-based AUA
    - **Insurance Services:** recurring revenue and high client retention rates
    - **Wealth Management:** advisory focused revenue and high client retention rates
  - **Above average returns:** operational and capital allocation discipline
- **KEY PERFORMANCE METRICS:** ROA and operating earnings growth, regulatory capital
- **DELIVERING VALUE** to shareholders
  - High-quality, sustainable earnings: 30 consecutive years of annual dividend increases
  - 10-year cumulative total return to shareholders of 130% (8.7% annualized), outpacing KBW Regional Banking Index ("KRX") of 94% (6.8% annualized)[1]

[1] Total return based on 10-year historical performance through April 30, 2023, assuming dividend reinvestment.

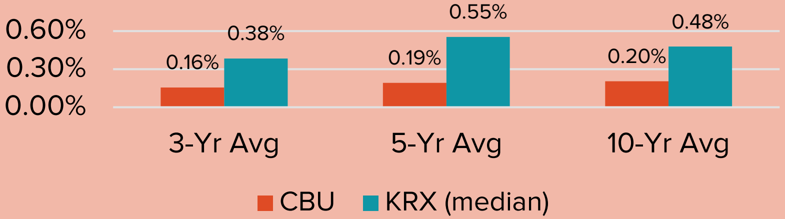
Return on Assets[2]



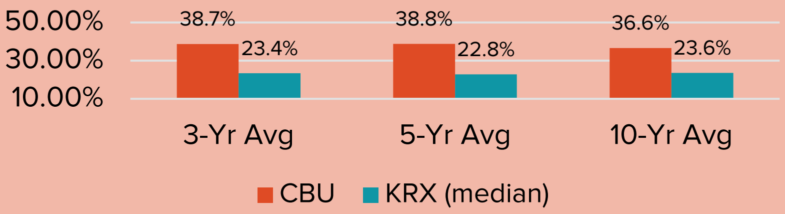
Net Charge-off Ratio[2]



Cost of Funds[2]



Noninterest Revenue / Operating Revenue

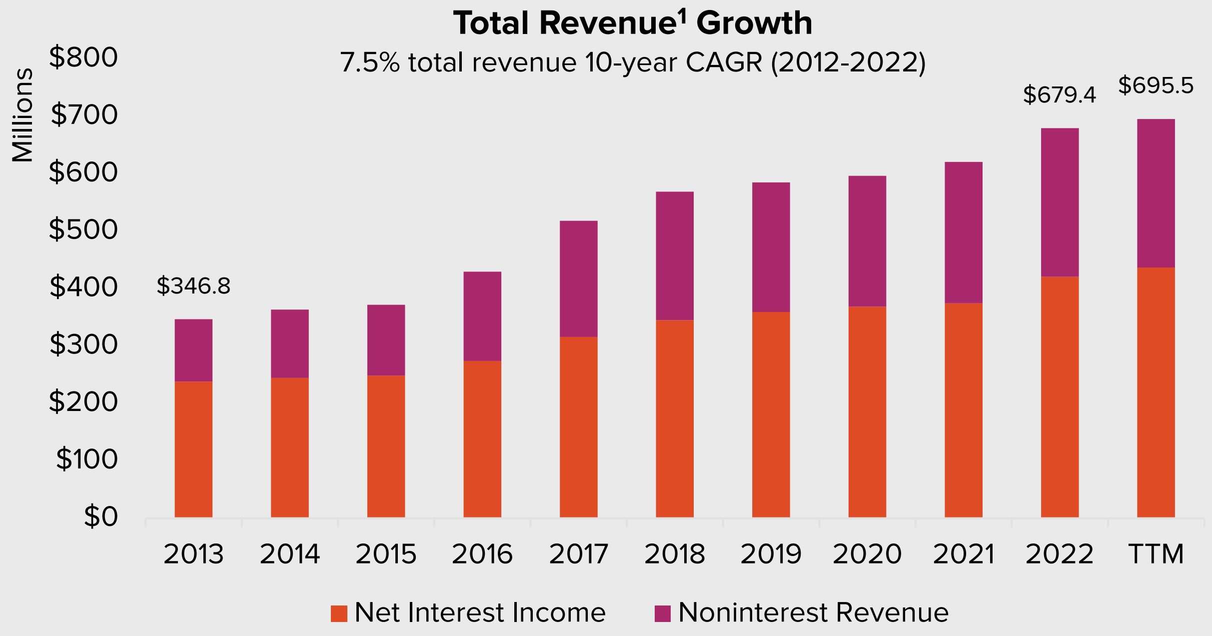


Sources: S&P Global, Internal filings

[2] Simple average of annual results; period ending 2022

Focus on Revenue Quality, Diversification and Sustainable Results

- Our businesses each have positive expected returns over the long term while helping balance each other at any particular point in the economic cycle
- Diversification allows us to produce consistent, lower volatility results



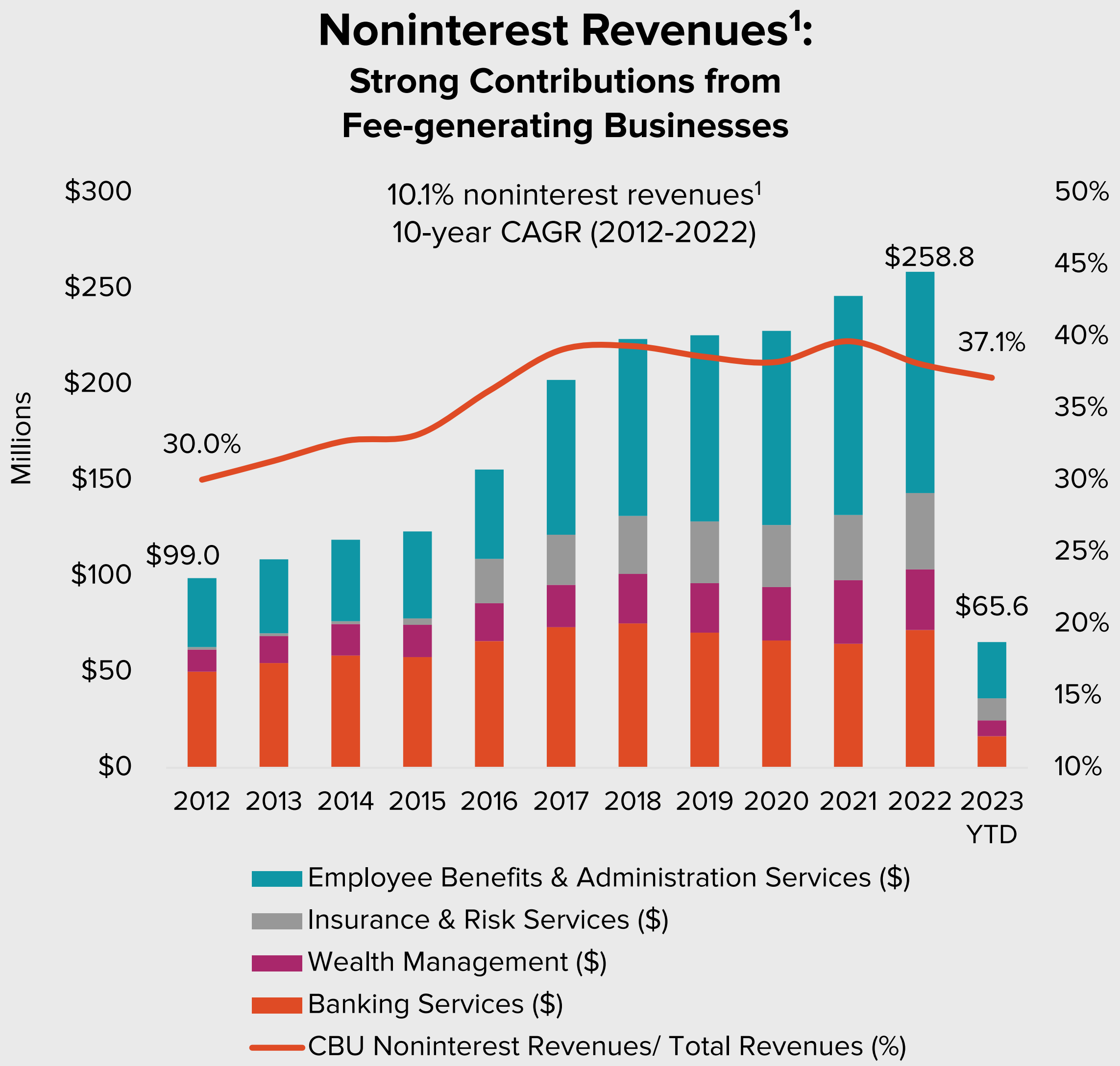
Diversified and Complementary Revenue[1]: Growth Rate						
Revenue Source (TTM % of Total)	**2018**	**2019**	**2020**	**2021**	**2022**	**TTM**
Net Interest Income (63%)	9.3%	4.1%	2.6%	1.6%	12.3%	16.4%
Banking Fees (10%)	2.7%	(6.5%)	(5.8%)	(2.7%)	11.2%	7.8%
Benefits Administration (17%)	14.2%	5.3%	4.3%	12.8%	0.9%	(1.8%)
Wealth Management (4%)	16.7%	0.4%	7.8%	19.2%	(4.7%)	(7.1%)
Insurance & Risk Services (6%)	15.9%	6.2%	0.5%	5.0%	17.1%	12.9%
Total Revenue Sources	**9.8%**	**2.8%**	**2.0%**	**4.1%**	**9.5%**	**10.6%**

Sources: S&P Global, Internal filings
[1] Excludes securities gains/losses

Growing, Recurring Noninterest Revenues

37% of revenue in Q1 2023

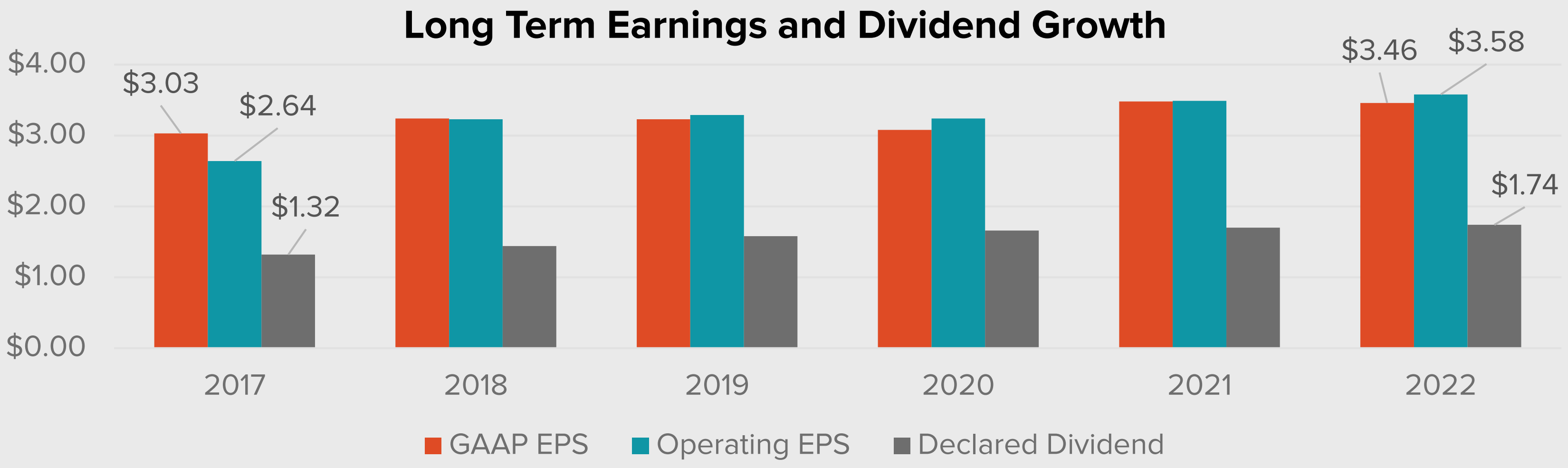
- Longstanding focus on growing high quality, recurring noninterest revenues reduces dependence on net interest income
- 75% of CBU's Q1 2023 noninterest revenues derived from its financial services businesses[1]
    - Providing important revenue diversification that requires lower levels of capital and balance sheet risk
    - Higher multiple businesses that support overall CBU return and valuation advantage



[1] Excludes securities gains/losses
CBU and peer data as of 3/31/2023. Peers used throughout presentation may be found in the appendix.

