



Investor Presentation

COMMUNITY BANK SYSTEM, INC. | NYSE: CBU

NOVEMBER 2023

Disclaimers

Forward-Looking Statements

This presentation contains comments or information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995), which involve significant risks and uncertainties. Forward-looking statements often use words such as “anticipate,” “could,” “target,” “expect,” “estimate,” “intend,” “plan,” “goal,” “forecast,” “believe,” or other words of similar meaning. These statements are based on the current beliefs and expectations of the Company’s management and are subject to significant risks and uncertainties. Actual results may differ materially from the results discussed in the forward-looking statements. Moreover, the Company’s plans, objectives and intentions are subject to change based on various factors (some of which are beyond the Company’s control). Factors that could cause actual results to differ from those discussed in the forward-looking statements include: (1) 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 commercial real estate and residential 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 conflicts, 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, including cybersecurity, of its financial, accounting, technology, data processing and other operating systems, facilities and data; (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, capital requirements, 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 the Form 10-Q for the quarter ended March 31, 2023, as filed with the SEC on May 10, 2023. 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 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 acquired non-purchased credit deteriorated (“PCD”) loans, acquisition expenses, acquisition-related contingent consideration adjustment, acquisition-related provision for credit losses, unrealized loss (gain) on equity securities, realized loss (gain) on investment securities and loss (gain) on debt extinguishment. Although these items are non-GAAP measures, the Company’s management believes this information helps investors and analysts measure underlying core performance and improves comparability to other organizations that have not engaged in acquisitions. In addition, the Company provides supplemental reporting for “adjusted pre-tax, pre-provision net revenues,” which excludes the provision for credit losses, acquisition expenses, acquisition-related contingent consideration adjustment, unrealized loss (gain) on equity securities, realized (gain) loss on investment securities and loss (gain) on debt extinguishment 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 impact of CECL, helps investors and analysts measure underlying core performance and improves comparability to other organizations that have not engaged in acquisitions. The Company also provides supplemental reporting of its net interest margin on a “fully tax-equivalent” basis, which includes an adjustment to net interest income that represents taxes that would have been paid had nontaxable investment securities and loans been taxable. Although fully tax-equivalent net interest margin is a non-GAAP measure, the Company’s management believes this information helps enhance comparability of the performance of assets that have different tax liabilities. This presentation includes a reconciliation of each non-GAAP financial measure to the most comparable GAAP equivalent. The disclosures within this presentation are unaudited.

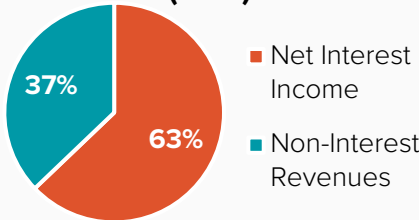
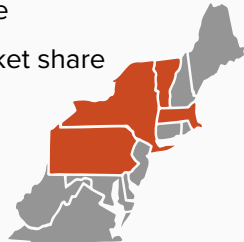


About CBU



\$15.4B
in total assets

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

		Banking	Employee Benefit & Administration Services	Insurance & Risk Services	Wealth Management	
						
Aggregate Revenue Mix (TTM)  - Net Interest Income - Non-Interest Revenues		- 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, PA, MA, FL and SC	- Investment Advising - Retirement Plan Design - Asset Management - Trust Services - Financial Planning - Family & Succession Planning	
3-Yr Revenue CAGR (TTM basis)	TTM Revenue ¹	\$703.3M total revenue	\$440.3M net interest income \$70.8M non-interest revenues from banking services	\$117.0M non-interest revenues from employee benefit services	\$43.8M non-interest revenues from insurance services	\$31.4M non-interest revenues from wealth management services
		5.7%	5.3%	5.5%	10.7%	5.2%

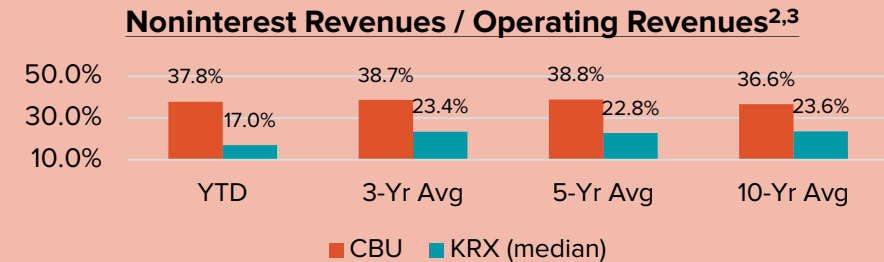
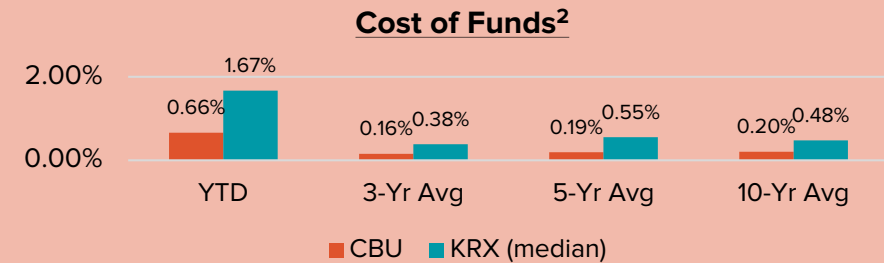
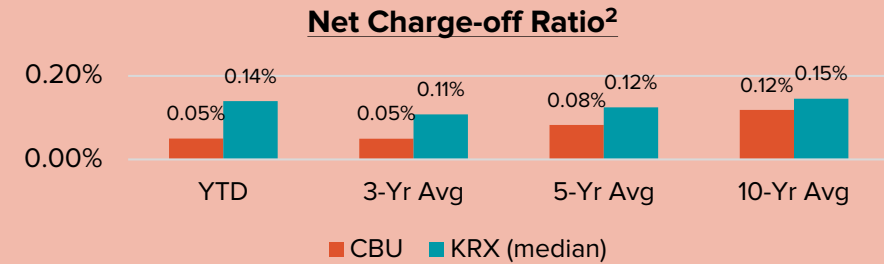
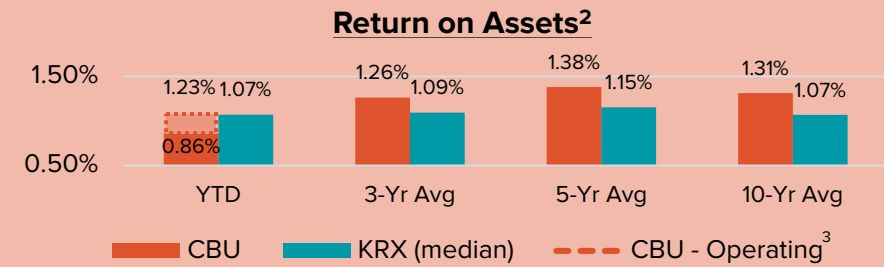
¹ Excludes securities gains/losses

Trailing twelve months ("TTM") figures are used throughout this presentation refer to the period ending 9/30/2023



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: **31** consecutive years of annual dividend increases
 - 10-year cumulative total return to shareholders of 45% (3.8% annualized), compared to the KBW Regional Banking Index (“KRX”) of 49% (4.1% annualized)¹



Sources: S&P Global, Internal filings

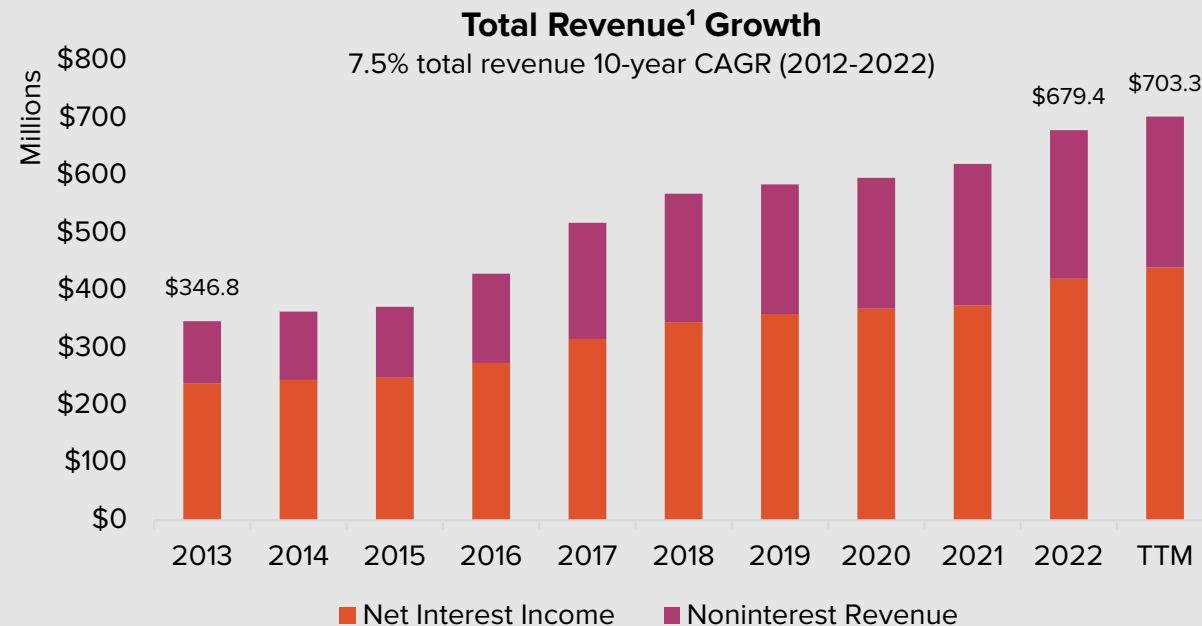
²Averages represent simple average of annual results through 2022. YTD data through 9/30/23

³Operating ROA and Revenues are non-GAAP measures. Please see Appendix for details



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%	8.9%
Banking Fees (10%)	2.7%	(6.5%)	(5.8%)	(2.7%)	11.2%	1.9%
Benefits Administration (17%)	14.2%	5.3%	4.3%	12.8%	0.9%	0.2%
Wealth Management (4%)	16.7%	0.4%	7.8%	19.2%	(4.7%)	(4.1%)
Insurance & Risk Services (6%)	15.9%	6.2%	0.5%	5.0%	17.1%	9.5%
Total Revenue Sources	9.8%	2.8%	2.0%	4.1%	9.5%	6.1%

