



Community
FINANCIAL SYSTEM, INC.






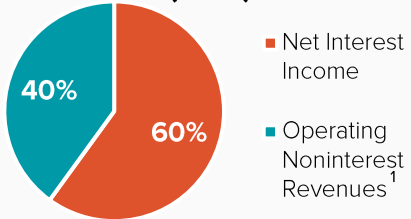

Investment Thesis

COMMUNITY FINANCIAL SYSTEM, INC. | NYSE: CBU

NOVEMBER 2024

About CBU

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

		Banking	Employee Benefit Services	Insurance Services	Wealth Management Services
					
<p>Operating Revenue Mix (TTM)</p>  <ul style="list-style-type: none"> Net Interest Income Operating Noninterest Revenues¹ 		<ul style="list-style-type: none"> Large bank capabilities with local service Strong market share 	<ul style="list-style-type: none"> Retirement Plan & Benefits Administration Actuarial & Pension Services Public-Sector Benefits & VEBA Health & Welfare Plans Collective Investment Fund 	<ul style="list-style-type: none"> Top 66 Insurance Broker in the U.S. P&C, Benefits, HR Consulting Offices in NY, PA, MA, FL and SC 	<ul style="list-style-type: none"> Investment & Insurance Services Trust Services Asset Management Retirement Plan Consulting Financial Planning Outsourced Partner Solutions
TTM Operating Revenue¹ 3-Yr Operating Revenue^{1,2} CAGR (TTM basis)	<p>\$726.4M total revenues</p>	<p>\$511.4M operating revenues²</p>	<p>\$133.3M operating revenues²</p>	<p>\$49.9M operating revenues²</p>	<p>\$36.6M operating revenues²</p>
	<p>5.9%</p>	<p>5.5%</p>	<p>5.6%</p>	<p>14.4%</p>	<p>3.0%</p>

¹ Operating revenue is a non-GAAP measure. Please see Appendix for details.

² Segment-level operating revenue results. Segment results include certain intercompany transactions that are eliminated in consolidation to Community Financial System, Inc. Segment-level operating results are presented utilizing methodology consistent with the Company's Segment Information disclosure in its Quarterly Report on Form 10-Q for the periods ended September 30, 2024 in accordance with Accounting Standards Codification 280: Segment Reporting.