Performance Highlights

- Q1 2023 fully-diluted GAAP EPS of $0.11 and $0.86 on an operating-basis[1]
- The $0.75 difference in GAAP EPS was primarily driven by the loss on sale of investment securities due to the strategic balance sheet repositioning executed during the quarter
- First quarter 2023 adjusted pre-tax, pre-provision net revenue per share (non-GAAP) of $1.16 per share, up $0.04, or 3.6%, per share from the first quarter of 2022
- 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
- Quarterly organic loan growth of 2.0%, excludes acquired and PPP[2] loans. Seventh consecutive quarter of loan growth
- Continued strong asset quality, including 0.07% annualized net charge-off ratio in Q1 2023.



First Quarter 2023

0.18%
net interest margin expansion (FTE)
(from Q4 2022)

0.8%
deposit growth
(from Q4 2022)

2.0%
loan growth
(from Q4 2022)

[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

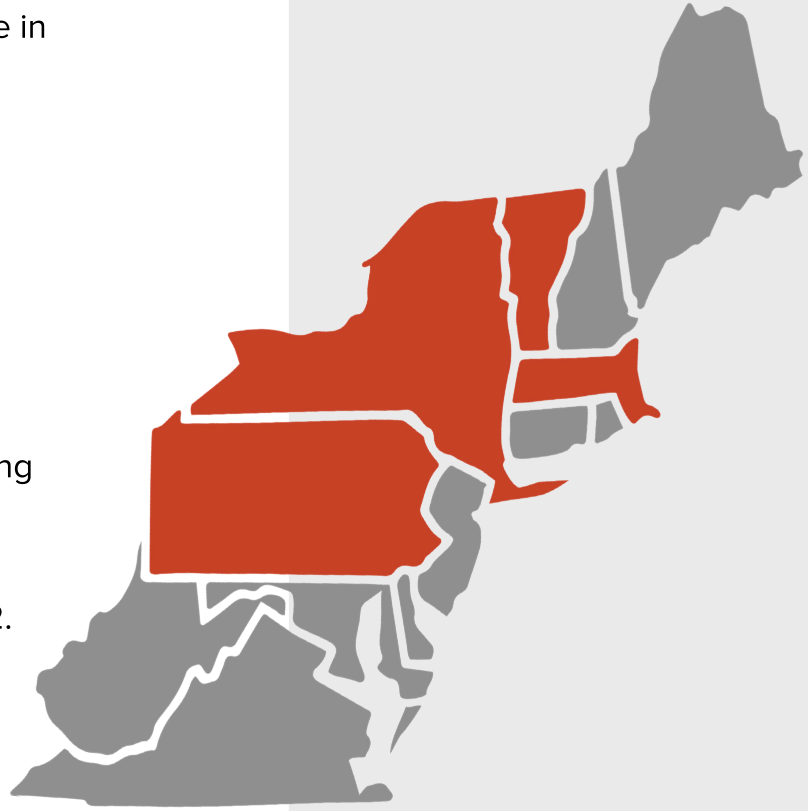
Banking

Community BANK

Market-leading Community Bank

Ranked as one of America's most trustworthy banks of 2023 by Newsweek

- 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 (200+ 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 list for 2023, receiving a top ranking in 12 out of 14 years.
- 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.
- Named a Gold Winner for Best of the Best Banks and a Silver Winner for Best Mortgage Company by the *Times Leader* (Wilkes Barre, PA) in their Best of the Best 2023 awards.



[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	$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

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

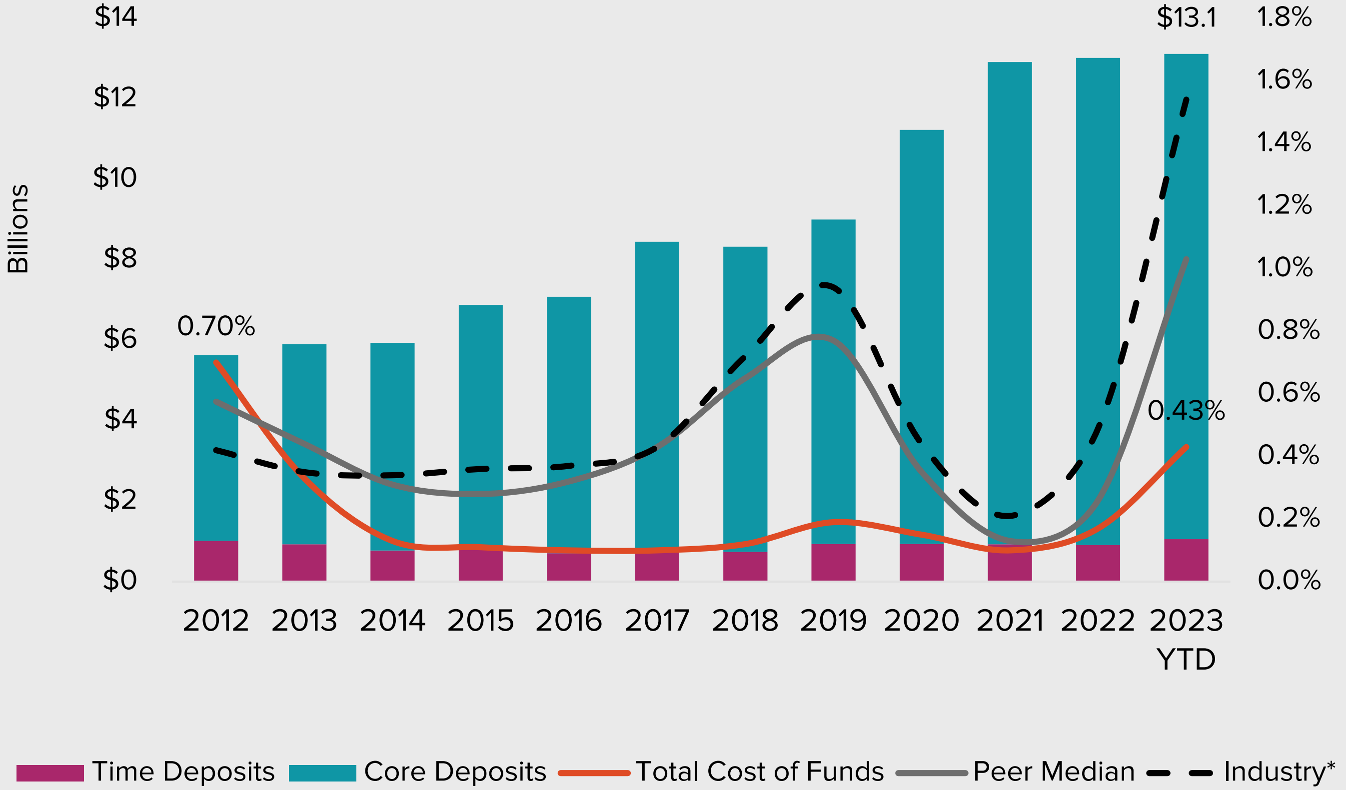
Core Deposit Strength

- Excellent core deposit customer base
  - Focus on generating and retaining core non-time deposits, which made up 92.0% of total deposits at March 31, 2023
  - Average cost of deposits of 0.31% in Q1 2023
- $13.1 billion of total deposits at March 31, 2023
- CBU's successful core deposit gathering strategy earned it Best Retail Strategy in Bank Director's 2021 RankingBanking study
- During the current up-rate cycle[1], CBU has experienced a 5% deposit beta while our peer group's median deposit beta stands at 19% and the industry* has seen a 31% deposit beta

5% cycle to date deposit beta[1]

8% cycle to date funding beta[1]

Core Deposit Strength Supports Low Overall Funding Costs



Peers used throughout presentation may be found in the appendix.

[1] Deposit or funding beta is calculated as the change in quarterly deposit or total 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. Calculation period of cycle to date betas is Q4 2021 (base period) through Q1 2023

Bank Level Call Report Based Results

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

Granular, Stable & Diverse Deposit Base

Over 80%*
of the Company's deposit balances are either insured by the FDIC program or secured through municipal pledging
**Estimate; as of 3/31/2023*

Average Consumer Deposit Account Balance[1]:

$12,000

Average Business Deposit Relationship[1]:

$60,000

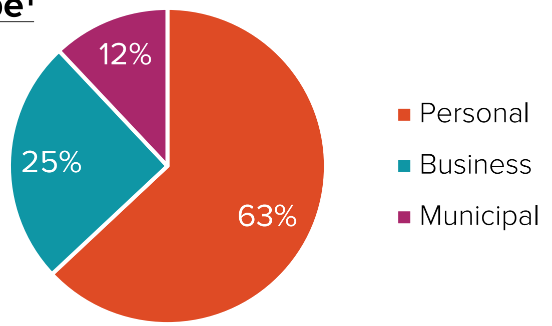
Average Nonmaturity Deposit Age[1,2]

15 years

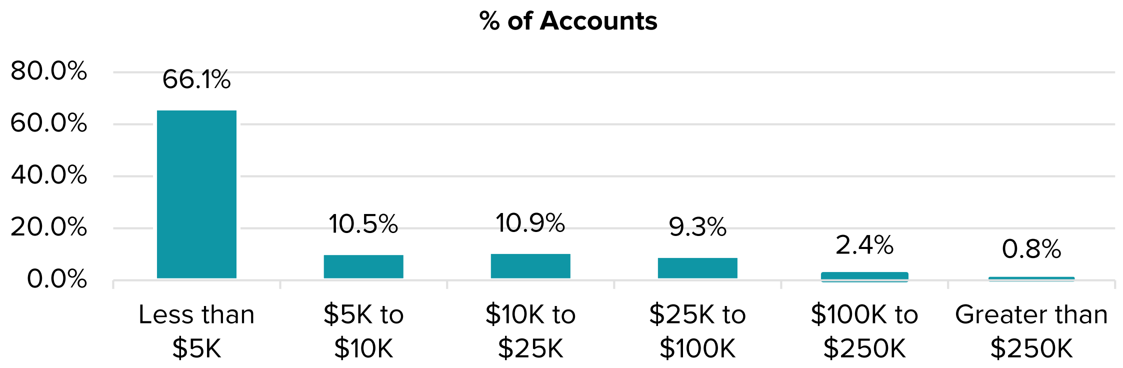
Accounts over $250K[1]