Sources: S&P Global, Internal filings

¹ Excludes securities gains/losses



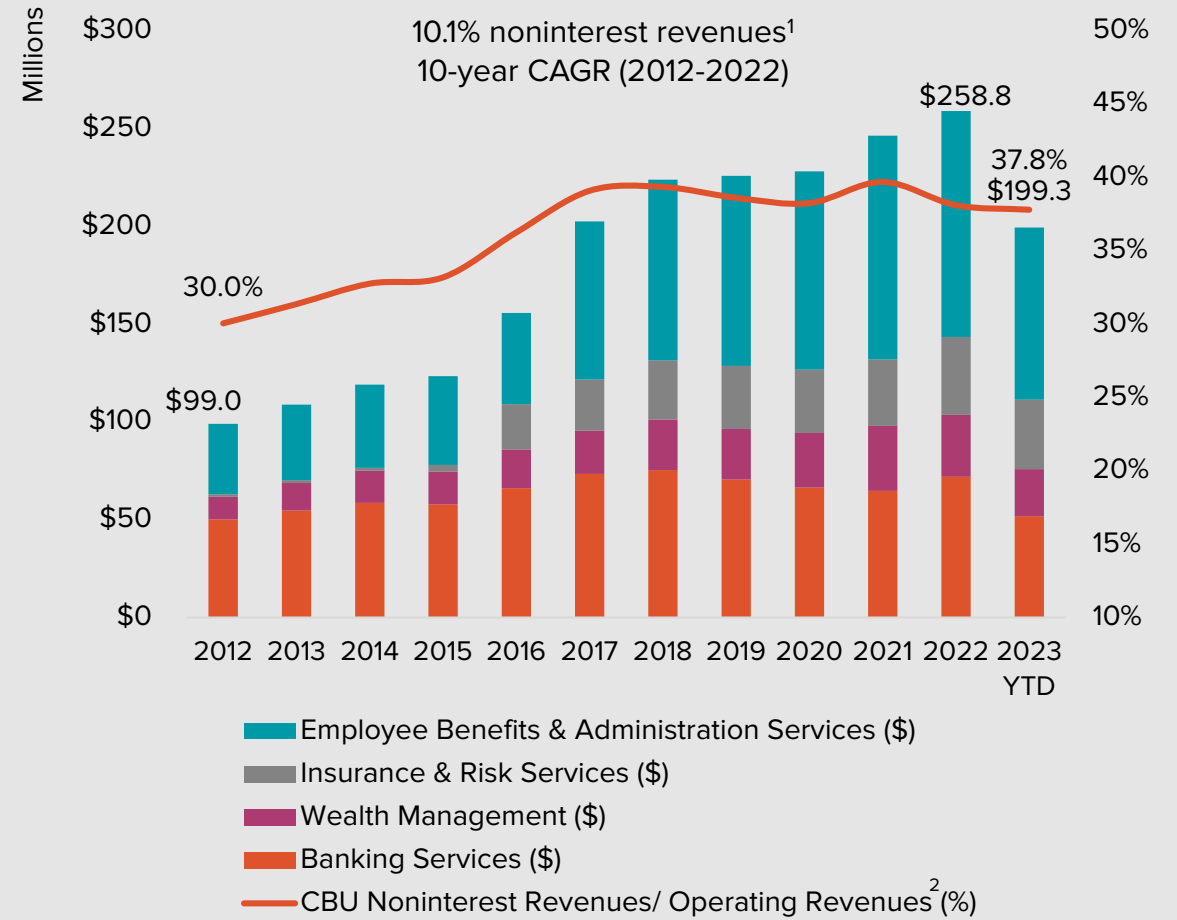
Growing, Recurring Noninterest Revenues

39% of revenue in Q3 2023

- Longstanding focus on growing high quality, recurring noninterest revenues reduces dependence on net interest income
- 74% of CBU's Q3 2023 noninterest revenues derived from its financial services businesses¹
 - 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 and gains/losses on debt extinguishment. CBU data as of 9/30/2023.

Noninterest Revenues¹: Strong Contributions from Fee-generating Businesses

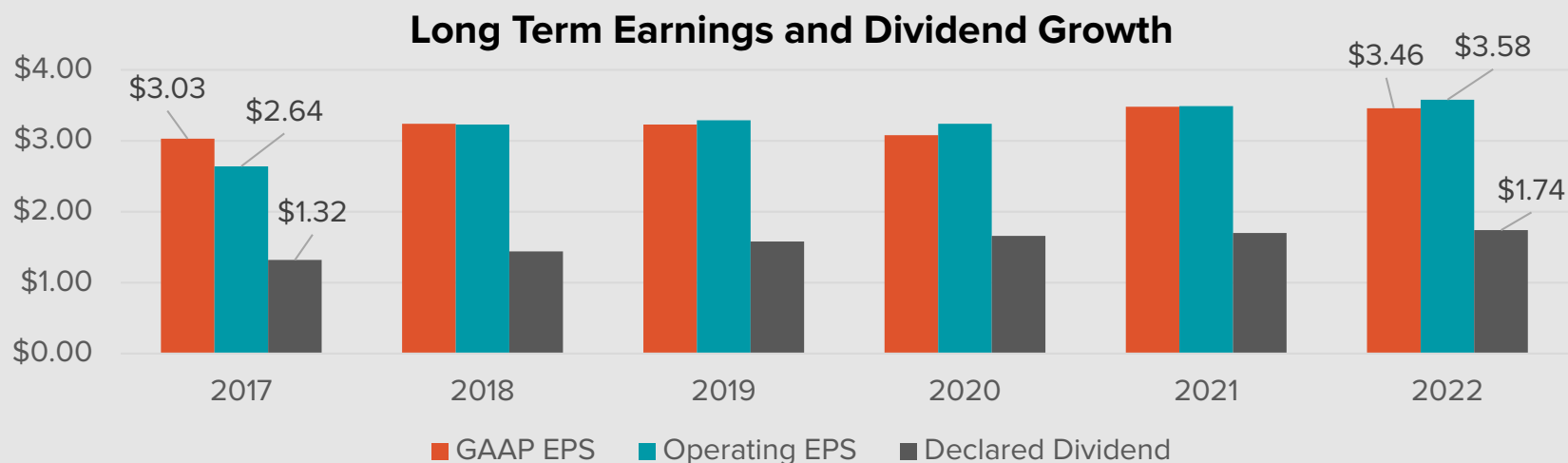


² Operating revenues is a non-GAAP measure. Please see Appendix for details.



Performance Highlights

- Q3 2023 fully-diluted GAAP EPS of \$0.82 and non-GAAP operating EPS of \$0.82¹, down \$0.08 and \$0.08, respectively, from the third quarter of 2022
- Third quarter 2023 adjusted pre-tax, pre-provision net revenue per share (non-GAAP) of \$1.10 per share, down \$0.15, or 12.0%, from the third quarter of 2022
- Quarterly cash dividend of \$0.45 per share declared in the third quarter of 2023, up 2.3% from the prior year's third quarter
 - Announced a \$0.01 per share, or 2.3%, increase to the quarterly cash dividend in July 2023
 - CBU's 31 years of consecutive annual dividend increases has empowered it to retain its status as a S&P Dividend Aristocrat
- Quarterly loan growth of 3.0%, marking the ninth consecutive quarter of loan growth
- Continued strong asset quality, including 0.05% annualized net charge-off ratio in Q3 2023



Third Quarter 2023



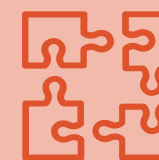
3.10%
net interest margin
(FTE)²



10.9%
return on equity



3.0%
loan growth
(from Q2 2023)



39%
Noninterest revenues
/ operating revenues¹

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 Net interest margin (FTE) is a non-GAAP measure. Please see Appendix for details.



Banking



Market-leading Community Bank



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

- In-footprint lender with deep knowledge of our markets and first or second market share in approximately two-thirds of the towns where we do business¹
- Core focus on credit quality and low funding costs
- Decentralized decision-making and authority, where branch managers act as local bank presidents
- Complement market-leading branch system (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.
- In October 2023, the Company initiated a plan to optimize the bank's retail customer service workforce. As part of this plan, the Company expects to reinvest in the retail network through de novo branch expansion in new, more densely populated markets throughout the current geographic footprint in the second half of 2024.



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	Whole	8	\$584
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



Core Deposit Strength

- Excellent core deposit customer base
 - Focus on generating and retaining core non-time deposits, which made up 88.5% of total deposits at September 30, 2023
 - Average cost of deposits of 0.76% for Q3 2023
- \$13.0 billion of total deposits at September 30, 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 cycle¹, CBU has experienced an 18% interest-bearing deposit beta while our peer group's median interest-bearing deposit beta stands at 38% and the industry* has seen an interest-bearing deposit beta of 52%

Peers used throughout presentation may be found in the appendix.

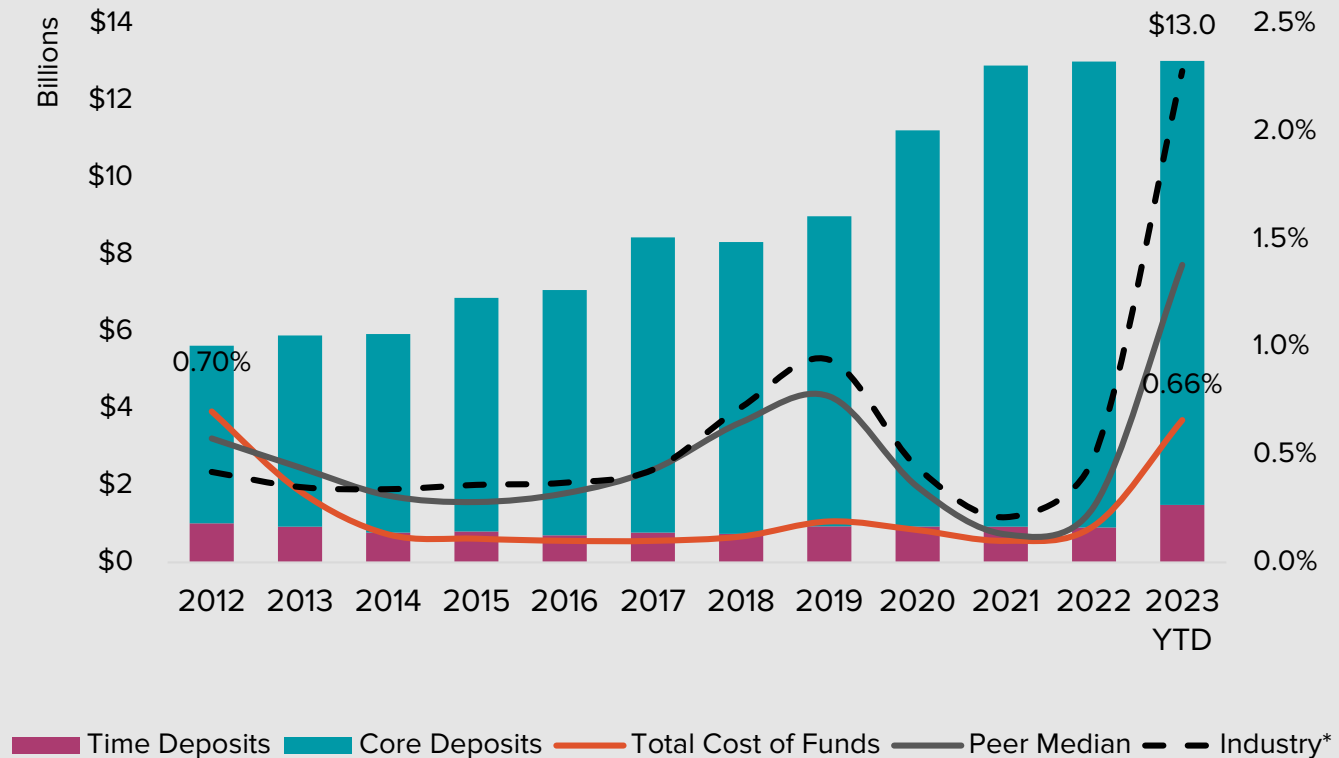
¹ Deposit or funding beta is calculated as the change in quarterly deposit or total cost of funds compared to the change in the quarterly average federal funds rate. Base period is set as the quarter before the federal funds rate began increasing. Calculation period of cycle to date betas is Q4 2021 (base period) through Q3 2023.