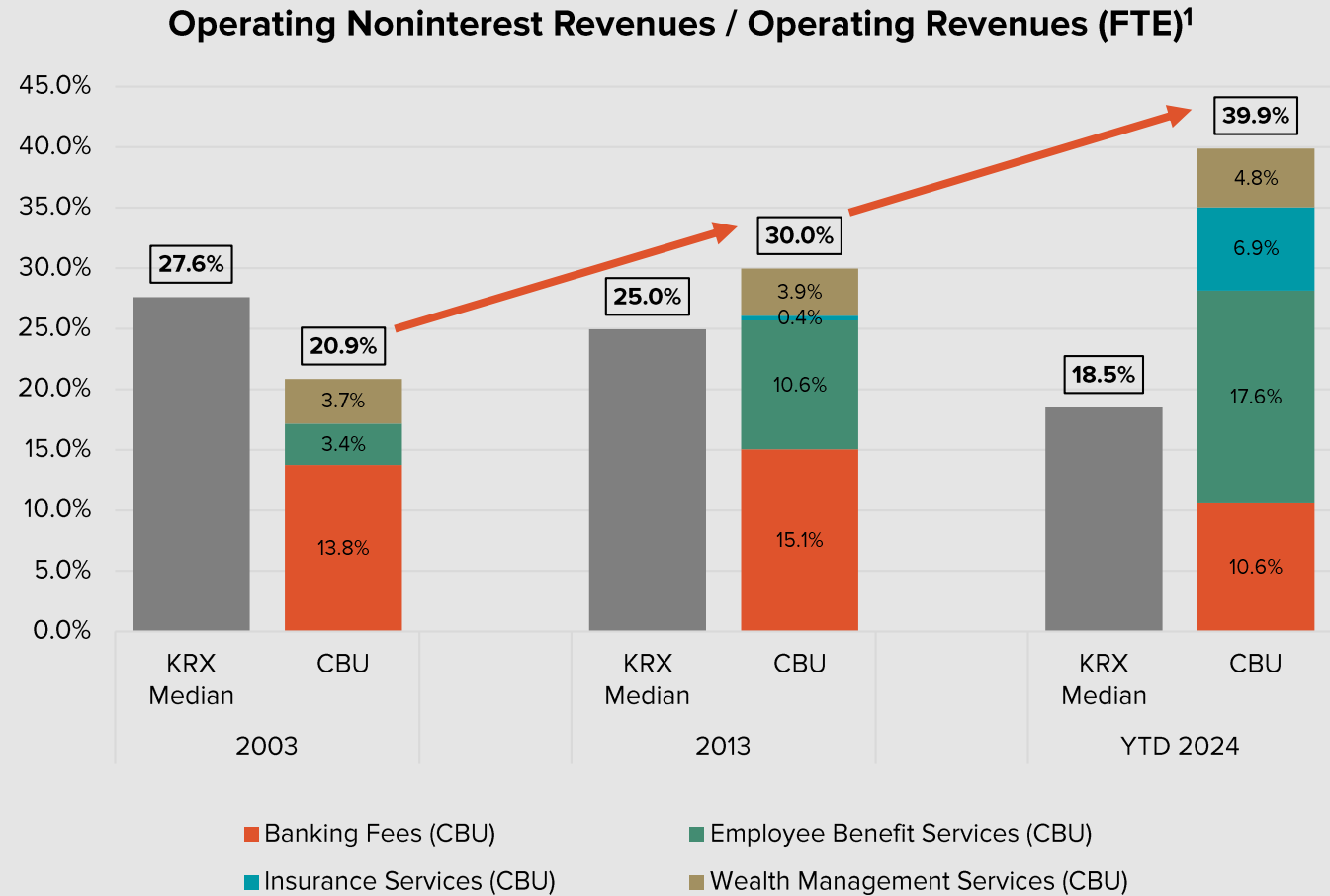
Trailing twelve months ("TTM") and year to date ("YTD") figures used throughout this presentation refer to the period ending 9/30/2024 unless otherwise noted.



Our Evolution Into a Diversified Financial Company

YTD 2024 operating noninterest revenues were 40% of total operating revenues¹

- Top decile fee income performer²
- Longstanding focus on growing high quality, recurring noninterest revenues reduces revenue volatility
- 73% of CBU's YTD 2024 operating noninterest revenues¹ derived from its financial services businesses
 - Providing important revenue diversification with lower capital intensity and higher ROA
 - Higher multiple businesses that support overall CBU return and valuation advantage



² Ranked in the top decile for noninterest revenue as a percentage of operating revenue among nationwide public banks with assets between \$10 and \$50 billion on a TTM basis

¹ Operating noninterest revenues and operating revenues (FTE) are non-GAAP measures. Please see Appendix for details. KRX peer group used throughout this presentation can be found in the Appendix.



Our Investment Thesis:

Above Average Returns with Below Average Risk



Below Average Risk

Manage Risk & Earnings Volatility through:

- Revenue Diversity & Stability
- Cost of Funds Management
- Credit & Net Charge-off Management
- Risk-Weighted Asset Management



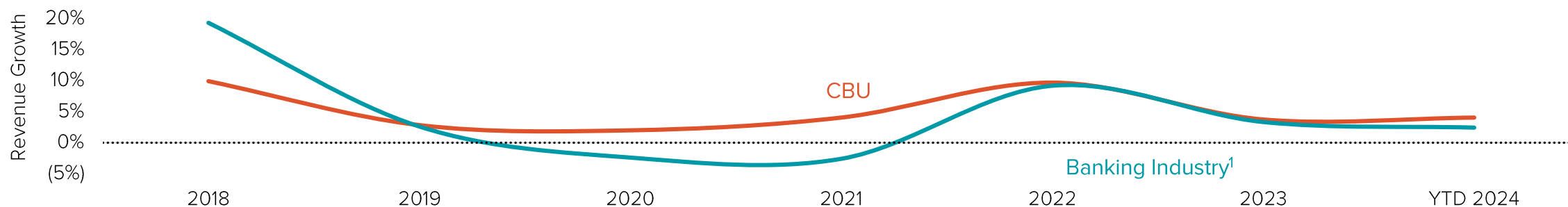
Above Average Returns

Provide Solid Earnings & Shareholder Return:

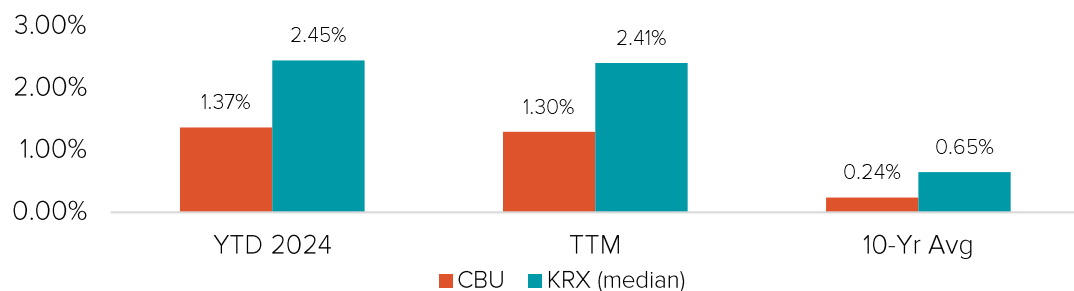
- Premium Return on Assets
- Long-term Shareholder Value & Return

Below Average Risk

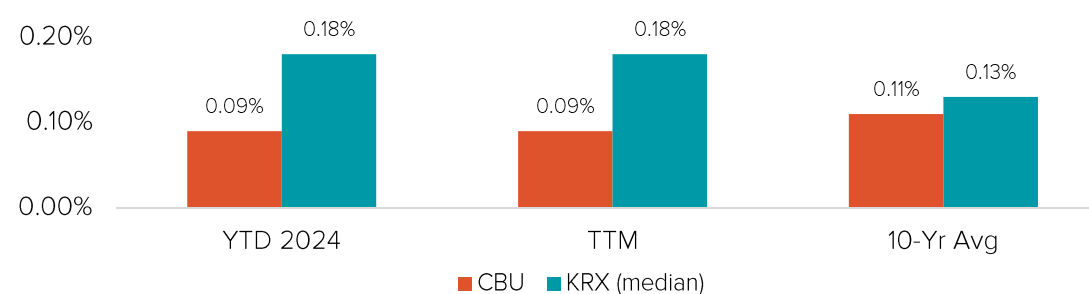
Revenue Growth Stability



Cost of Funds



Net Charge-off Ratio



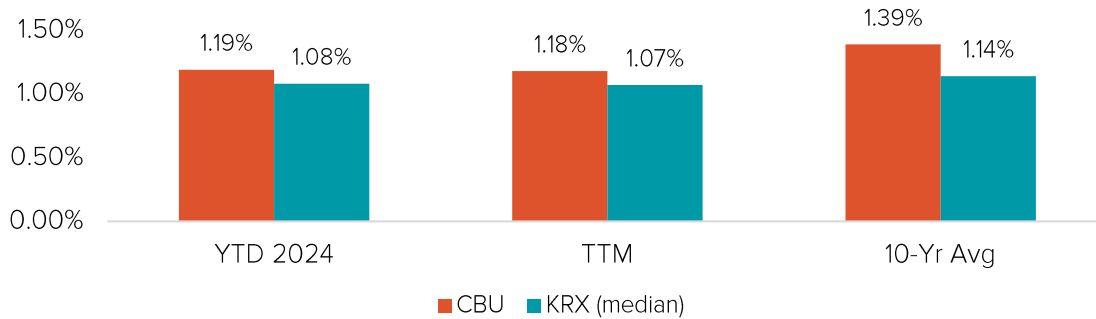
Sources: S&P Global, Internal filings

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

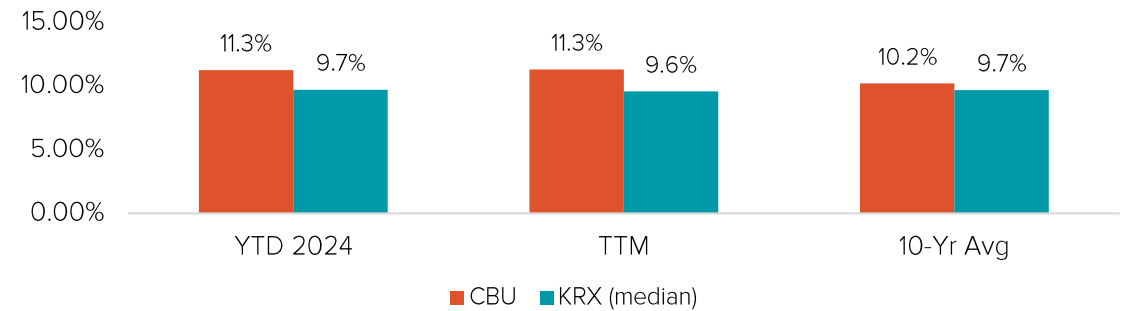


Above Average Returns

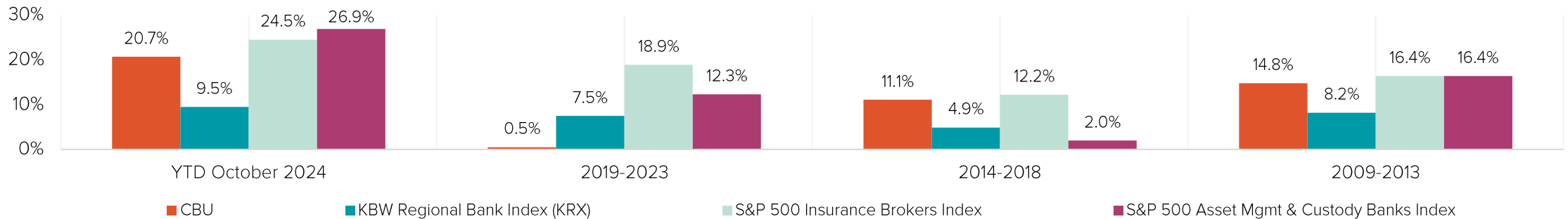
Core Return on Assets¹



Core Return on Equity¹