<1%

Deposits by Customer Type[1]



Deposit Balance Tiers[1]



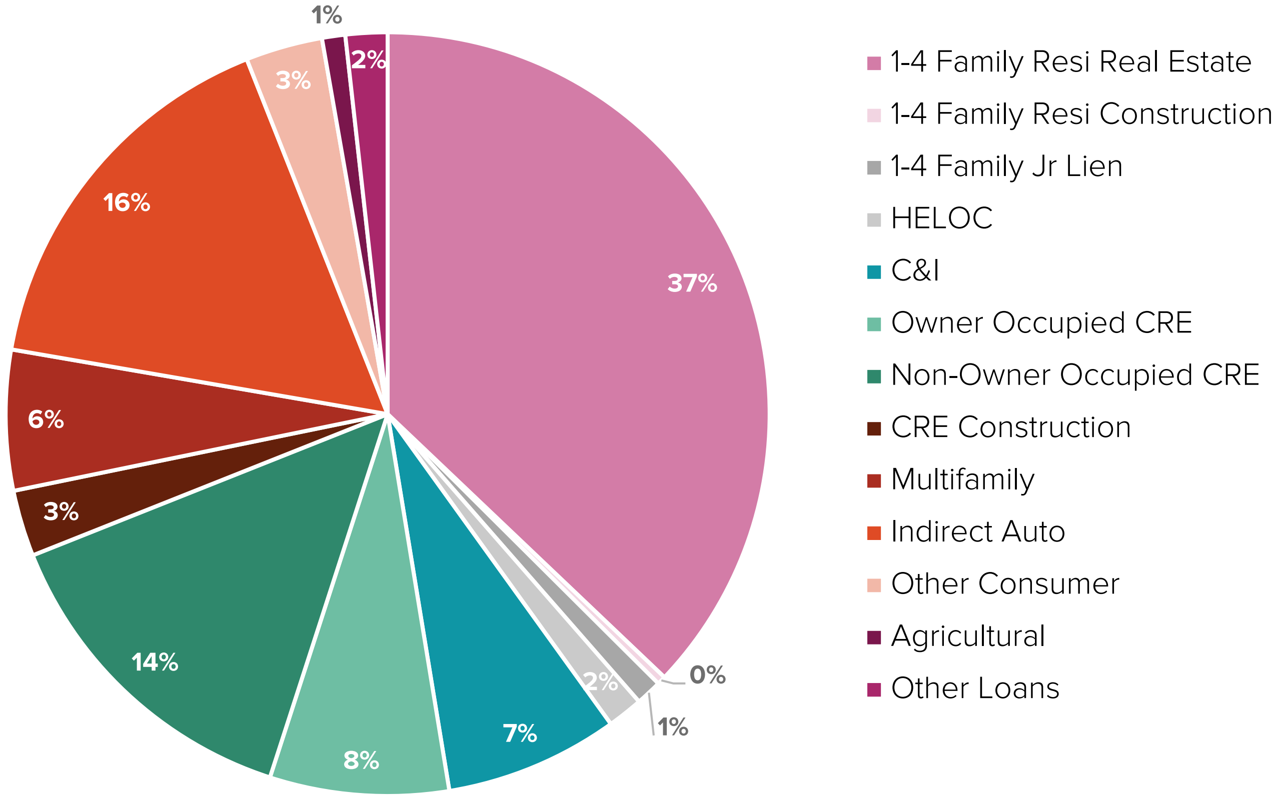
As of March 31, 2023
[1] Excludes bank related and zero balance accounts
[2] Weighted on ending balances by account

In-footprint Lender

$664K average commercial loan relationship[1]

- Diversified and high-quality loan portfolio with in-footprint focus
- $8.98 billion in total loans as of March 31, 2023
- Average loan originations are uniquely granular for an institution of our size
  - Average Residential Mortgage – $152,000
  - Average Home Equity Loan – $69,000
  - Average Indirect Loan – $28,000

Diversified Loan Portfolio[2]



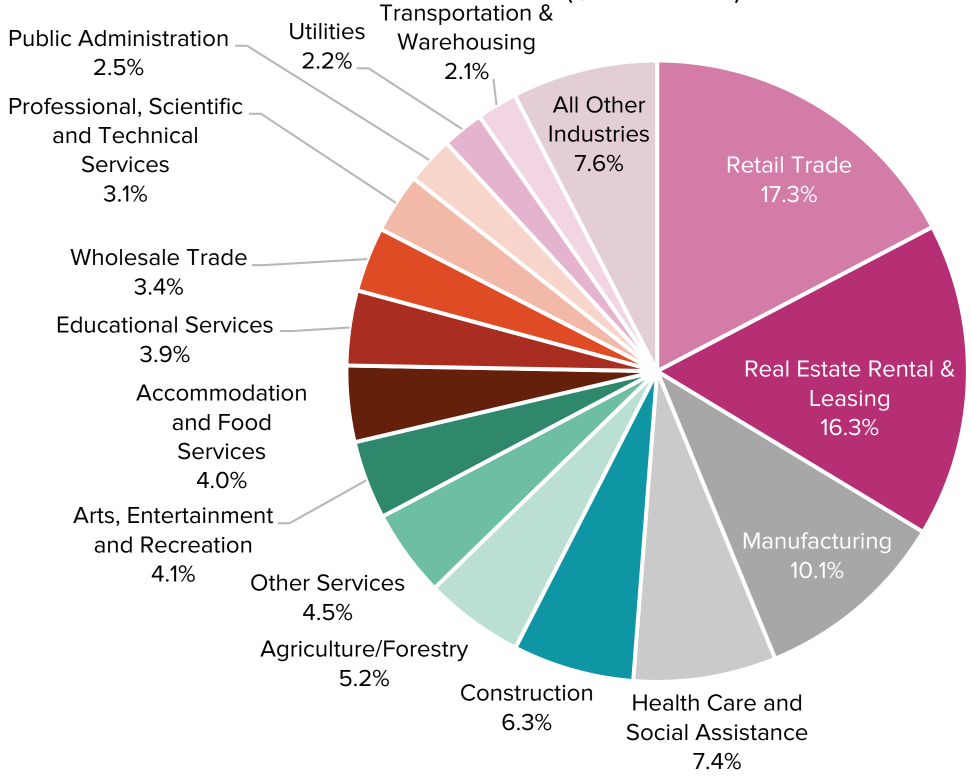
[1] Excludes Paycheck Protection Program ("PPP") loans
[2] Loan customer balances as of March 31, 2023, call report code-based customer loan data

Business Lending

Well diversified lending portfolio

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

C&I, Owner Occupied CRE & All Other Business[1]
($1.72 billion)

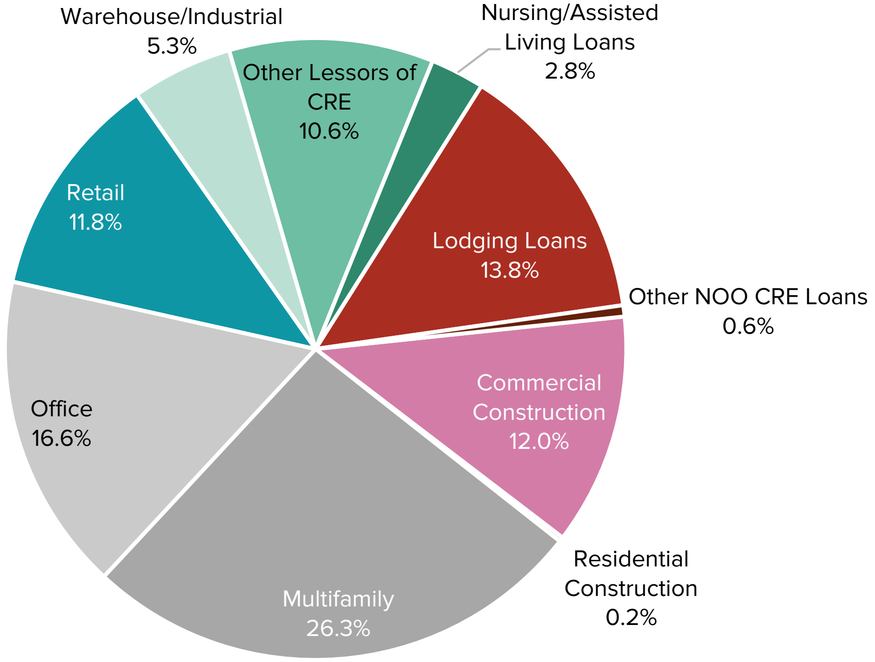


Total Business Lending

$3.75 Billion

42% of total loans

Non-Owner Occupied CRE ("NOO CRE")[2]
($2.03 billion)



NOO CRE represents 173% of total bank-level capital compared to the peer median of 237%

Loan balances as of March 31, 2023, 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 1A1, 1A2, 1D and 1E2 call report codes

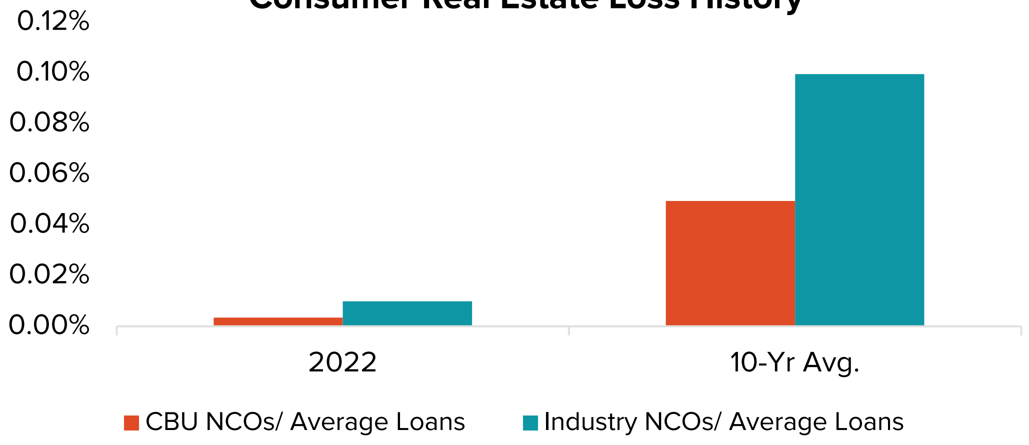
Consumer Lending

Durable loss history versus industry[1]

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
- 752 average origination FICO score