13% cycle to date deposit beta¹

15% cycle to date funding beta¹

18% cycle to date interest-bearing deposit beta¹

Core Deposit Strength Supports Low Overall Funding Costs



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 or secured through municipal pledging

**Estimate; as of 9/30/2023*

Average Consumer Deposit Account Balance¹:

\$12,000

Average Business Deposit Relationship¹:

\$62,000

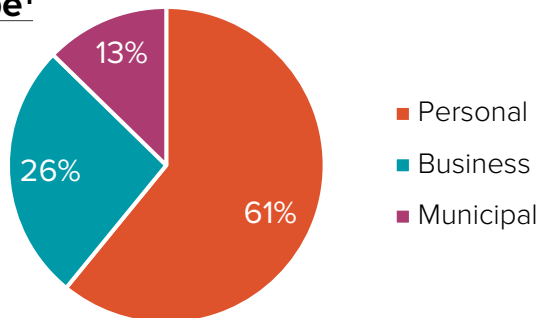
Average Nonmaturity Deposit Age^{1,2}

15 years

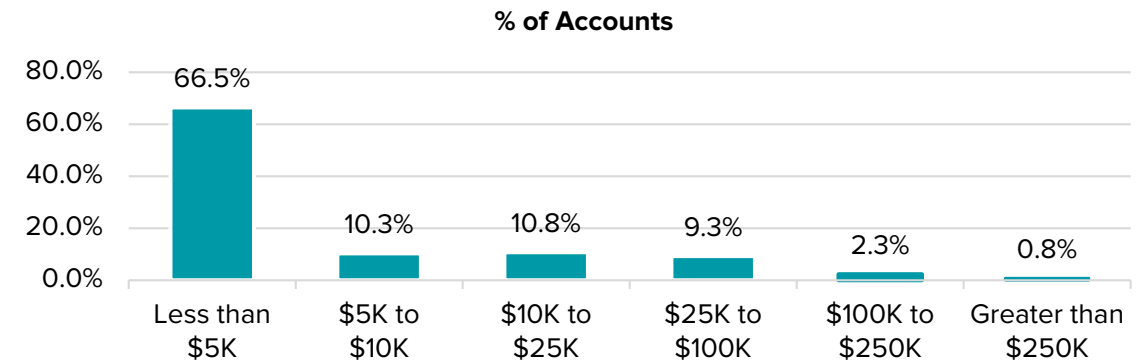
Accounts over \$250K¹

<1%

Deposits by Customer Type¹



Deposit Balance Tiers¹



As of September 30, 2023

¹Excludes intercompany and zero balance accounts

²Weighted on ending balances by account

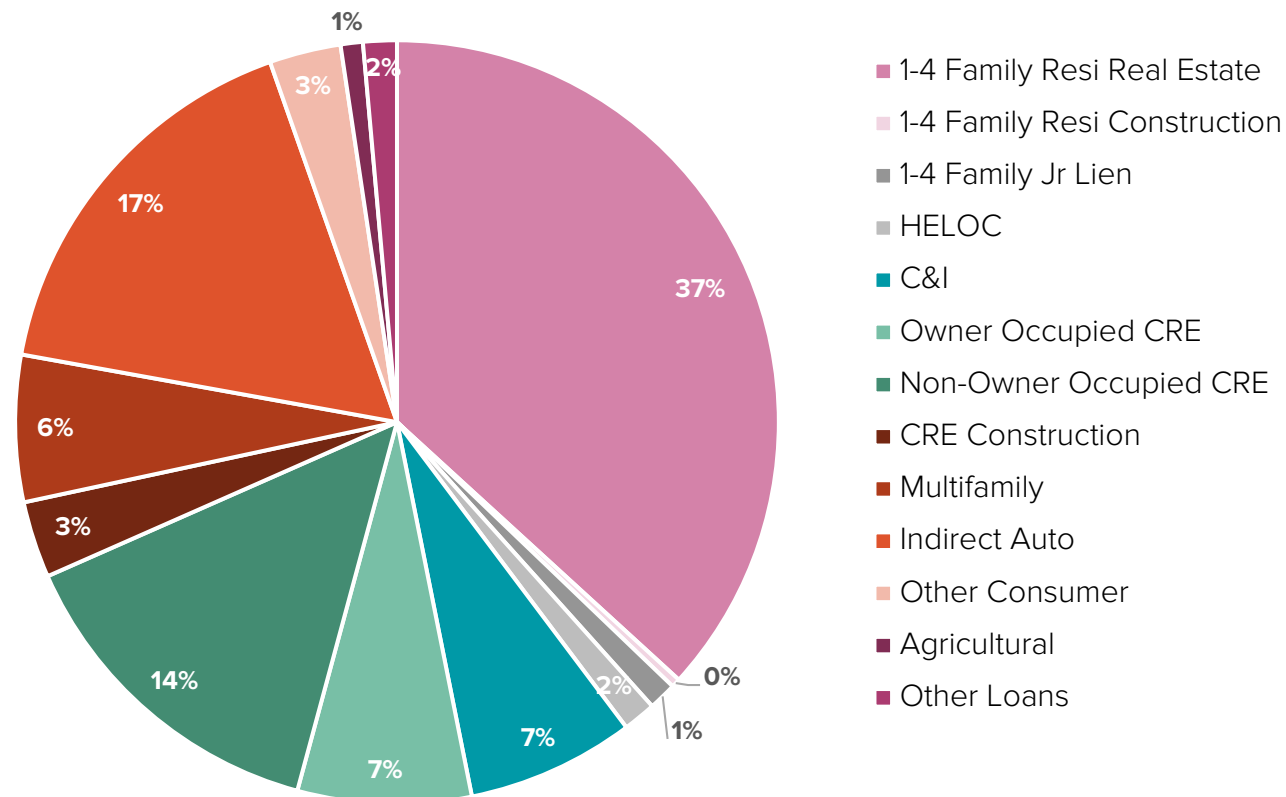


In-footprint Lender

**\$712K average
commercial loan
relationship**

- Diversified and high-quality loan portfolio with in-footprint focus
- \$9.45 billion in total loans as of September 30, 2023
- Average consumer loan originations are uniquely granular for an institution of our size
 - Average Residential Mortgage – \$159,000
 - Average Home Equity Loan – \$64,000
 - Average Indirect Loan – \$28,000

Diversified Loan Portfolio¹



¹Loan customer balances as of September 30, 2023, call report code-based customer loan data

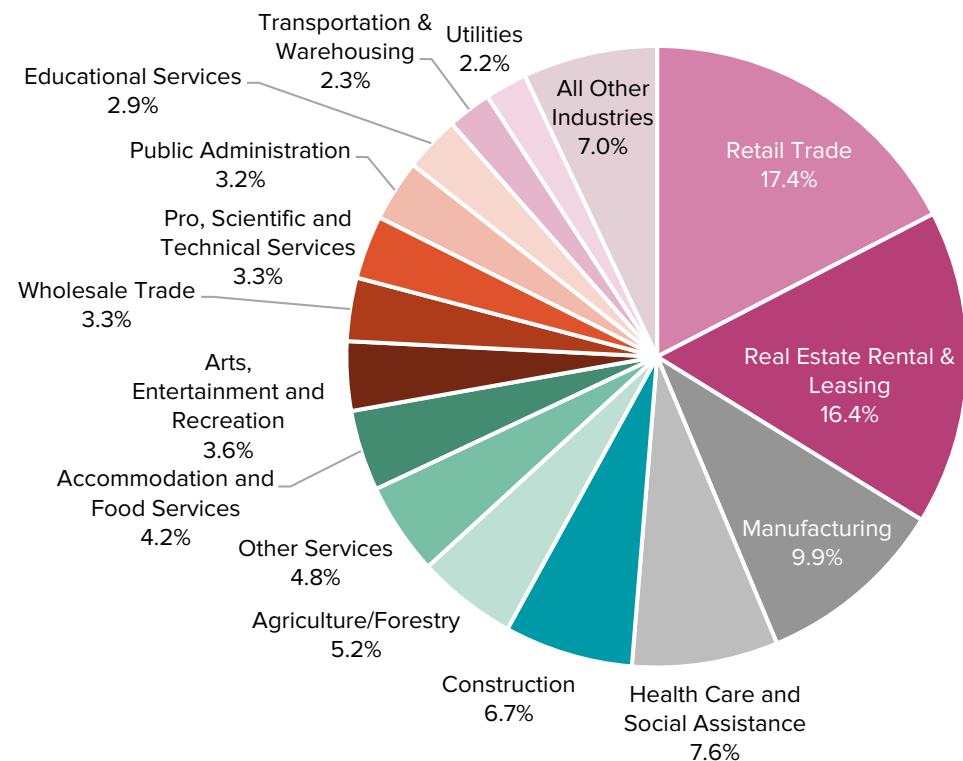


Business Lending

Well diversified lending portfolio

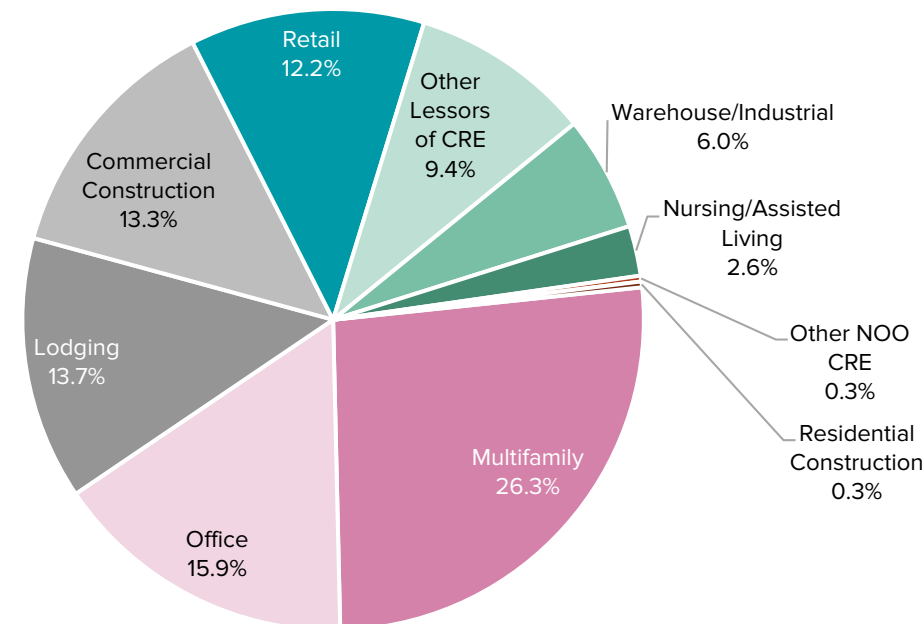
**0.10% 10-year average
net-charge off ratio
(2013-2022)**