Total Shareholder Return²



Sources: S&P Global, Internal filings

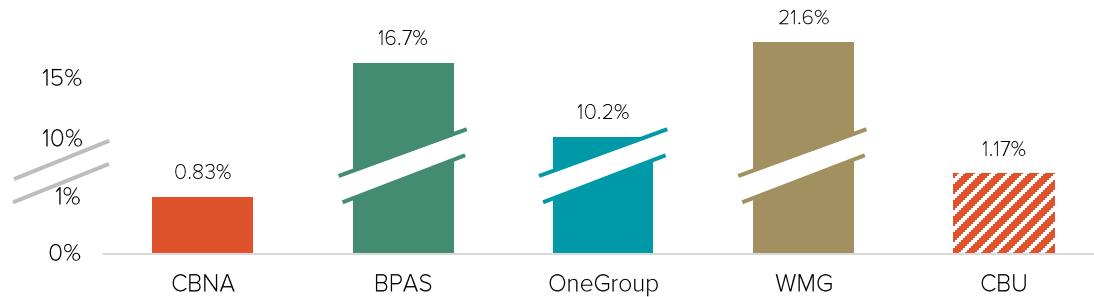
¹ Core income, a non-GAAP measure, is net income after taxes and before extraordinary items, less net income attributable to noncontrolling interest, gain or loss on the sale of securities, amortization of intangibles, goodwill and nonrecurring items. Core ROA is defined as core income divided by average period assets; annualized. Core ROE is defined as core income divided by average period equity; annualized.