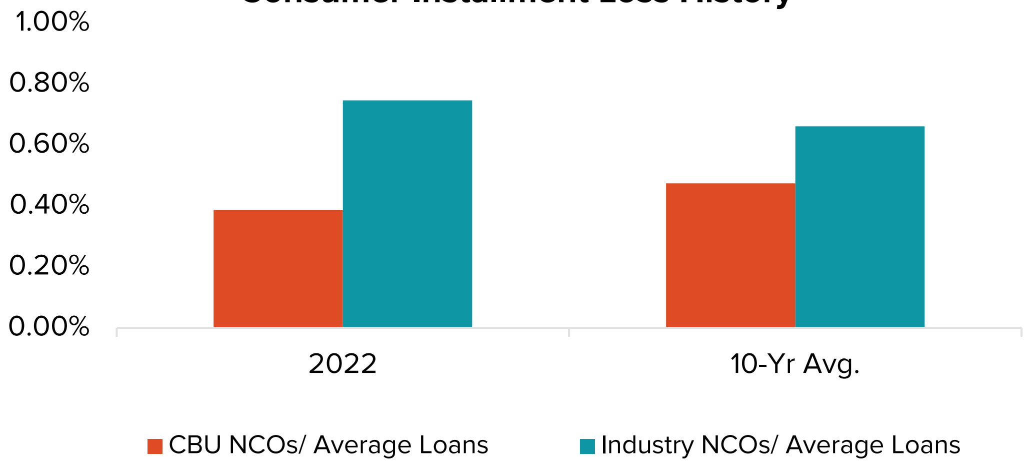
Consumer Real Estate Loss History[2]



Consumer Installment ($1.78 billion)

- 30+ years in the business
- 90% indirect (through 1,000+ dealer network) / 10% direct
- 753 average origination FICO score

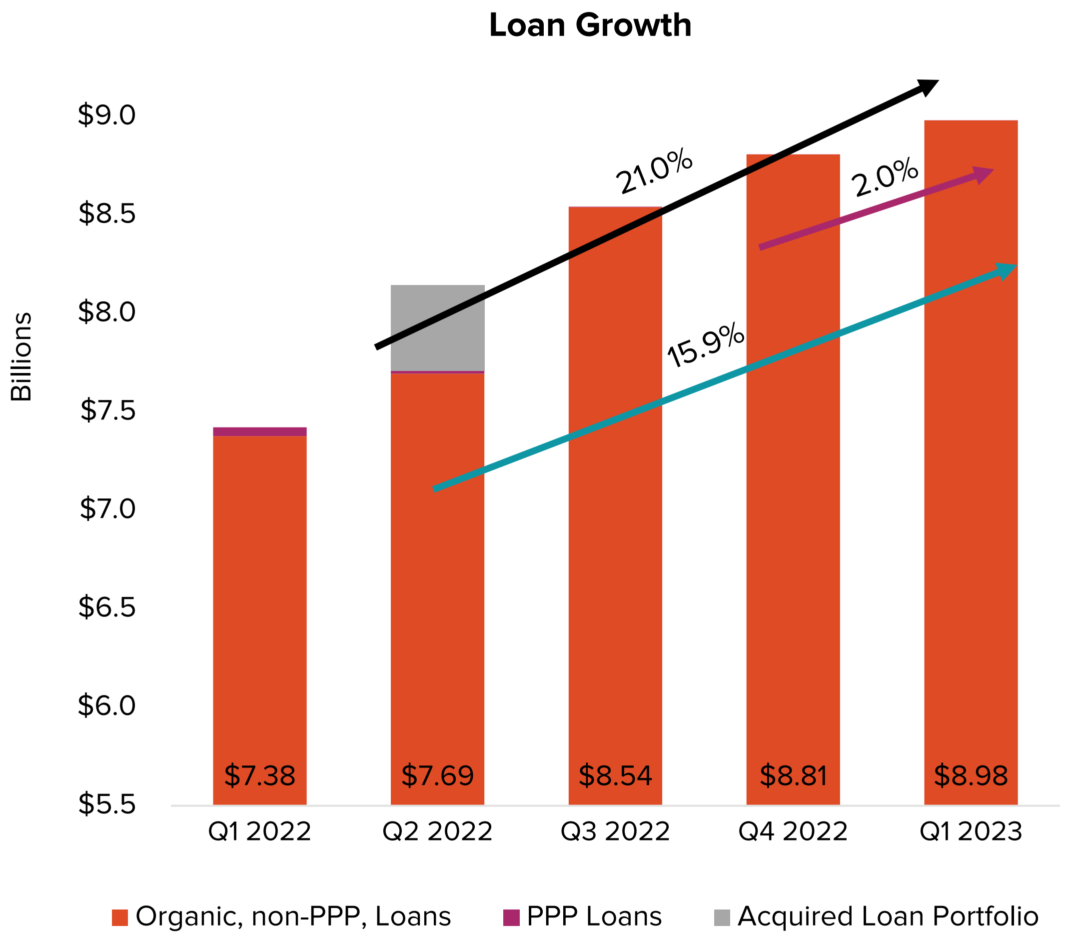
Consumer Installment Loss History[2]



Sources: S&P Global, Internal filings
[1] Industry group is defined as U.S. Commercial Banks with assets between $10 and $50 billion
[2] Regulatory reporting results. Consumer installment results include checking/overdraft charge-offs.

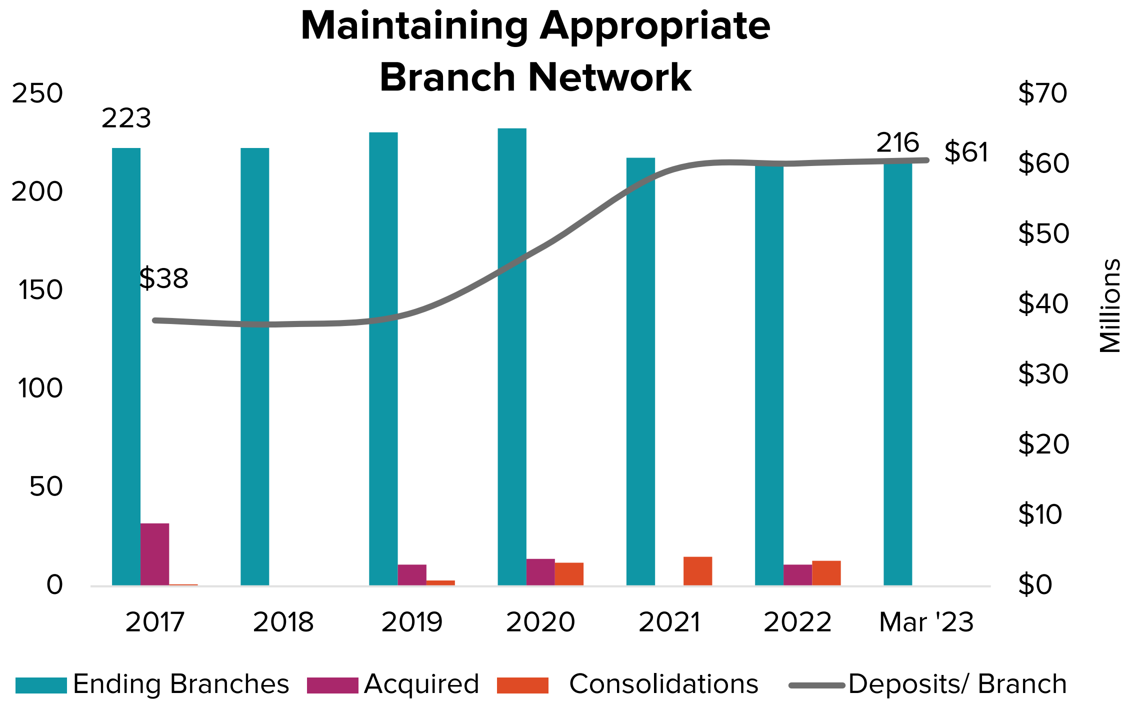
Organic Loan Growth

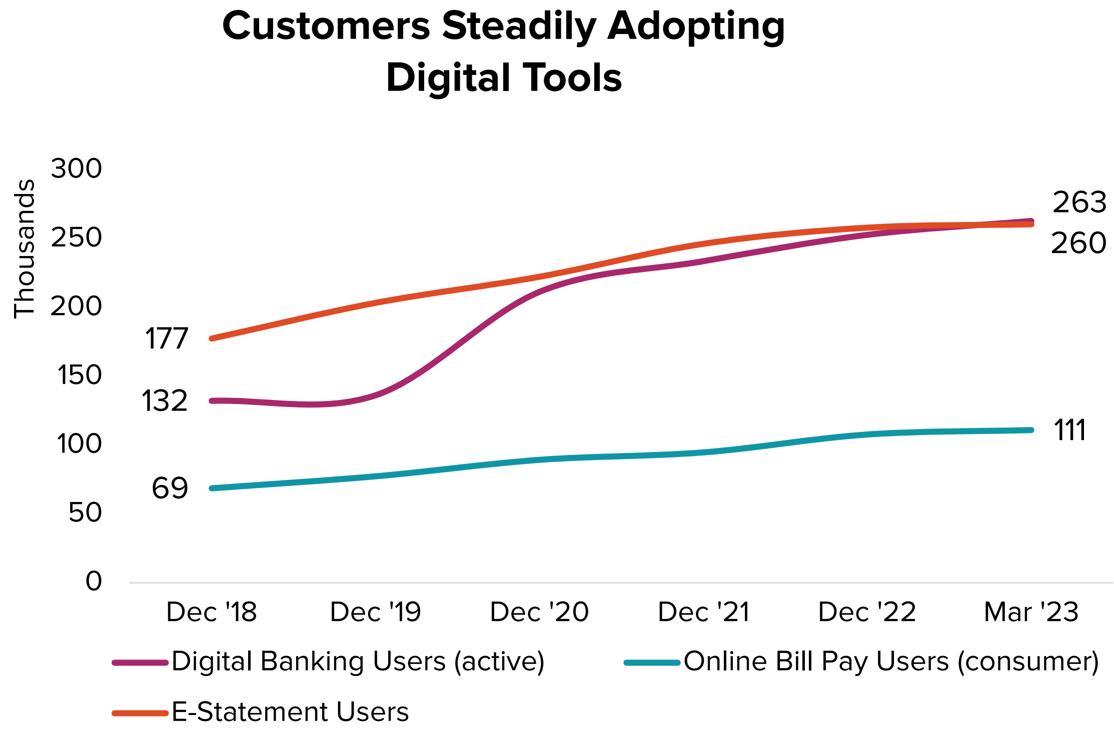
- Q1 2023 loan growth of 2.0%
- Last twelve months ("LTM") overall loan growth of 21.0%
- Organic loan growth of 15.9%, for LTM, excluding loans acquired during the period and PPP loans
- All major loan segments produced positive organic loan growth during the last twelve months



Optimizing Delivery Channels for Growth

- Addressing redundancies through consolidations and expanding digital banking services
- 55 branches consolidated from 2017 through April 2023
- As of March 2023, 65% of total customers were digital banking users, while 56% and 27% of core deposit customers were e-statement users and online bill pay users, respectively