C&I, Owner Occupied CRE & All Other Business¹
(\$1.72 billion)



Total Business Lending
\$3.91 Billion
41% of total loans

Non-Owner Occupied CRE (“NOO CRE”)²
(\$2.19 billion)



**NOO CRE represents 186% of
total bank-level capital compared to
the peer median of 237%**

Loan balances as of September 30, 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 industry¹

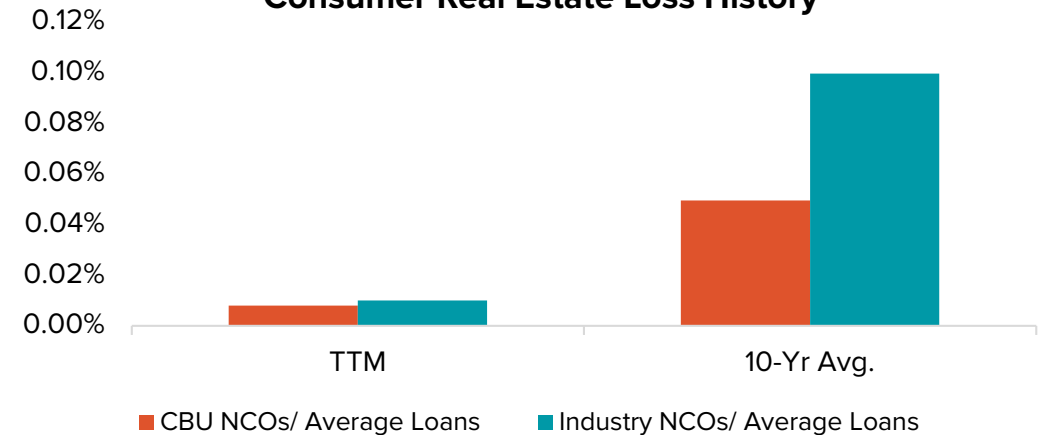
Consumer Real Estate (\$3.64 billion)

- Broad product set including non-conforming, FHA, VA and 1st time homebuyers program
- 88% consumer mortgage / 12% home equity
- 752 average origination FICO score

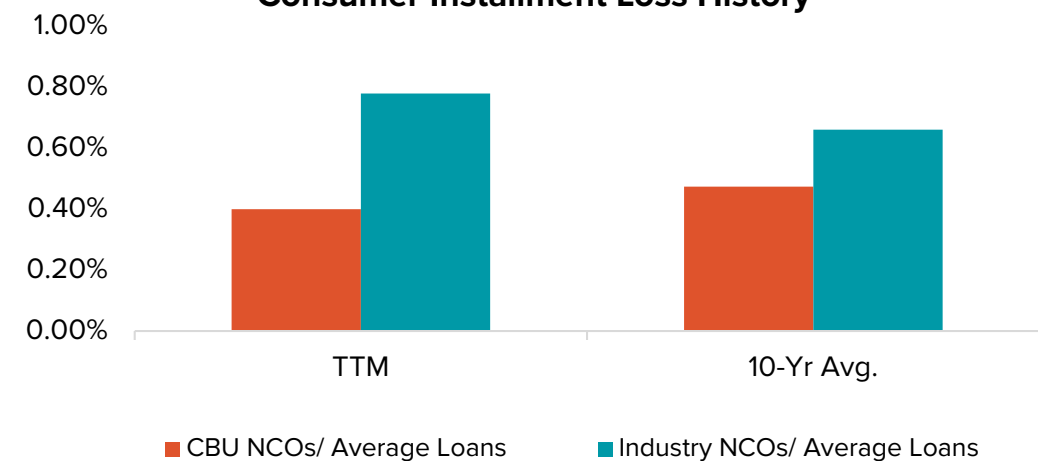
Consumer Installment (\$1.89 billion)

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

Consumer Real Estate Loss History²



Consumer Installment Loss History²



Sources: S&P Global, Internal filings

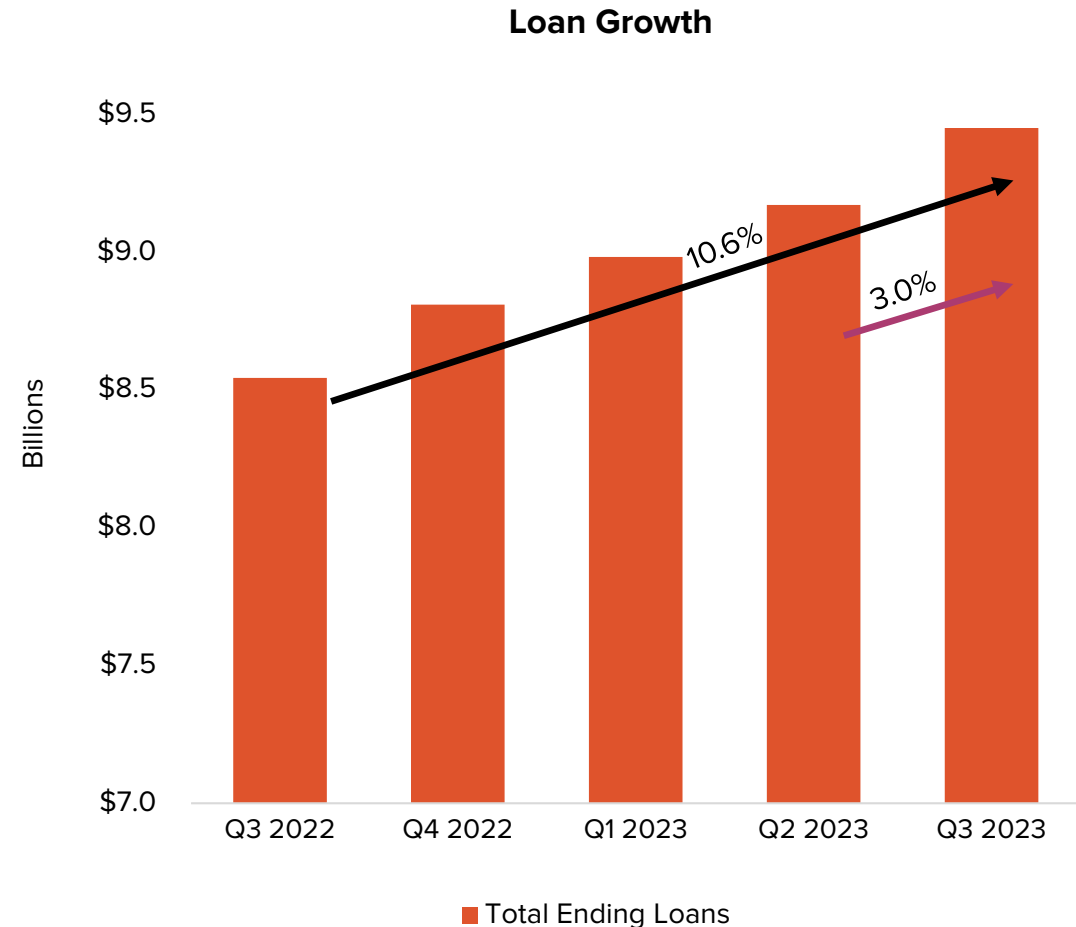
¹Industry group is defined as U.S. Commercial Banks with assets between \$10 and \$50 billion

²Regulatory reporting results. Consumer installment results include checking/overdraft charge-offs and exclude credit cards.



Organic Loan Growth

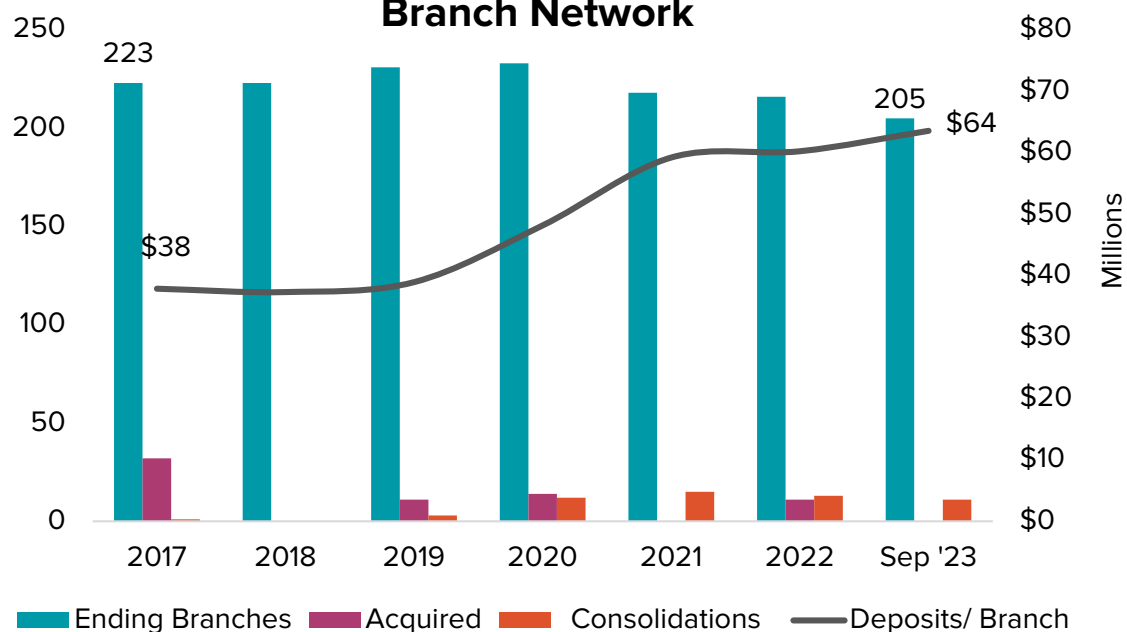
- Q3 2023 loan growth of 3.0%
- Last twelve months (“LTM”) overall loan growth of 10.6%
- All major loan segments produced positive organic loan growth during the last twelve months
 - Business loans: 12.0%
 - Consumer real estate: 6.8%
 - Consumer installment: 15.4%