² Total returns for periods noted; include reinvestment of dividends

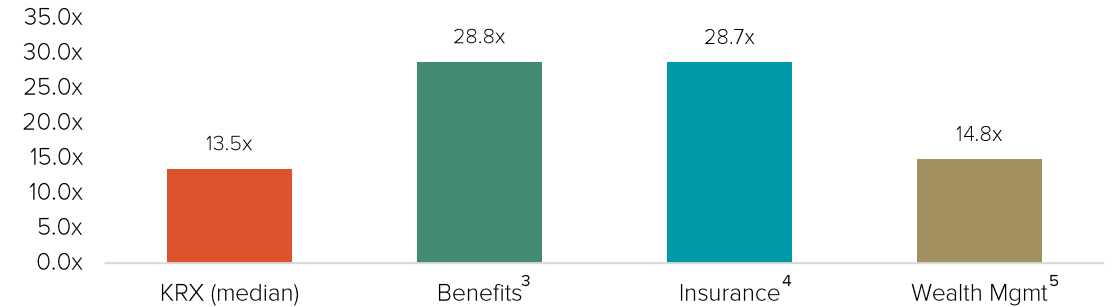


Our System Produces Premium Results

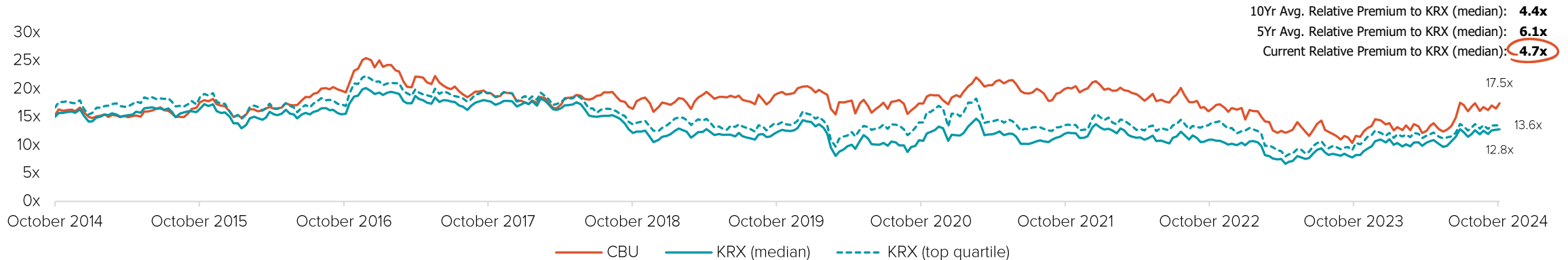
Operating Return on Assets (“ROA”)¹



Peer Valuation (Price/ TTM EPS)¹



CBU Valuation (Price/ TTM Core² EPS)



CBU valuation analysis current as of 10/31/2024

Sources: S&P Global, Internal filings

¹ TTM results. Operating ROA is a non-GAAP measure. Please see Appendix for details.

² Core income, a non-GAAP measure, 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.

³ Median multiple among the following publicly traded firms: ADP, BR, HQY, PAYX, SEIC, SSNC

⁴ Median multiple among the following publicly traded insurance brokers: AJG, AON, BRO, MMC

⁵ Median multiple among the following publicly traded firms: AMG, AMK, ENV, LPLA, RJF, SF





Community
FINANCIAL SYSTEM, INC.

Appendix

COMMUNITY FINANCIAL SYSTEM, INC. | NYSE: CBU

NOVEMBER 2024

KRX Peer Group

Peer Company Name	Ticker	Location	Total Assets ¹
Flagstar Financial, Inc.	FLG	Hicksville, NY	\$114,367
Webster Financial Corporation	WBS	Stamford, CT	\$79,454
Popular, Inc.	BPOP	Hato Rey, PR	\$71,323
Wintrust Financial Corporation	WTFC	Rosemont, IL	\$63,788
Valley National Bancorp	VLY	Morristown, NJ	\$62,092
Synovus Financial Corp.	SNV	Columbus, GA	\$59,590
Old National Bancorp	ONB	Evansville, IN	\$53,602
Columbia Banking System, Inc.	COLB	Tacoma, WA	\$51,909
Cullen/Frost Bankers, Inc.	CFR	San Antonio, TX	\$51,008
Pinnacle Financial Partners, Inc.	PNFP	Nashville, TN	\$50,702
BOK Financial Corporation	BOKF	Tulsa, OK	\$50,082
Cadence Bank	CADE	Tupelo, MS	\$49,205
F.N.B. Corporation	FNB	Pittsburgh, PA	\$47,976
UMB Financial Corporation	UMBF	Kansas City, MO	\$47,496
SouthState Corporation	SSB	Winter Haven, FL	\$46,083
Associated Banc-Corp	ASB	Green Bay, WI	\$42,211
Prosperity Bancshares, Inc.	PB	Houston, TX	\$40,115
Bank OZK	OZK	Little Rock, AR	\$37,442
BankUnited, Inc.	BKU	Miami Lakes, FL	\$35,785
Hancock Whitney Corporation	HWC	Gulfport, MS	\$35,238
Banc of California, Inc.	BANC	Los Angeles, CA	\$33,433
Fulton Financial Corporation	FULT	Lancaster, PA	\$32,186
Texas Capital Bancshares, Inc.	TCBI	Dallas, TX	\$31,629
Commerce Bancshares, Inc.	CBSH	Kansas City, MO	\$31,494
United Bankshares, Inc.	UBSI	Charleston, WV	\$29,863