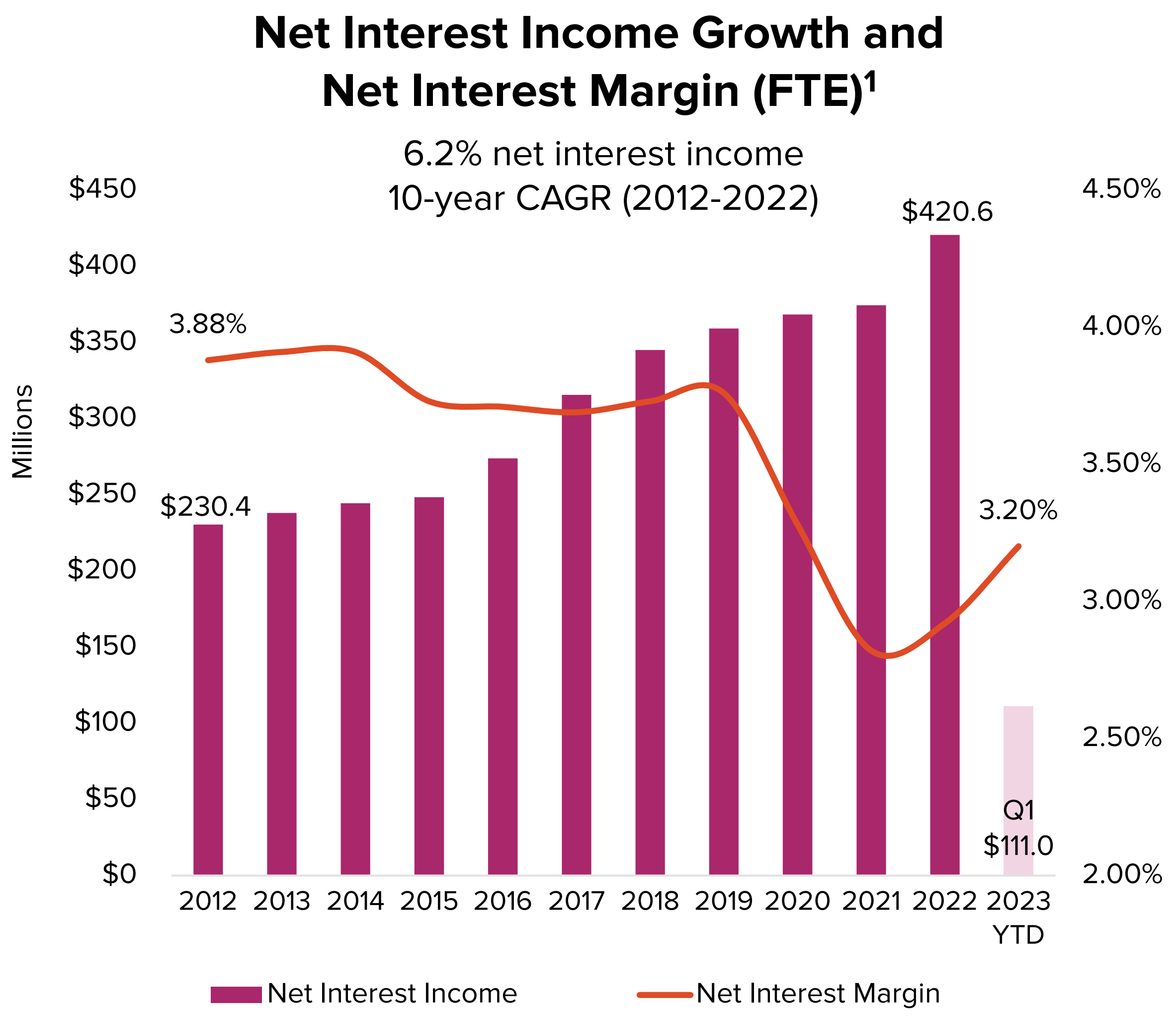
Digital Transformation

Supporting customers' preference towards digital while enhancing efficiencies

	Recent Accomplishments	What's Next
Client Experience	• Enhanced personal banking budgeting tool • 31% of residential mortgage applications in 2022 were submitted online; 32% through April 2023 • 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 • Implemented Zelle® for enhanced person-to-person payments	• Enhancing digital account opening process to include more funding options • Developing online small business loan application portal • 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	• 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 $111.0 million for Q1 2023 increased $16.2 million, or 17.0%, over Q1 2022 despite a $1.6 million decrease in PPP related interest income
- The Company's Q1 2023 net interest margin ("NIM") of 3.20% expanded 0.18 percentage points during the quarter



[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 3/31/2023.
Source: S&P Global, Company filings

Financial Services

BPAS

ONEGROUP®

COMMUNITY BANK Wealth Management

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

$115.2M
TTM revenue, down 1.9% from the prior year period

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

NAPA

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.

BPAS

Insurance & Risk 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

$40.9M
TTM revenue, up 13.0% from the prior year period

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

ONEGROUP

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

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

$31.3M
TTM revenue, down 7.1% from the prior year period

10.7%
10-year CAGR (2012-2022)

$7.7B
assets under administration (“AUA”)[1] at 3/31/2023

[1] Excludes intercompany AUA

COMMUNITY BANK Wealth Management

Operating Performance and Key Indicators

Community
BANK SYSTEM, INC.

Operating Performance Summary

As of March 31, 2023

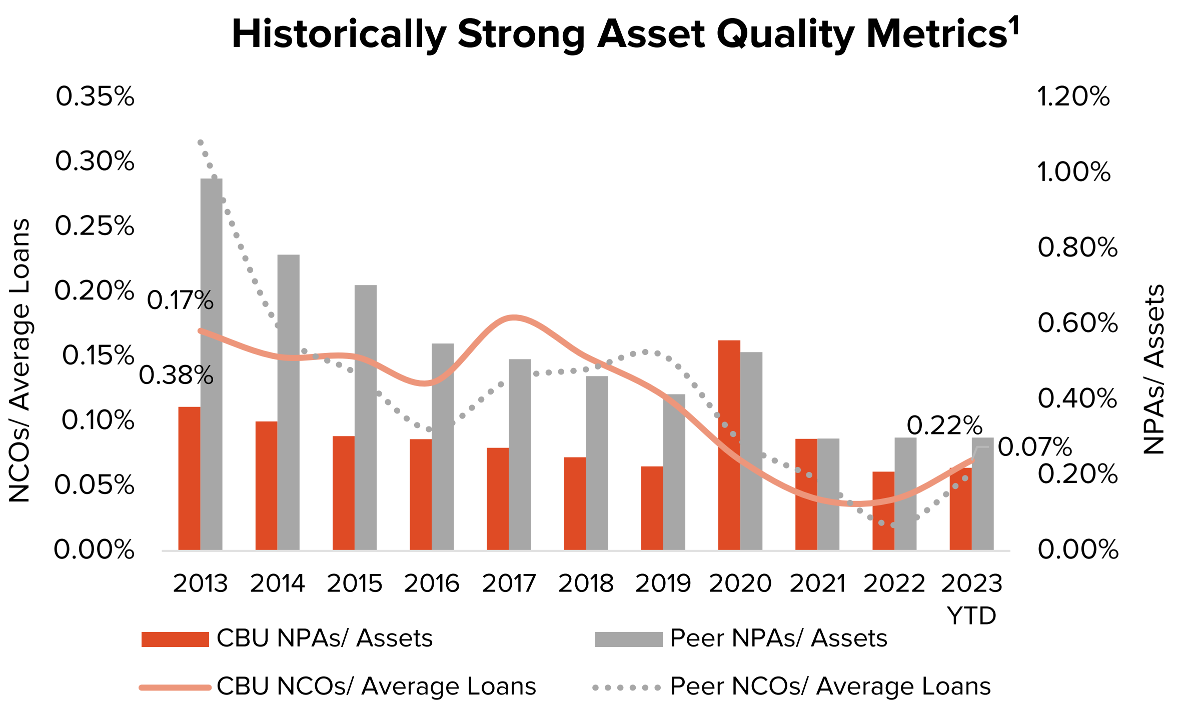
Financial Highlights	Q1 2023 in millions, except EPS	% Change from Q1 2022		2022 in millions, except EPS	% Change from 2021
Net interest income	$111.0	17.0%		$420.6	12.3%
Noninterest revenues[1]	65.6	(0.1%)		258.7	5.1%
Operating expenses[2]	114.0	14.3%		419.5	8.3%
Adjusted pre-tax, pre-provision ("PTPP") net revenue[3]	62.6	2.6%		259.9	11.4%
Provision for credit losses[4]	3.5	NM		10.8	NM
Net income, GAAP	5.8	(87.7%)		188.1	(0.9%)
Net income, operating[5]	46.8	(1.0%)		194.9	2.4%
Fully diluted weighted average common shares outstanding	54.2	(0.6%)		54.4	(0.3%)
GAAP EPS (diluted)	$0.11	(87.2%)		$3.46	(0.6%)
Operating EPS (diluted)[5]	$0.86	(1.1%)		$3.58	2.6%
Adjusted PTPP EPS (diluted)[3]	$1.16	3.6%		$4.78	11.7%

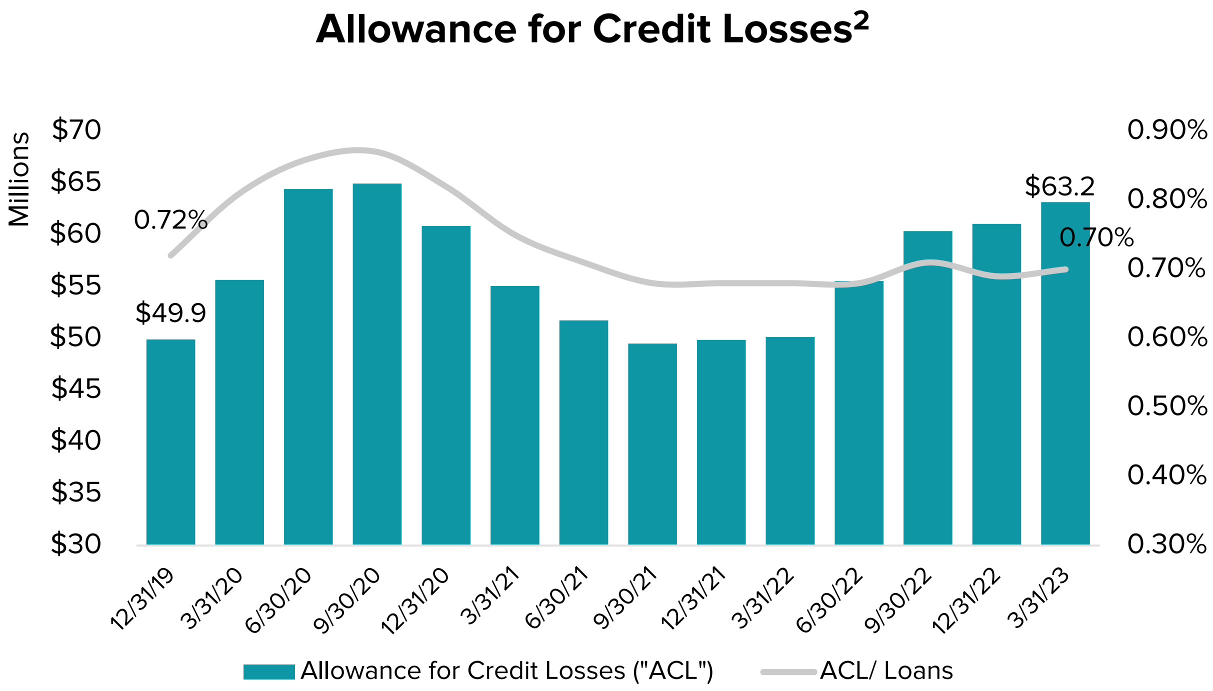
17.0% growth

in net interest income in Q1 2023 compared to Q1 2022

[1] Excludes loss on sale of investment securities and gain on debt extinguishment
[2] Excludes acquisition expenses and special charges
[3] Adjusted pre-tax, pre-provision ("PTPP") net revenue and PTPP EPS are non-GAAP measures. Please see the Appendix for details.
[4] Excludes acquisition-related provision for credit losses
[5] Operating earnings are a non-GAAP measure and exclude loss on sale of investments, gain on debt extinguishment, unrealized gain (loss) on equity securities, acquisition related expenses and special charges; net of tax effect. Please see Appendix for details.