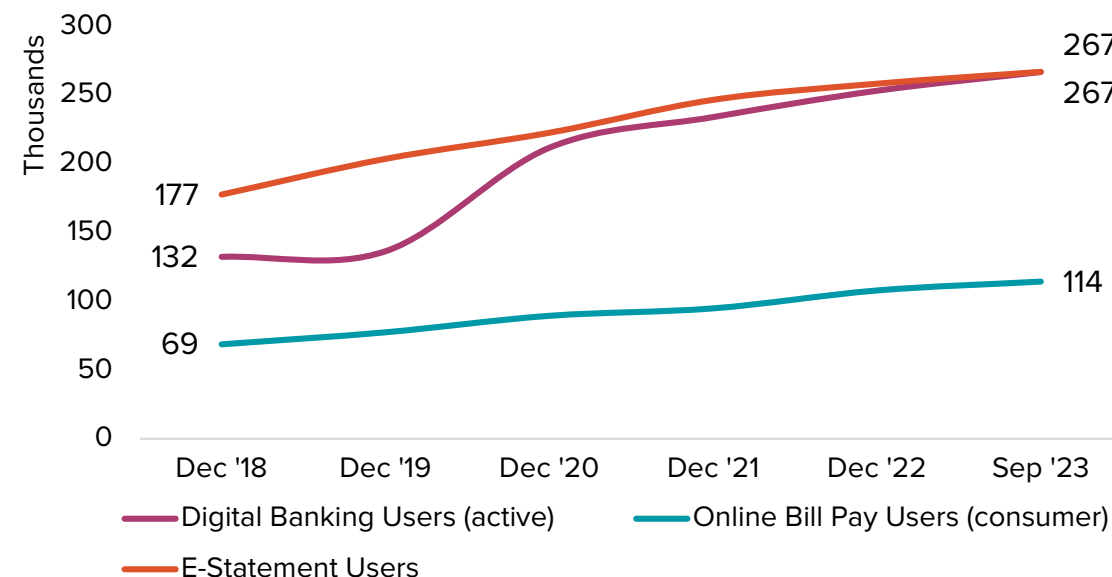
Optimizing Delivery Channels for Growth

- Addressing redundancies through consolidations and expanding digital banking services
- 54 branches consolidated from 2019 through September 2023
- The Company expects to invest in the retail network through de novo branch expansion in new, more densely populated markets throughout the current geographic footprint in the second half of 2024.
- As of September 2023, 69% of total customers were digital banking users, while 57% and 27% of core deposit customers were e-statement users and online bill pay users, respectively

Maintaining Appropriate Branch Network



Customers Steadily Adopting Digital Tools



Digital Transformation

Supporting customers' preference towards digital while enhancing efficiencies

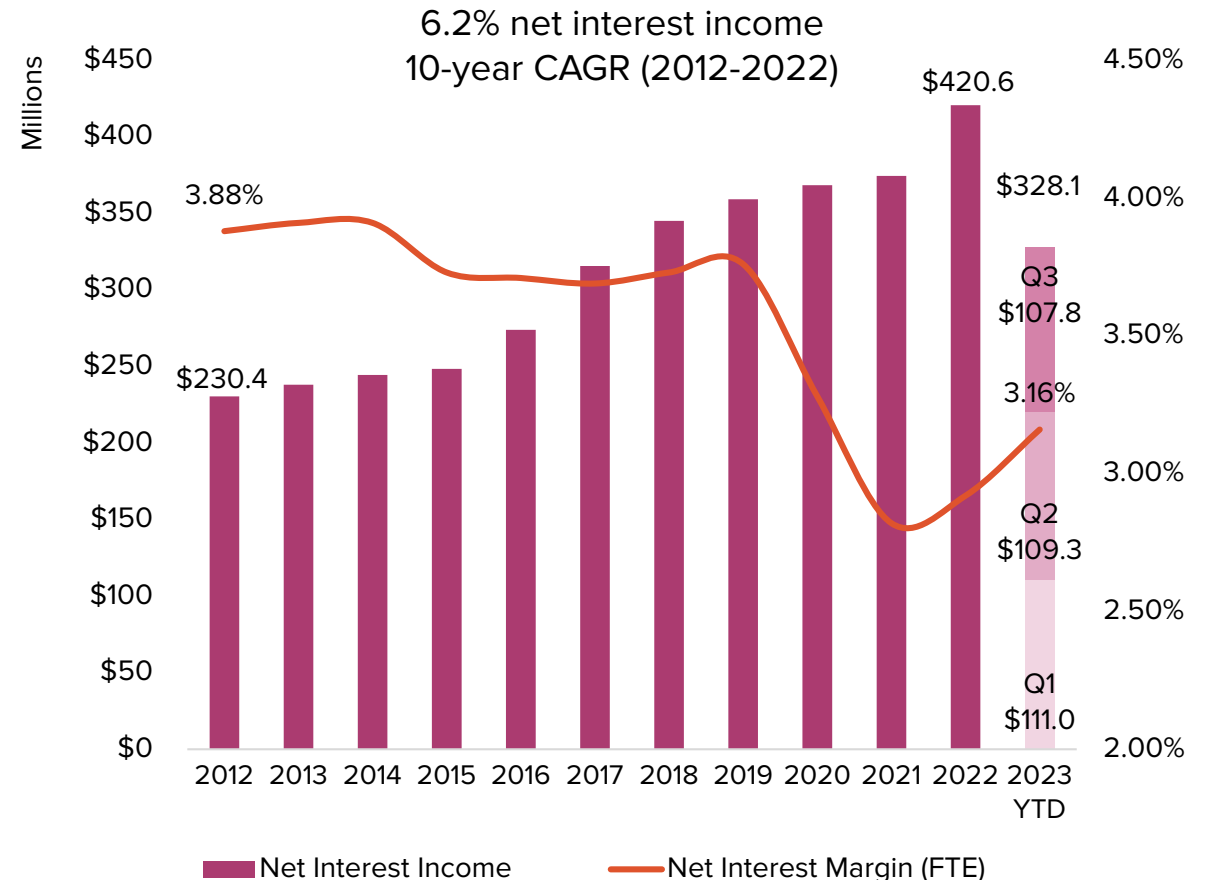
	Recent Accomplishments	What's Next
Client Experience	• Rolled out a credit monitoring and education tool • Enhanced personal banking budgeting tool • 31% of residential mortgage applications in 2022 were submitted online; 36% through September 2023 • Rolled out a new tool to simplify digital account opening and direct deposit setup • Implemented Zelle® for enhanced person-to-person payments	• Enhancing digital account opening process to include more funding options • Developing a unified and comprehensive online loan application process that will result in a more efficient and complete customer submission • Evaluating generative chat solutions for both internal and external opportunities • Implementing new customer-facing digital escrow and sub-accounting platform that accommodates a wide range of businesses and special use cases
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 • Working to expand workflow automation capabilities to save up to 60,000 hours of manual effort
Client and Data Management	• Continually investing in information security infrastructure across banking and financial services businesses • Made a considerable investment into new data lake for corporate data solution project	• 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 • Leveraging internal data to create predictive analytic models to help provide valuable business insights



Robust Net Interest Income

- Net interest income (“NII”) of \$107.8 million for Q3 2023 decreased \$2.6 million, or 2.4%, over Q3 2022
- The Company’s Q3 2023 net interest margin (“NIM”) of 3.10% (FTE-basis) contracted 8 basis points during the quarter and expanded 7 basis points from the third quarter of 2022

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



¹ Net interest margin (FTE) is a non-GAAP measure. Please see Appendix for details. CBU data as of 9/30/2023.
Source: S&P Global, Company filings

Financial Services



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 1996
BPAS Actuarial & Pension Services (APS)	Acquired 2003
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



\$117.0M

TTM revenue, up 0.2% from the prior year period



620,000+

plan participants among 4,500 retirement plans



In September 2023, the National Association of Plan Advisors (NAPA) Advisors' Choice Awards placed BPAS in the top 5 recordkeepers in a total of 18 categories across all 5 market sizes.



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
 - In the past 3 years, OneGroup has completed a total of 11 acquisitions, further enhancing CBU's insurance-related revenues



\$43.8M

TTM revenue, up 9.5% from the prior year period



100

Among the top 100 U.S. insurance agencies¹



¹ Based on a 2023 *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



In August 2023, the Bank's Trust Division, Community Bank Trust Services, was renamed Nottingham Trust to better align branding and reflect the range of products and services offered



\$31.4M

TTM revenue, down 4.3% from the prior year period



10.7%

10-year CAGR (2012-2022)



\$8.1B

assets under administration ("AUA")¹ at 9/30/2023

¹ Excludes \$432.9 million of intercompany AUA

Operating Performance and Key Indicators



Operating Performance Summary

As of September 30, 2023

Financial Highlights	Q3 2023 in millions, except EPS	% Change from Q3 2022	2023 YTD in millions, except EPS	% Change from 2022 YTD
Net interest income	\$107.8	(2.4%)	\$328.1	6.4%
Noninterest revenues ¹	67.6	3.6%	199.3	2.2%
Operating expenses ²	116.4	8.0%	342.5	9.3%
Adjusted pre-tax, pre-provision net revenue ("PTPPNR") ³	59.0	(13.1%)	184.9	(2.7%)
Provision for credit losses ⁴	2.9	(43.1%)	7.1	(11.7%)
Net income, GAAP	44.1	(9.4%)	98.2	(27.5%)
Net income, operating ⁵	44.2	(9.8%)	140.2	(1.7%)
Fully diluted weighted average common shares outstanding	53.8	(0.9%)	54.0	(0.8%)
GAAP EPS (diluted)	\$0.82	(8.9%)	\$1.82	(27.0%)
Operating EPS (diluted) ⁵	\$0.82	(8.9%)	\$2.60	(0.8%)
Adjusted PPPNR per share (diluted) ³	\$1.10	(12.0%)	\$3.42	(2.0%)

3.6% growth
in noninterest revenues
in Q3 2023 compared to
Q3 2022

¹ Excludes loss on sales of investments, unrealized gains (losses) on equity securities and gains on debt extinguishment

² Excludes acquisition related expenses

³ Adjusted pre-tax, pre-provision net revenue ("PTPPNR") and PPPNR per share are non-GAAP measures. Please see Appendix for details.

⁴ Excludes acquisition-related provision for credit losses

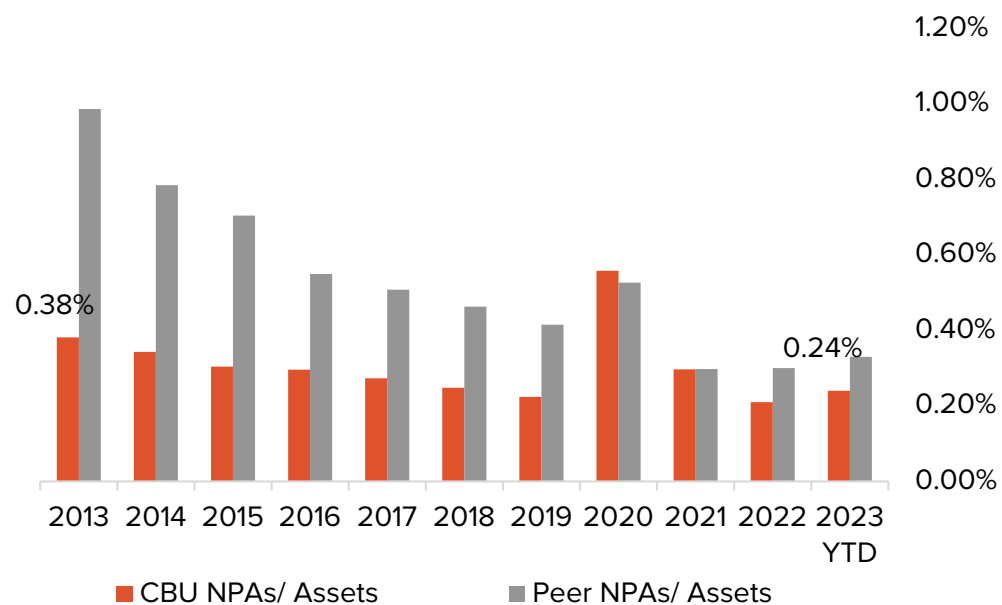
⁵ Operating earnings are a non-GAAP measure and exclude loss on sale of investments, gain on debt extinguishment, unrealized gain (loss) on equity securities, acquisition related expenses and special charges; net of tax effect. Please see Appendix for details.