Peer Company Name	Ticker	Location	Total Assets ¹
First Interstate BancSystem, Inc.	FIBK	Billings, MT	\$29,596
Glacier Bancorp, Inc.	GBCI	Kalispell, MT	\$28,206
WaFd, Inc.	WAFD	Seattle, WA	\$28,060
United Community Banks, Inc.	UCB	Blairsville, GA	\$27,373
Simmons First National Corporation	SFNC	Pine Bluff, AR	\$27,269
Ameris Bancorp	ABCB	Atlanta, GA	\$26,400
Eastern Bankshares, Inc.	EBC	Boston, MA	\$25,507
Atlantic Union Bankshares Corporation	AUB	Glen Allen, VA	\$24,804
Provident Financial Services, Inc.	PFS	Jersey City, NJ	\$24,043
Bank of Hawaii Corporation	BOH	Honolulu, HI	\$23,799
First Hawaiian, Inc.	FHB	Honolulu, HI	\$23,780
Cathay General Bancorp	CATY	Los Angeles, CA	\$23,274
Home Bancshares, Inc. (Conway, AR)	HOMB	Conway, AR	\$22,823
WSFS Financial Corporation	WSFS	Wilmington, DE	\$20,905
Independent Bank Corp.	INDB	Rockland, MA	\$19,408
First BanCorp.	FBP	San Juan, PR	\$18,859
Trustmark Corporation	TRMK	Jackson, MS	\$18,480
First Financial Bancorp.	FFBC	Cincinnati, OH	\$18,146
Pacific Premier Bancorp, Inc.	PPBI	Irvine, CA	\$17,910
Hope Bancorp, Inc.	HOPE	Los Angeles, CA	\$17,354
Community Financial System, Inc.	CBU	Dewitt, NY	\$16,405
CVB Financial Corp.	CVBF	Ontario, CA	\$15,403
First Financial Bankshares, Inc.	FFIN	Abilene, TX	\$13,583
First Commonwealth Financial Corporation	FCF	Indiana, PA	\$11,983
Brookline Bancorp, Inc.	BRKL	Boston, MA	\$11,677

¹\$ in millions, as of September 30, 2024



Reconciliation of GAAP and Non-GAAP

Community Financial System, Inc.'s (the "Company") 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 help investors and analysts measure underlying core performance and improves comparability to other organizations that have not engaged in acquisitions or restructuring activities. 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 and tangible book value per share are non-GAAP financial measures which the Company'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 in time.
- 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.
- Operating earnings, operating revenues, operating revenues (FTE), operating noninterest revenues and operating noninterest expenses are non-GAAP financial measures which the Company believes investors may find useful in their analysis to better reflect core performance and enhance comparability to both banking and non-banking organizations. Operating earnings is calculated by excluding the 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, amortization of intangible assets, gain (loss) on debt extinguishment, acquisition-related provision for credit losses, restructuring expenses and litigation accrual expenses from net income. Operating revenues is calculated by excluding unrealized gain (loss) on equity securities, gain (loss) on sales of investment securities and the gain (loss) on debt extinguishment from total revenues. Operating revenues (FTE) is calculated by adding the fully tax-equivalent (FTE) adjustment that is applied to net interest income to operating revenues. Operating noninterest revenues is calculated by excluding unrealized gain (loss) on equity securities, gain (loss) on sales of investment securities and the gain (loss) on debt extinguishment from total noninterest revenues. Operating noninterest expenses is calculated by excluding acquisition expenses, acquisition-related contingent consideration adjustment, amortization of intangible assets, restructuring expenses and litigation accrual expenses from noninterest expenses.
- Operating pre-tax, pre-provision net revenue, 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, gain on debt extinguishment, amortization of intangible assets, restructuring expenses, and litigation accrual from income before income taxes. 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 or restructuring activities.