Strong Asset Quality



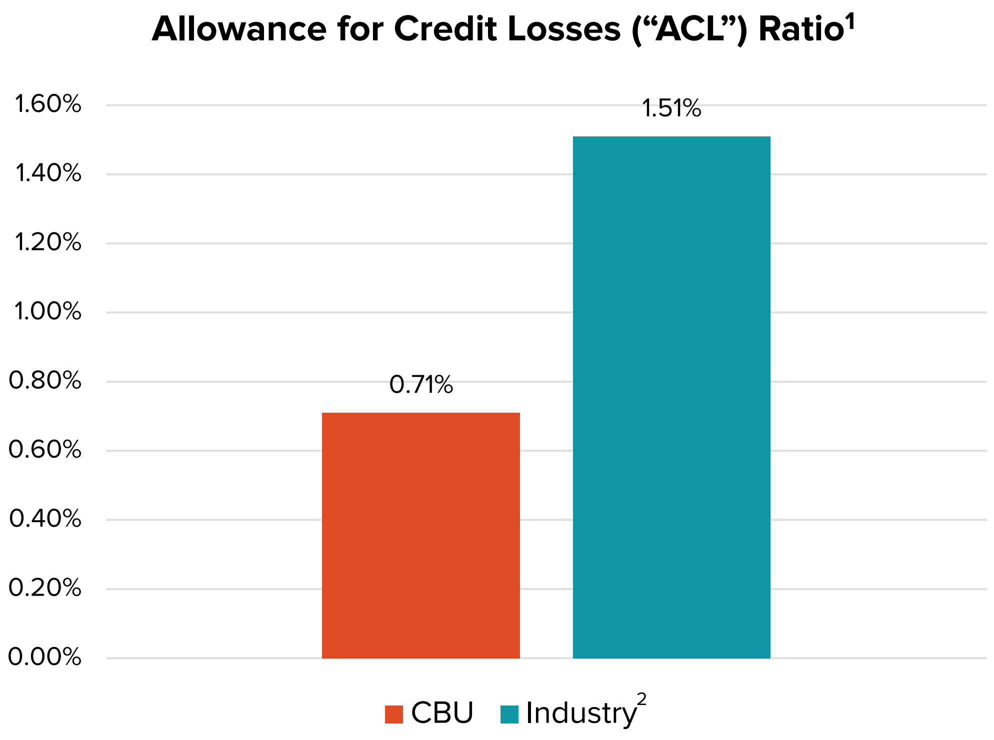


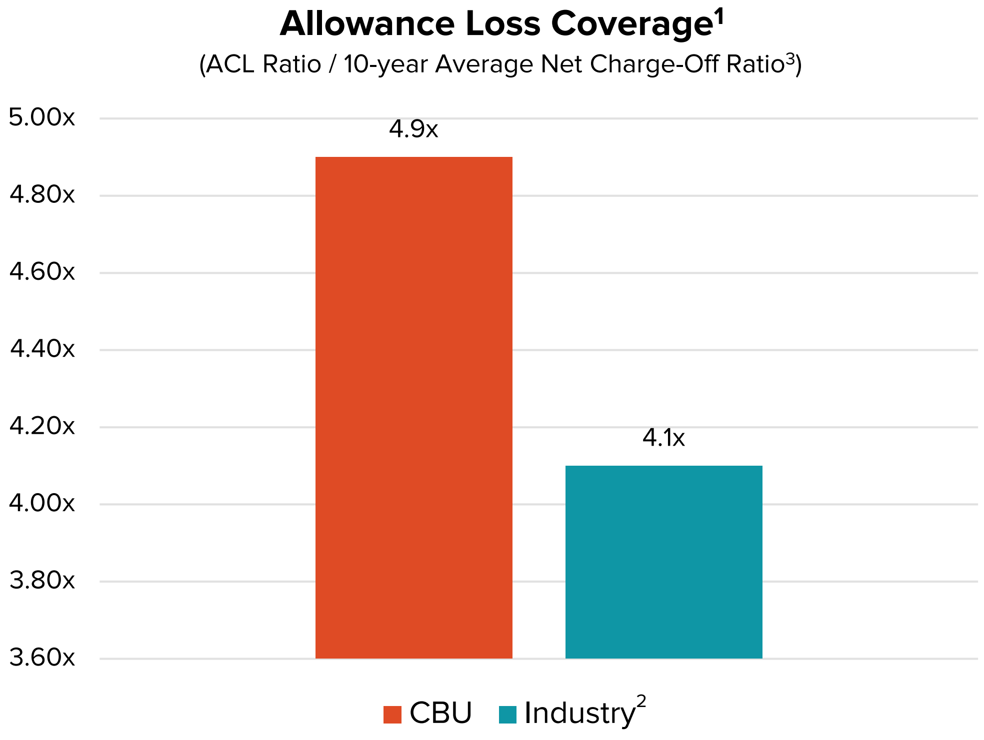
[1] CBU and peer data as of 3/31/2023. NPAs above are defined as nonaccrual loans, loans 90 days or more past due and still accruing, and other real estate owned. Restructured loans are not included. Peers used throughout this presentation may be found in the appendix.
[2] The 12/31/2019 Allowance for 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





[1] Q1 2023 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 69% as of March 31, 2023
- Investment portfolio is plain vanilla
  - 79% US Treasury Securities & Cash Equivalents at 3/31/2023
- Core deposit focused
- These sources of immediately available liquidity represent over 200% of the company's uninsured deposits and net of collateralized deposits, which are estimated at $2.2 billion.

Dollars in thousands	March 31, 2023
Cash and cash equivalents (net of float)	$109,729
FHLB borrowing availability	1,835,244
FRB borrowing capacity	1,539,239
Investments[1]	
US government and agency	3,663,926
MBS and CMO	395,242
Municipals	493,262
Corporate	7,190
Less: Pledged securities	(3,351,733)
Net unpledged securities	1,207,888
Total liquidity sources	**$4,692,100**

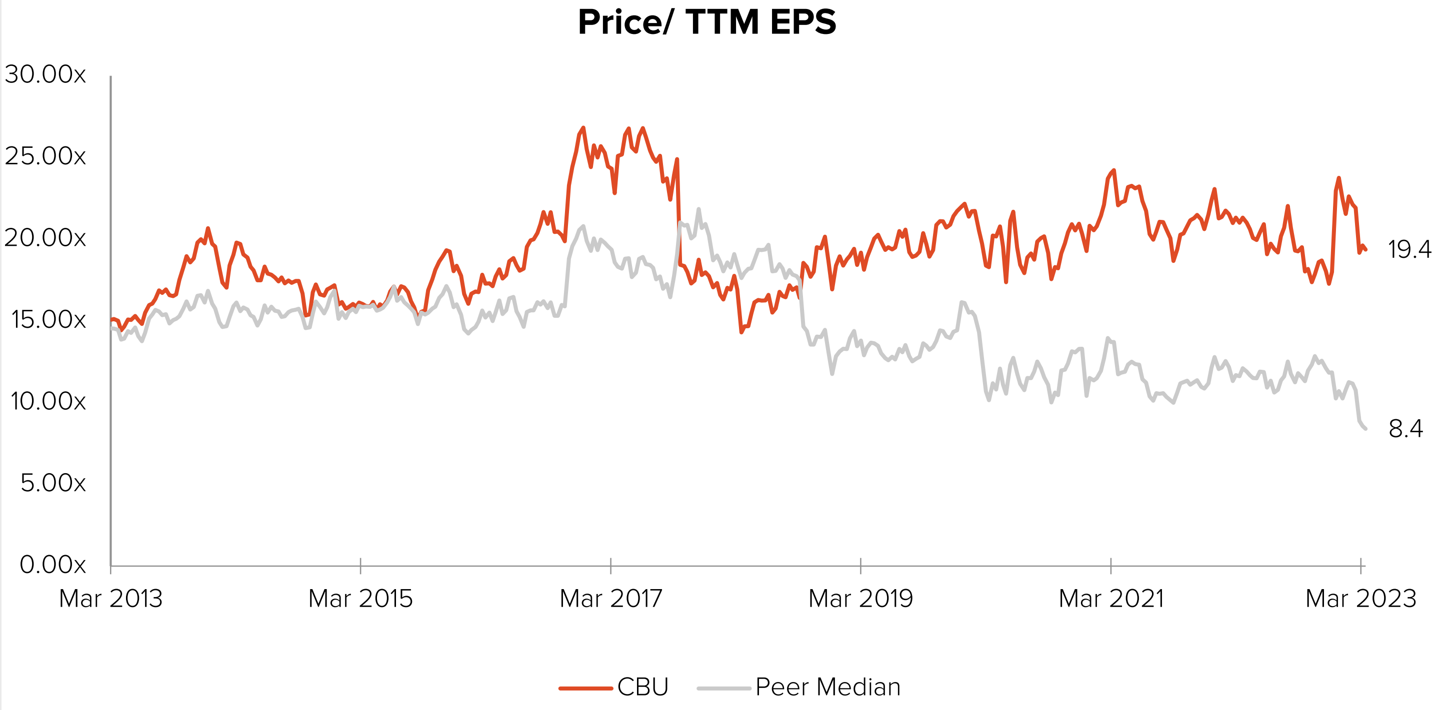
[1] Includes $386.4 million in net unrealized losses on AFS securities; excludes municipal qualified school construction bonds, equity securities and other investments

Consistent Returns and Low Volatility Drive Premium Results

Investment Profile As of March 31, 2023	
Closing Stock Price	$52.49
52-week High Stock Price	$72.52
52-week Low Stock Price	$51.80
Dividend Yield (annualized)	3.35%
3-year Beta	0.77%
Price/ TTM EPS	19.4
Price/ TTM Core EPS[1]	13.9
Average Daily Volume (3-month)	~279,000
Common Shares Outstanding	53.7 million
Institutional Ownership	73%