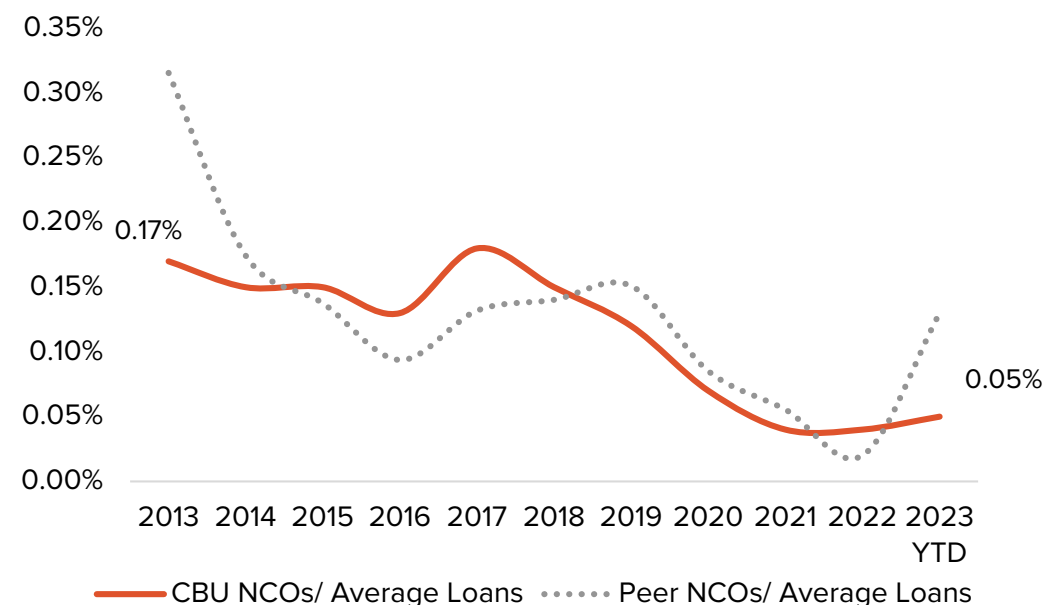
Strong Asset Quality

Historically Strong Asset Quality Metrics¹

Non-Performing Assets²



Net Charge-offs



¹ CBU and peer data as of 9/30/2023. Peers used throughout this presentation may be found in the appendix.

² 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.

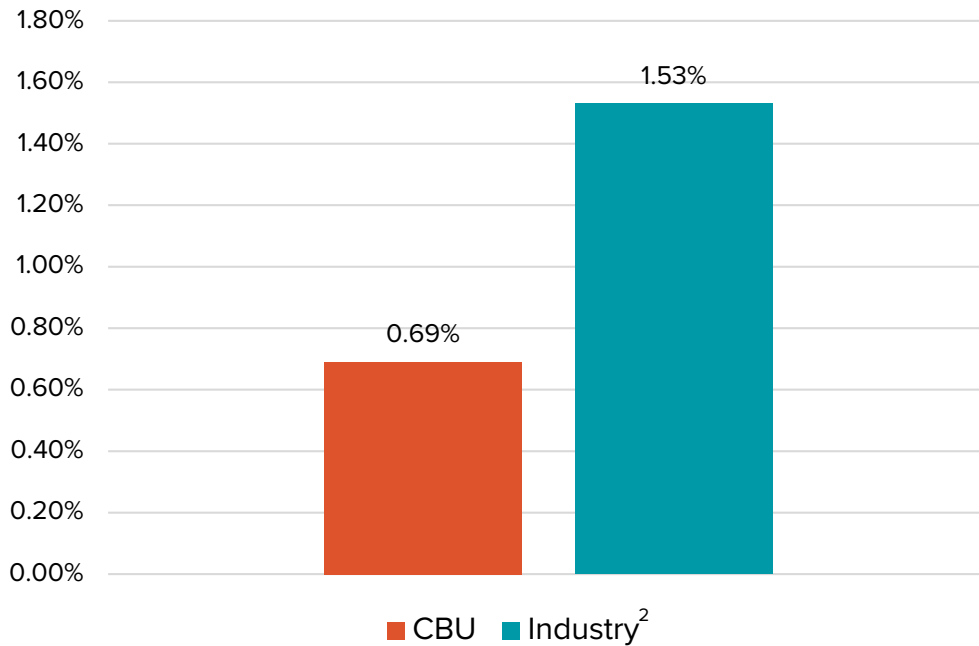
Sources: S&P Global, Company Filings



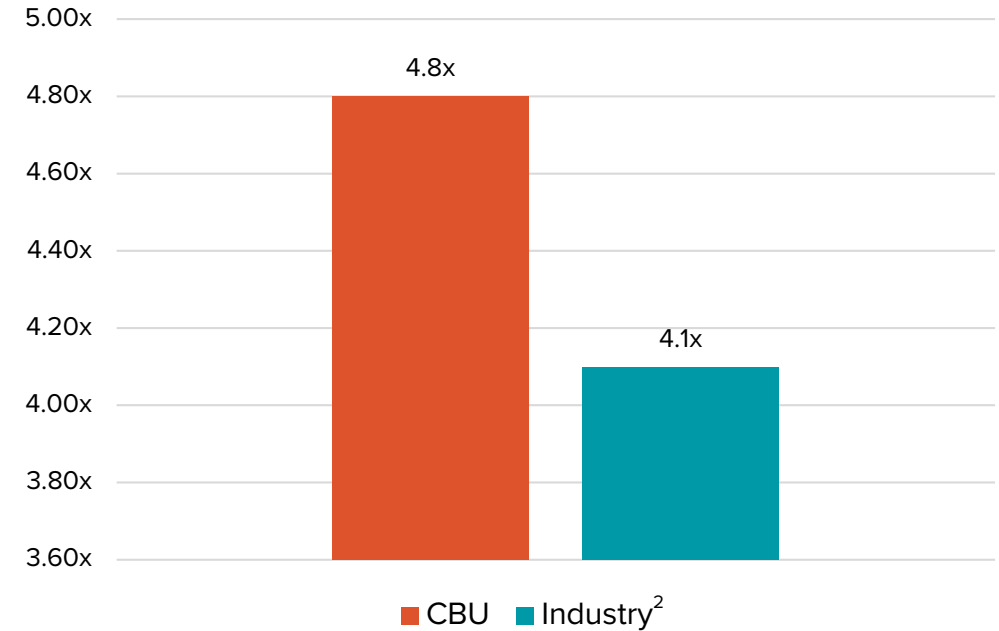
Allowance Industry Comparison

Ample loss coverage compared to industry

Allowance for Credit Losses (“ACL”) Ratio¹



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



¹ Q3 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 72.5% as of September 30, 2023
- Investment portfolio consists of lower risk investments
 - 79% US Treasury Securities & Cash Equivalents at 9/30/2023
- Core deposit focused
- The Company's immediately available liquidity sources represent over 200% of the Company's uninsured deposits, net of collateralized and intercompany deposits, which are estimated at \$2.11 billion

Dollars in thousands	September 30, 2023
Cash and cash equivalents	\$455,807
FHLB borrowing availability	1,507,447
FRB borrowing capacity	1,100,022
Investments ¹	
US government and agency	2,947,027
MBS and CMO	369,630
Municipals	418,459
Corporate	7,494
Less: Pledged securities	(1,993,362)
Net unpledged securities	1,749,248
Total liquidity sources	\$4,812,524

¹ Includes \$547.1 million in net unrealized losses on AFS securities and \$134.9 million in net unrealized losses on HTM securities; excludes municipal qualified school construction bonds, equity securities and other investments



Consistent Returns and Low Volatility Drive Premium Results

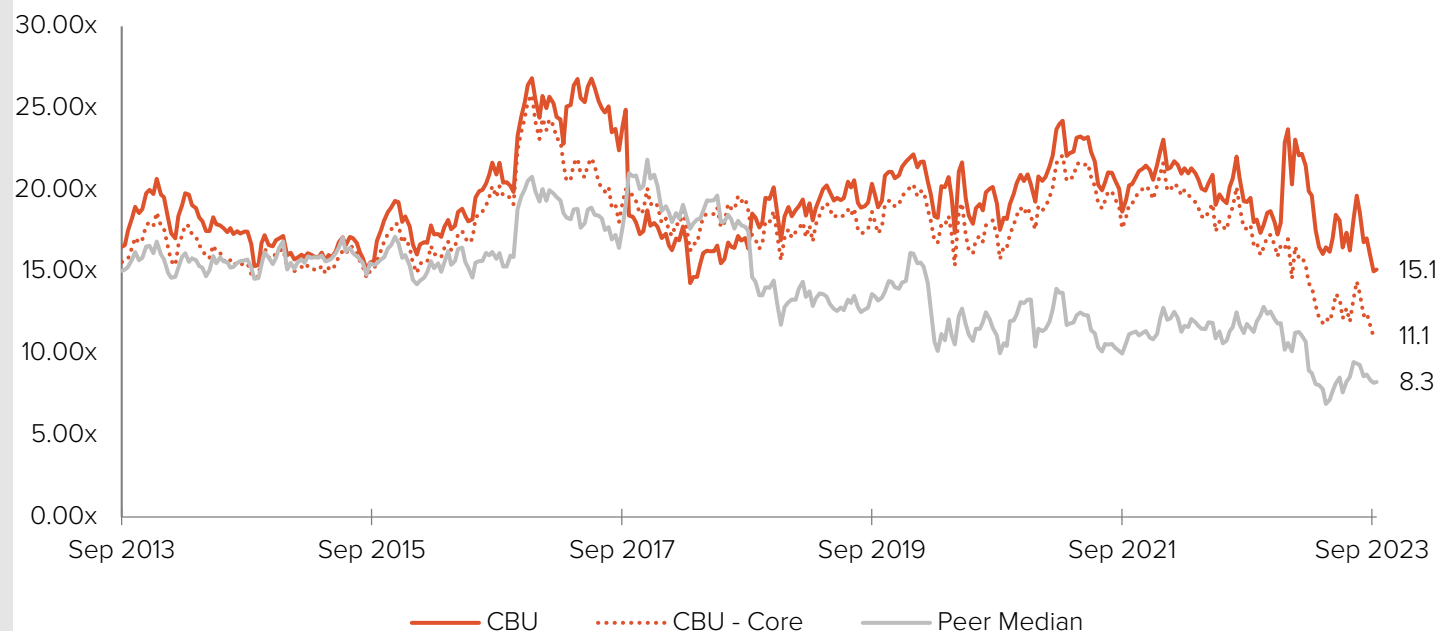
Investment Profile As of September 30, 2023

Closing Stock Price	\$42.21
52-week High Stock Price	\$65.93
52-week Low Stock Price	\$35.38
Dividend Yield (annualized)	4.26%
3-year Beta	0.76%
Price/ TTM EPS	15.1
Price/ TTM Core EPS ¹	11.1
Average Daily Volume (3-month)	~449,000
Common Shares Outstanding	53.4 million
Institutional Ownership	77%

Delivering superior risk-adjusted returns

>30% of revenue is non-banking

Price/ TTM EPS



Source: S&P Global. Ending share prices and earnings are as of 9/30/2023.

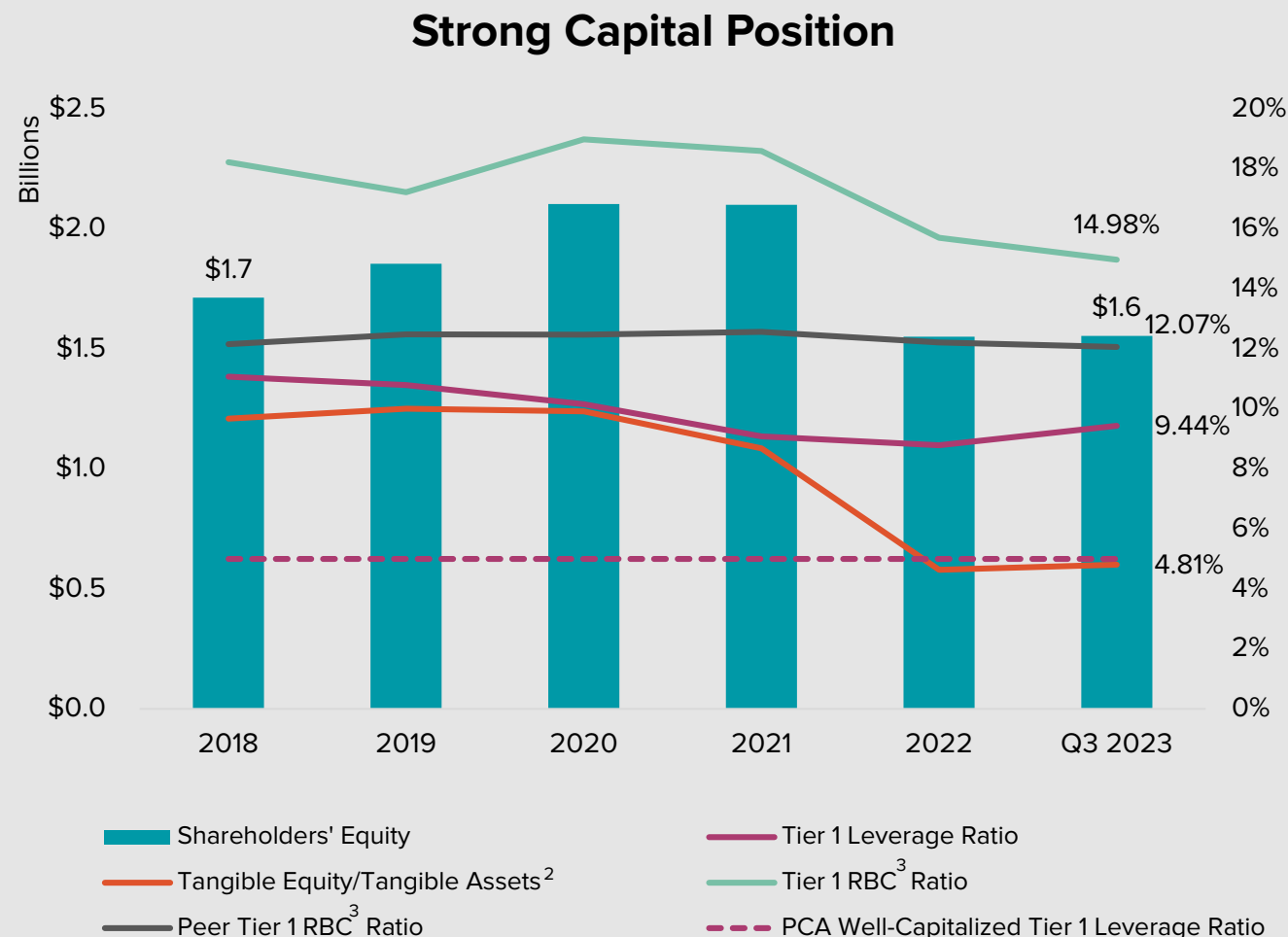
¹Core income is net income after taxes and before extraordinary items, less net income attributable to noncontrolling interest, gain or loss on the sale of securities, amortization of intangibles, goodwill and nonrecurring items.



Solid Capital Position

Ready to support growth

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



¹ Prompt Corrective Action

² Tangible equity and tangible assets are non-GAAP measures. Please see Appendix for details.

³ Risk Based Capital ("RBC")



Shareholder Returns & Key Investment Merits



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



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

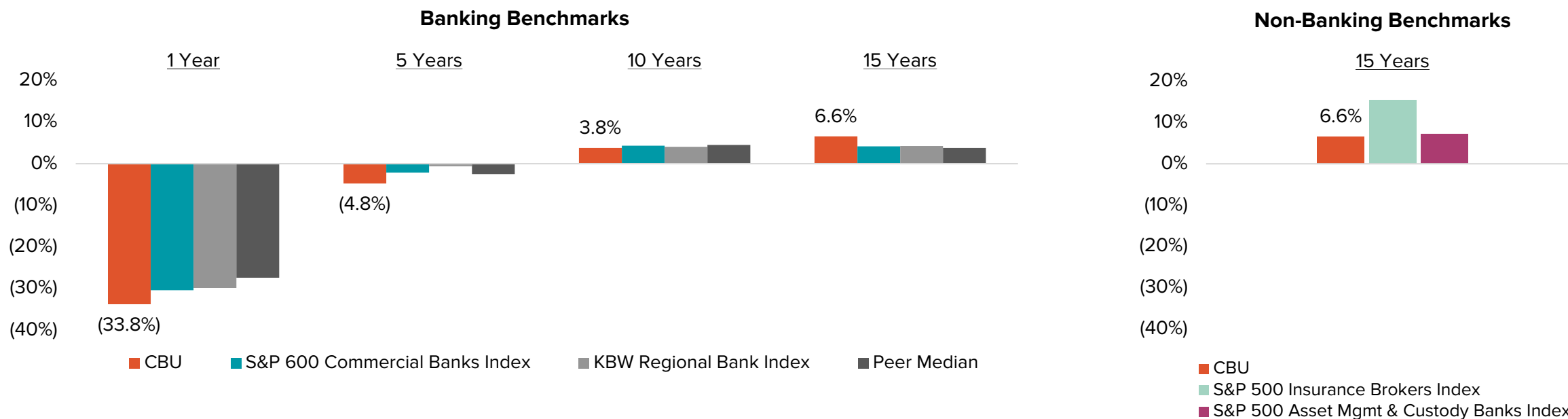


Strong fundamentals with consistent and strong asset quality and high quality, durable revenues



Long-term responsible growth focus

Annualized Total Shareholder Returns¹



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



Creating Excess Value

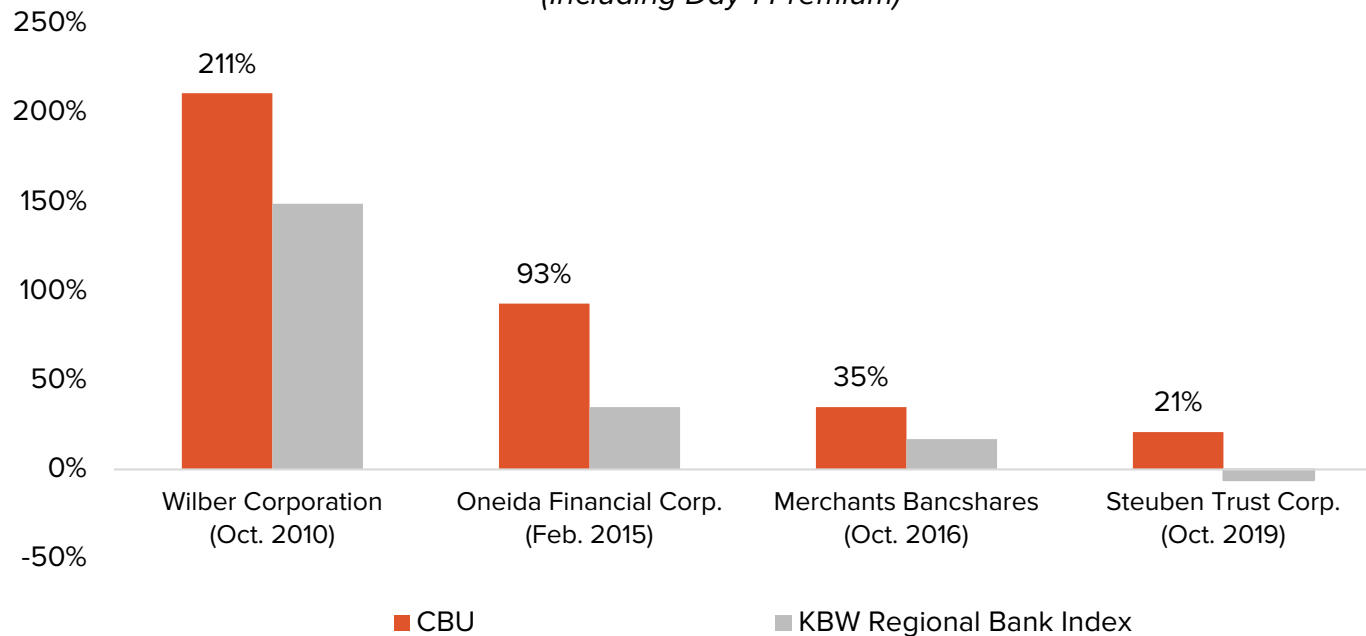
For CBU's Partners and Shareholders



**Longstanding commitment
to growing dividend benefits
for our partners and
shareholders**

Total Shareholder Returns Since Announcement

(Including Day 1 Premium)



205%

dividend increase since Wilber
acquisition announcement

112%

dividend increase since Oneida
acquisition announcement

49%

dividend increase since Merchants
acquisition announcement

26%

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, 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 11 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>



33%

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



Integrity
WE DO THE
RIGHT THING

Excellence
WE ALWAYS
BRING OUR BEST



Teamwork
WE WORK
TOGETHER

Humility
WE RESPECT
EVERYONE

Appendix

Primary Subsidiaries

Banking	Wealth Management	Insurance & Risk Services	Employee Benefit & 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
	Nottingham Trust (Division of Community Bank, N.A.)		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	20,736,236	2,158
Berkshire Hills Bancorp Inc.	BHLB	Boston, MA	12,139,953	879
Eastern Bankshares Inc.	EBC	Boston, MA	21,146,292	2,212
F.N.B. Corp.	FNB	Pittsburgh, PA	45,495,958	3,872
First Busey Corp.	BUSE	Champaign, IL	12,258,250	1,064
First Commonwealth Financial	FCF	Indiana, PA	11,421,988	1,248
First Financial Bancorp.	FFBC	Cincinnati, OH	17,054,852	1,864
First Merchants Corp.	FRME	Muncie, IN	17,996,648	1,652
Fulton Financial Corp.	FULT	Lancaster, PA	27,380,836	1,987
Independent Bank Corp.	INDB	Rockland, MA	19,368,109	2,167
NBT Bancorp Inc.	NBTB	Norwich, NY	13,827,628	1,492
Northwest Bancshares, Inc.	NWBI	Columbus, OH	14,362,201	1,300
Old National Bancorp	ONB	Evansville, IN	49,059,448	4,254
Park National Corp.	PRK	Newark, OH	10,000,914	1,522
Provident Financial Services	PFS	Jersey City, NJ	14,086,825	1,155
Sandy Spring Bancorp Inc.	SASR	Olney, MD	14,135,085	962
United Bankshares Inc.	UBSI	Charleston, WV	29,224,794	3,723
WesBanco Inc.	WSBC	Wheeling, WV	17,344,377	1,450
WSFS Financial Corp.	WSFS	Wilmington, DE	20,040,992	2,217
Minimum			10,000,914	879
Median			17,344,377	1,652
Average			20,372,705	1,957
Maximum			49,059,448	4,254
Community Bank System, Inc.	CBU	De Witt, NY	15,386,322	2,255

¹As of September 30, 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 of 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.
- Net interest margin on a fully tax-equivalent ("FTE") basis, includes an adjustment to net interest income that represents taxes that would have been paid had nontaxable investment securities and loans been taxable. The adjustment attempts to enhance the comparability of the performance of assets that have different tax liabilities.
- 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, loss on sales of investment securities and gain 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.