Delivering superior risk-adjusted returns

>30% of revenue is non-banking



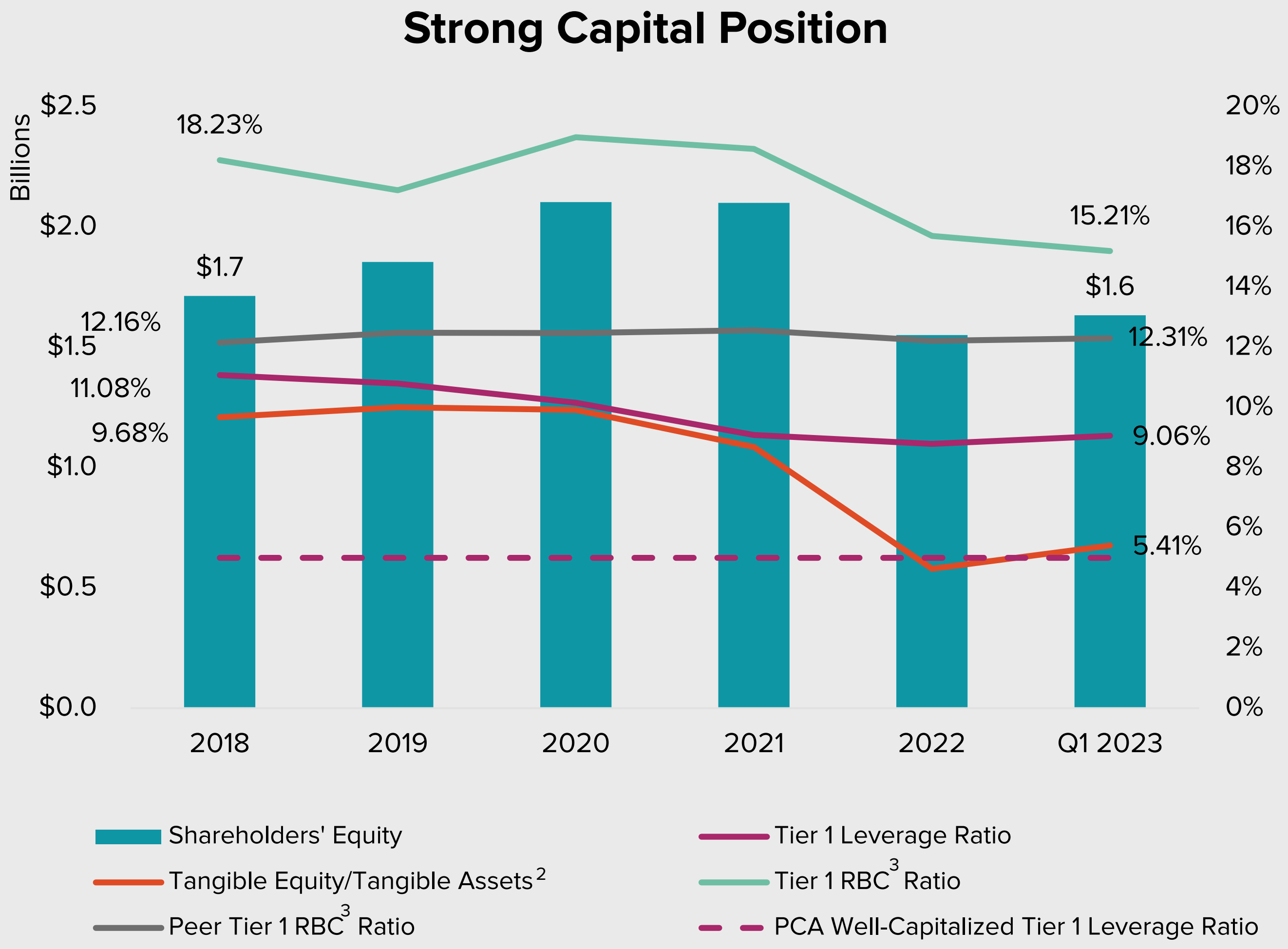
Source: S&P Global. Ending share prices and earnings are as of 3/31/2023.

[1] Core income is net income after taxes and before extraordinary items, less net income attributable to noncontrolling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill and nonrecurring items.

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

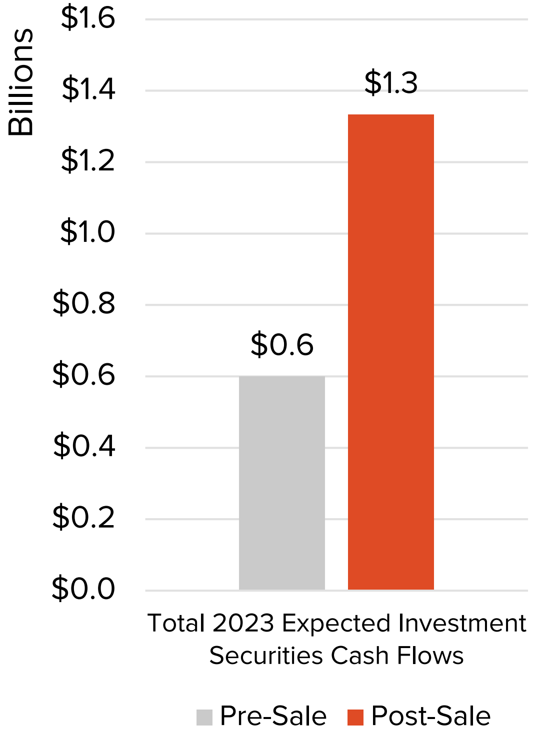


[1] Prompt Corrective Action
[2] Tangible equity and tangible assets are non-GAAP measures. Please see the Appendix for details.
[3] Risk Based Capital ("RBC")

Balance Sheet Repositioning

~2 years Estimated earn-back period

- In February 2023, the Company announced the sale of $786.1 million (book value) of its low-yielding U.S Treasuries for an approximate after-tax realized loss of $41.2 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



Shareholder Returns & Key Investment Merits

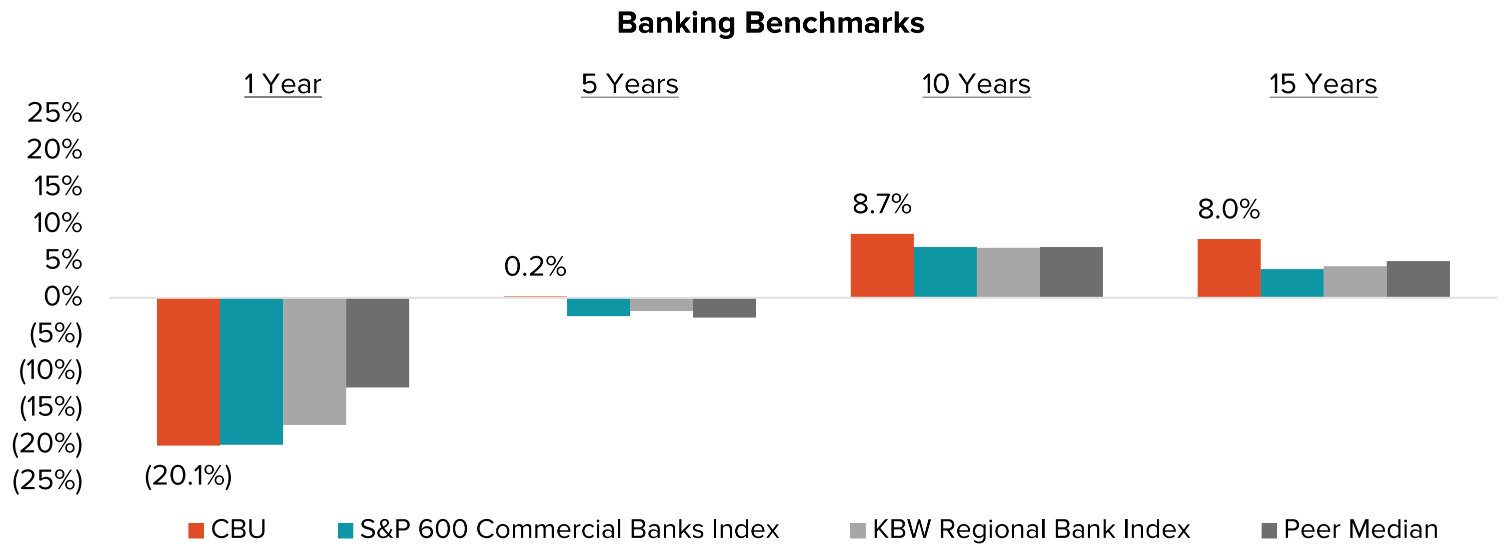
Committed to successful operating strategy focused on intelligent low-risk acquisitions, organic growth, and prudent capital management

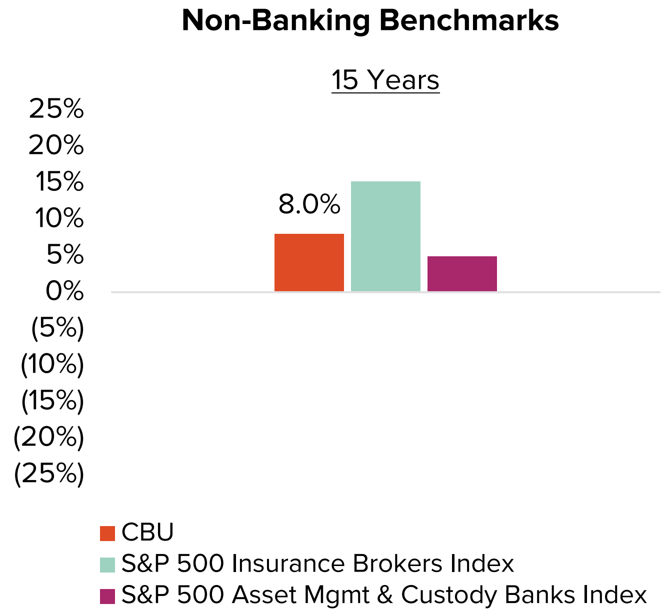
Superior long-term return to shareholders and long-standing dividend growth

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

Long-term responsible growth focus

Annualized Total Shareholder Returns[1]

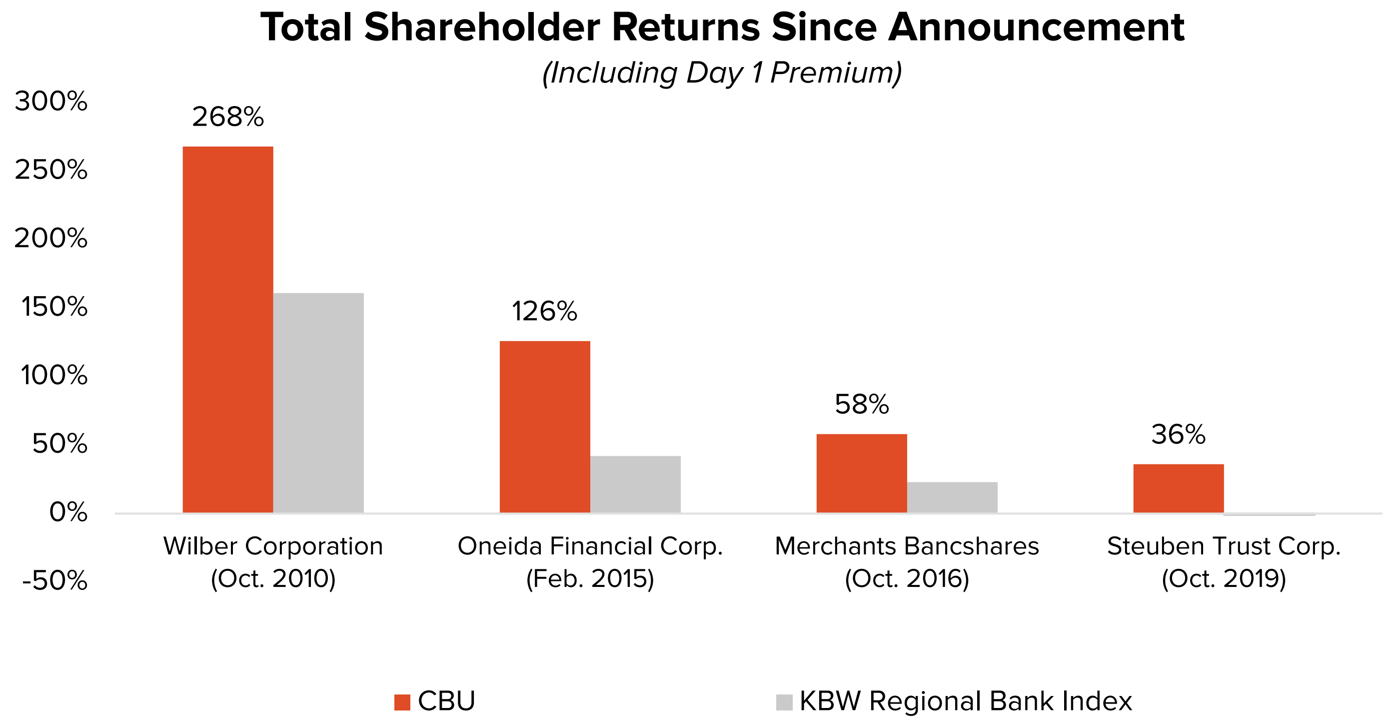




[1] Through April 30, 2023, including reinvestment of dividends. Peers used throughout presentation may be found in the appendix.