Equity-to-Assets

Dollars in thousands

	2017	2018	2019	2020	2021	2022	Q3 2023
Total assets							
Total assets (GAAP)	\$10,746,198	\$10,607,295	\$11,410,295	\$13,931,094	\$15,552,657	\$15,835,651	\$15,386,322
Goodwill and other intangible assets, net	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	(902,837)	(901,334)
Deferred taxes on goodwill and other intangible assets, net	48,419	46,370	44,742	44,370	44,160	46,130	44,593
Total tangible assets (non-GAAP)	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	14,978,944	14,529,581
Total common equity							
Shareholders' Equity (GAAP)	\$1,635,315	\$1,713,783	\$1,855,234	\$2,104,107	\$2,100,807	\$1,551,705	\$1,554,939
Goodwill and other intangible assets, net	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	(902,837)	(901,334)
Deferred taxes on goodwill and other intangible assets, net	48,419	46,370	44,742	44,370	44,160	46,130	44,593
Total tangible common equity (non-GAAP)	858,646	952,804	1,063,053	1,301,829	1,280,632	694,998	698,198
Shareholders' equity-to-assets ratio							
Total tangible common equity (GAAP) – numerator	\$1,635,315	\$1,713,783	\$1,855,234	\$2,104,107	\$2,100,807	\$1,551,705	\$1,554,939
Total tangible assets (GAAP) – denominator	10,746,198	10,607,295	11,410,295	13,931,094	15,552,657	15,835,651	15,386,322
Shareholders' equity-to-assets ratio (GAAP)	15.22%	16.16%	16.26%	15.10%	13.51%	9.80%	10.11%
Tangible equity-to-assets ratio							
Total tangible common equity (non-GAAP) – numerator	\$858,646	\$952,804	\$1,063,053	\$1,301,829	\$1,280,632	\$694,998	\$698,198
Total tangible assets (non-GAAP) – denominator	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	14,978,944	14,529,581
Tangible equity-to-assets ratio (non-GAAP)	8.61%	9.68%	10.01%	9.92%	8.69%	4.64%	4.81%



Free Cash Flow

Dollars in thousands, except per share data

	2017	2018	2019	2020	2021	2022	2023 YTD	Q3 2023
Diluted Earnings per Share (GAAP)	\$3.03	\$3.24	\$3.23	\$3.08	\$3.48	\$3.46	\$1.82	\$0.82
Operating Diluted Earnings per Share (non-GAAP)	\$2.64	\$3.23	\$3.29	\$3.24	\$3.49	\$3.58	\$2.60	\$0.82
Net income (GAAP)	\$150,717	\$168,641	\$169,063	\$164,676	\$189,694	\$188,081	\$98,218	\$44,129
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	44	-
Acquisition-related contingent consideration adjustment, net of tax effect	-	-	-	-	157	(232)	849	63
(Gain) loss 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	78	39
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	140,157	44,231
Amortization of intangible assets, net of tax effect	11,936	14,375	12,886	11,425	11,044	11,909	8,615	2,819
Subtotal (non-GAAP)	142,951	182,139	184,943	184,515	201,354	206,804	148,772	47,050
Acquired non-PCD loan accretion, net of tax effect	(4,149)	(6,272)	(4,981)	(4,388)	(3,135)	(3,357)	(2,292)	(747)
Adjusted Net Income (non-GAAP)	138,802	175,867	179,962	180,127	198,219	203,447	146,480	46,303
Cash Dividends Paid	62,305	71,495	80,241	87,131	91,051	93,387	71,048	23,606
Cash Dividend % of Adjusted Net Income	44.9%	40.7%	44.6%	48.4%	45.9%	45.9%	48.5%	51.0%



Return on Assets

Dollars in thousands

	2018	2019	2020	2021	2022	2023 YTD	Q3 2023
Average Total Assets	\$10,665,209	\$11,043,173	\$12,896,499	\$14,835,025	\$15,567,139	\$15,212,471	\$15,123,226
Net income (GAAP)	\$168,641	\$169,063	\$164,676	\$189,694	\$188,081	\$98,218	\$44,129
Return on Assets (GAAP)	1.58%	1.53%	1.28%	1.28%	1.21%	0.86%	1.16%
Operating Net Income (non-GAAP)	167,764	172,057	173,090	190,310	194,895	140,157	44,231
Operating Return on Assets (non-GAAP)	1.57%	1.56%	1.34%	1.28%	1.25%	1.23%	1.16%
Adjusted Net Income (non-GAAP)	175,867	179,962	180,127	198,219	203,447	146,480	46,303
Adjusted Return on Assets (non-GAAP)	1.65%	1.63%	1.40%	1.34%	1.31%	1.29%	1.21%



Net Interest Margin

Dollars in thousands

	2018	2019	2020	2021	2022	2023 YTD	Q3 2023
Net interest margin							
Net interest income	\$345,055	\$359,174	\$368,403	\$374,412	\$420,630	\$328,095	\$107,786
Total average interest-earning assets	9,368,198	9,663,634	11,358,162	13,393,383	14,548,665	14,029,458	13,945,949
Net interest margin (GAAP)	3.68%	3.72%	3.24%	2.80%	2.89%	3.13%	3.07%
Net interest margin (FTE)							
Net interest income	\$345,055	\$359,174	\$368,403	\$374,412	\$420,630	\$328,095	\$107,786
Fully tax-equivalent adjustment	4,345	4,009	3,939	3,393	4,074	3,205	1,034
Full tax-equivalent net interest income	349,400	363,183	372,342	377,805	424,704	331,300	108,820
Total average interest-earning assets	9,368,198	9,663,634	11,358,162	13,393,383	14,548,665	14,029,458	13,945,949
Net interest margin (FTE) (non-GAAP)	3.73%	3.76%	3.28%	2.82%	2.92%	3.16%	3.10%



Operating Revenues

Dollars in thousands

	2018	2019	2020	2021	2022	2023 YTD	Q3 2023
Noninterest revenues/ total revenues (GAAP)							
Noninterest revenues	224,059	230,619	228,419	246,235	258,725	147,065	67,586
Total revenues	569,114	589,793	596,822	620,647	679,355	475,160	175,372
Noninterest revenues/ total revenues (GAAP)	39.4%	39.1%	38.3%	39.7%	38.1%	31.0%	38.5%
Operating revenues (FTE) (non-GAAP)							
Full tax-equivalent net interest income	349,400	363,183	372,342	377,805	424,704	331,300	108,820
Noninterest revenues	224,059	230,619	228,419	246,235	258,725	147,065	67,586
Acquired non-PCD loan accretion	(7,921)	(6,167)	(5,491)	(3,989)	(4,292)	(2,913)	(948)
Unrealized (gain) loss on equity securities	(657)	(19)	6	(17)	44	99	49
(Gain) loss on sales of investment securities	-	(4,882)	-	-	-	52,329	-
Loss (gain) on debt extinguishment	318	-	(421)	-	-	(242)	-
Operating revenues (FTE) (non-GAAP)	565,199	582,735	594,855	620,034	679,181	527,638	175,507
Noninterest revenues/ operating revenues (FTE) (non-GAAP)							
Noninterest revenues ¹	224,059	225,718	228,004	246,218	258,769	199,251	67,586
Operating revenues (FTE) (non-GAAP)	565,199	582,735	594,855	620,034	679,181	527,638	175,507
Noninterest revenues¹/ operating revenues (FTE) (non-GAAP)	39.6%	38.7%	38.3%	39.7%	38.1%	37.8%	38.5%

¹For purposes of this ratio noninterest revenues excludes loss on sales of investment securities, gain on debt extinguishment and unrealized loss on equity securities.



Pre-tax, Pre-provision Components

Dollars in thousands, except per share data

	2023 YTD	2022 YTD	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Pre-tax, pre-provision net revenue							
Net income (GAAP)	\$98,218	\$135,551	\$48,691	\$52,530	\$5,798	\$48,291	\$44,129
Income taxes	26,218	37,454	13,706	14,779	1,175	13,182	11,861
Income before income taxes	124,436	173,005	62,397	67,309	6,973	61,473	55,990
Provision for credit losses	7,130	12,005	5,061	2,768	3,500	752	2,878
Pre-tax, pre-provision net revenue (non-GAAP)	131,566	185,010	67,458	70,077	10,473	62,225	58,868
Acquisition expenses	56	4,668	409	353	57	(1)	-
Acquisition-related contingent consideration adjustment	1,080	400	-	(700)	-	1,000	80
Loss on sales of investment securities	52,329	-	-	-	52,329	-	-
Unrealized loss on equity securities	99	24	4	20	-	50	49
Gain on debt extinguishment	(242)	-	-	-	(242)	-	-
Adjusted pre-tax, pre-provision net revenue (non-GAAP)	\$184,888	\$190,102	\$67,871	\$69,750	\$62,617	\$63,274	\$58,997
Pre-tax, pre-provision net revenue per share							
Diluted earnings per share (GAAP)	\$1.82	\$2.49	\$0.90	\$0.97	\$0.11	\$0.89	\$0.82
Income taxes	0.48	0.69	0.25	0.27	0.02	0.25	0.22
Income before income taxes	2.30	3.18	1.15	1.24	0.13	1.14	1.04
Provision for credit losses	0.13	0.22	0.10	0.06	0.07	0.01	0.06
Pre-tax, pre-provision net revenue per share (non-GAAP)	2.43	3.40	1.25	1.30	0.20	1.15	1.10
Acquisition expenses	-	0.08	-	-	-	-	-
Acquisition-related contingent consideration adjustment	0.02	0.01	-	(0.01)	-	0.02	-
Loss on sales of investment securities	0.97	-	-	-	0.96	-	-
Unrealized loss on equity securities	-	-	-	-	-	-	-
Gain on debt extinguishment	-	-	-	-	-	-	-
Adjusted pre-tax, pre-provision net revenue per share (non-GAAP)	\$3.42	\$3.49	\$1.25	\$1.29	\$1.16	\$1.17	\$1.10



Thank you!

INVESTOR RELATIONS CONTACT

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