Creating Excess Value

For CBU's Partners and Shareholders



Longstanding commitment to growing dividend benefits for our partners and shareholders

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 April 30, 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 Culture 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

Primary Subsidiaries

Banking	Wealth Management	Insurance & Risk Services	Employee Benefits & Administration 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	20,103,370	2,628
Berkshire Hills Bancorp Inc.	BHLB	Boston, MA	12,319,976	1,113
Eastern Bankshares Inc.	EBC	Boston, MA	22,720,530	2,225
F.N.B. Corp.	FNB	Pittsburgh, PA	44,145,664	4,180
First Busey Corp.	BUSE	Champaign, IL	12,344,555	1,125
First Commonwealth Financial	FCF	Indiana, PA	11,113,752	1,283
First Financial Bancorp.	FFBC	Cincinnati, OH	16,933,884	2,072
First Merchants Corp.	FRME	Muncie, IN	18,178,908	1,953
Fulton Financial Corp.	FULT	Lancaster, PA	27,112,176	2,286
Independent Bank Corp.	INDB	Rockland, MA	19,442,402	2,895
NBT Bancorp Inc.	NBTB	Norwich, Ny	11,839,730	1,446
Northwest Bancshares, Inc.	NWBI	Columbus, OH	14,193,816	1,529
Old National Bancorp	ONB	Evansville, IN	47,842,644	4,210
Park National Corp.	PRK	Newark, OH	9,856,981	1,918
Provident Financial Services	PFS	Jersey City, NJ	13,778,911	1,447
Sandy Spring Bancorp Inc.	SASR	Olney, MD	14,129,007	1,162
United Bankshares Inc.	UBSI	Charleston, WV	30,182,241	4,750
WesBanco Inc.	WSBC	Wheeling, WV	17,274,626	1,819
WSFS Financial Corp.	WSFS	Wilmington, DE	20,319,290	2,309
Minimum			**9,856,981**	**1,113**
Median			**17,274,626**	**1,953**
Average			**20,201,709**	**2,229**
Maximum			**47,842,644**	**4,750**
Community Bank System, Inc.	**CBU**	**De Witt, NY**	**15,255,953**	**2,820**

[1] As of March 31, 2023

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 (loss) 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 and 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	Q1 2023
Diluted Earnings per Share (GAAP)	$3.03	$3.24	$3.23	$3.08	$3.48	$3.46	**$0.11**
Operating Diluted Earnings per Share (non-GAAP)	$2.64	$3.23	$3.29	$3.24	$3.49	$3.58	**$0.86**
Net income (GAAP)	$150,717	$168,641	$169,063	$164,676	$189,694	$188,081	**$5,798**
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	**45**
Acquisition-related contingent consideration adjustment, net of tax effect	-	-	-	-	157	(232)	**-**
Loss (gain) on sale of investments, net of tax effect	(1)	-	(3,943)	-	-	-	**41,158**
Unrealized (gain) loss on equity securities, net of tax effect	-	(520)	(15)	5	(13)	34	**-**
Loss (gain) on debt extinguishment, net of tax effect	-	252	-	(336)	-	-	**(190)**
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	**46,811**
Amortization of intangibles, net of tax effect	11,936	14,375	12,886	11,425	11,044	11,909	**2,884**
Subtotal (non-GAAP)	142,951	182,139	184,943	184,515	201,354	206,804	**49,695**
Acquired non-PCD loan accretion, net of tax effect	(4,149)	(6,272)	(4,981)	(4,388)	(3,135)	(3,357)	**(849)**
Adjusted Net Income (non-GAAP)	138,802	175,867	179,962	180,127	198,219	203,447	**48,846**
Cash Dividends Paid	62,305	71,495	80,241	87,131	91,051	93,387	**23,708**
Cash Dividend % of Adjusted Net Income	**44.9%**	**40.7%**	**44.6%**	**48.4%**	**45.9%**	**45.9%**	**48.5%**

Return on Assets

Dollars in thousands, except per share data

	2018	2019	2020	2021	2022	Q1 2023
Average Total Assets	$10,665,209	$11,043,173	$12,896,499	$14,835,025	$15,567,139	**$15,366,863**
Net income (GAAP)	$168,641	$169,063	$164,676	$189,694	$188,081	**$5,798**
Return on Assets (GAAP)	**1.58%**	**1.53%**	**1.28%**	**1.28%**	**1.21%**	**0.15%**
Operating Net Income (non-GAAP)	167,764	172,057	173,090	190,310	194,895	**46,811**
Operating Return on Assets (non-GAAP)	**1.57%**	**1.56%**	**1.34%**	**1.28%**	**1.25%**	**1.24%**
Adjusted Net Income (non-GAAP)	175,867	179,962	180,127	198,219	203,447	**48,846**
Adjusted Return on Assets (non-GAAP)	**1.65%**	**1.63%**	**1.40%**	**1.34%**	**1.31%**	**1.29%**

Equity-to-Assets

Dollars in thousands, except per share data

	2017	2018	2019	2020	2021	2022	Q1 2023
Total assets							
Total assets (GAAP)	$10,746,198	$10,607,295	$11,410,295	$13,931,094	$15,552,657	$15,835,651	**$15,255,953**
Intangible assets	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	(902,837)	**(900,914)**
Deferred taxes on intangible assets	48,419	46,370	44,742	44,370	44,160	46,130	**45,369**
Total tangible assets (non-GAAP)	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	14,978,944	**14,400,408**
Total common equity							
Shareholders' Equity (GAAP)	$1,635,315	$1,713,783	$1,855,234	$2,104,107	$2,100,807	$1,551,705	**$1,634,013**
Intangible assets	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	(902,837)	**(900,914)**
Deferred taxes on intangible assets	48,419	46,370	44,742	44,370	44,160	46,130	**45,369**
Total tangible common equity (non-GAAP)	858,646	952,804	1,063,053	1,301,829	1,280,632	694,998	**778,468**
Net equity-to-assets ratio at period end							
Total tangible common equity (GAAP) – numerator	$1,635,315	$1,713,783	$1,855,234	$2,104,107	$2,100,807	$1,551,705	**$1,634,013**
Total tangible assets (GAAP) – denominator	10,746,198	10,607,295	11,410,295	13,931,094	15,552,657	15,835,651	**15,255,953**
Net equity-to-assets ratio at period end (GAAP)	**15.22%**	**16.16%**	**16.26%**	**15.10%**	**13.51%**	**9.80%**	**10.71%**
Net tangible equity-to-assets ratio at period end							
Total tangible common equity (non-GAAP) – numerator	$858,646	$952,804	$1,063,053	$1,301,829	$1,280,632	$694,998	**$778,468**
Total tangible assets (non-GAAP) – denominator	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	14,978,944	**14,400,408**
Net tangible equity-to-assets ratio at period end (non-GAAP)	**8.61%**	**9.68%**	**10.01%**	**9.92%**	**8.69%**	**4.64%**	**5.41%**

Pre-tax, Pre-provision Components

Dollars in thousands, except per share data

	2022	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Pre-tax, pre-provision net revenue							
Net income (GAAP)	$188,081	$189,694	$47,055	$39,805	$48,691	$52,530	**$5,798**
Income taxes	52,233	51,654	12,777	10,971	13,706	14,779	**1,175**
Income before income taxes	240,314	241,348	59,832	50,776	62,397	67,309	**6,973**
Provision for credit losses	14,773	(8,839)	906	6,038	5,061	2,768	**3,500**
Pre-tax, pre-provision net revenue (non-GAAP)	255,087	232,509	60,738	56,814	67,458	70,077	**10,473**
Acquisition expenses	5,021	701	299	3,960	409	353	**57**
Acquisition-related contingent consideration adjustment	(300)	200	-	400	-	(700)	**-**
Loss on sales of investment securities	-	-	-	-	-	-	**52,329**
Unrealized loss (gain) on equity securities	44	(17)	(2)	22	4	20	**-**
Gain on debt extinguishment	-	-	-	-	-	-	**(242)**
Litigation accrual	-	(100)	-	-	-	-	**-**
Adjusted pre-tax, pre-provision net revenue (non-GAAP)	**$259,852**	**$233,293**	**$61,035**	**$61,196**	**$67,871**	**$69,750**	**$62,617**
Pre-tax, pre-provision net revenue per share							
Diluted earnings per share (GAAP)	$3.46	$3.48	$0.86	$0.73	$0.90	$0.97	**$0.11**
Income taxes	0.96	0.95	0.24	0.20	0.25	0.27	**0.02**
Income before income taxes	4.42	4.43	1.10	0.93	1.15	1.24	**0.13**
Provision for credit losses	0.27	(0.16)	0.01	0.12	0.10	0.06	**0.07**
Pre-tax, pre-provision net revenue per share (non-GAAP)	4.69	4.27	1.11	1.05	1.25	1.30	**0.20**
Acquisition expenses	0.09	0.01	0.01	0.07	-	-	**-**
Acquisition-related contingent consideration adjustment	-	-	-	0.01	-	(0.01)	**-**
Loss on sales of investment securities	-	-	-	-	-	-	**0.96**
Unrealized loss (gain) on equity securities	-	-	-	-	-	-	**-**
Gain on debt extinguishment	-	-	-	-	-	-	**-**
Litigation accrual	-	-	-	-	-	-	**-**
Adjusted pre-tax, pre-provision net revenue per share (non-GAAP)	**$4.78**	**$4.28**	**$1.12**	**$1.13**	**$1.25**	**$1.29**	**$1.16**

Thank you!

INVESTOR RELATIONS CONTACT

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EVP & Chief Financial Officer

Joseph.Sutaris@cbna.com

315.445.7396

Community BANK SYSTEM, INC.