Operating ROA

Dollars in thousands

	2019	2020	2021	2022	2023	2024 YTD	Q3 2024
Average total assets	\$11,043,173	\$12,896,499	\$14,835,025	\$15,567,139	\$15,242,884	\$15,787,920	\$16,058,219
Net income (GAAP)	\$169,063	\$164,676	\$189,694	\$188,081	\$131,924	\$88,787	\$43,901
Return on assets (GAAP)	1.53%	1.28%	1.28%	1.21%	0.87%	1.13%	1.09%
Operating net income (non-GAAP)	\$184,943	\$184,515	\$201,354	\$206,791	\$192,716	\$94,284	\$46,636
Operating return on assets (non-GAAP)	1.67%	1.43%	1.36%	1.33%	1.26%	1.20%	1.16%



Operating Revenues

Dollars in thousands

	2003	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD	Q3 2024
Operating noninterest revenues (non-GAAP)														
Noninterest revenues (GAAP)	\$35,231	\$102,180	\$119,020	\$123,299	\$155,625	\$202,423	\$224,059	\$230,619	\$228,419	\$246,235	\$258,725	\$214,834	\$220,872	\$76,197
Unrealized (gain) loss on equity securities	-	-	-	-	-	-	(657)	(19)	6	(17)	44	47	(984)	(101)
Loss (gain) on sales of investment securities	53	(80,768)	-	4	-	(2)	-	(4,882)	-	-	-	52,329	487	255
Loss (gain) on debt extinguishment	2,645	87,336	-	-	-	-	318	-	(421)	-	-	(242)	-	-
Operating noninterest revenues (non-GAAP)	\$37,929	\$108,748	\$119,020	\$123,303	\$155,625	\$202,421	\$223,720	\$225,718	\$228,004	\$246,218	\$258,769	\$266,968	\$220,375	\$76,351
Operating revenues (FTE) (non-GAAP)														
Net interest income (GAAP)	131,828	238,094	244,428	248,420	273,896	315,675	345,055	359,175	368,403	374,412	420,630	437,285	329,144	112,745
Noninterest revenues (GAAP)	35,231	102,180	119,020	123,299	155,625	202,423	224,059	230,619	228,419	246,235	258,725	214,834	220,872	76,197
Total revenues (GAAP)	167,059	340,274	363,448	371,719	429,521	518,098	569,114	589,794	596,822	620,647	679,355	652,119	550,016	188,942
Unrealized (gain) loss on equity securities	-	-	-	-	-	-	(657)	(19)	6	(17)	44	47	(984)	(101)
Loss (gain) on sales of investment securities	53	(80,768)	-	4	-	(2)	-	(4,882)	-	-	-	52,329	487	255
Loss (gain) on debt extinguishment	2,645	87,336	-	-	-	-	318	-	(421)	-	-	(242)	-	-
Operating revenues (non-GAAP)	169,757	346,842	363,448	371,723	429,521	518,096	568,775	584,893	596,407	620,630	679,399	704,253	549,519	189,096
Fully tax-equivalent adjustment (non-GAAP)	12,091	15,060	15,533	12,404	9,961	9,415	4,345	4,009	3,939	3,393	4,074	4,242	2,839	872
Operating revenues (FTE) (non-GAAP)	\$181,848	\$361,902	\$378,981	\$384,127	\$439,482	\$527,511	\$573,120	\$588,902	\$600,346	\$624,023	\$683,473	\$708,495	\$552,358	\$189,968
Noninterest revenues/ total revenues (GAAP)														
Noninterest revenues (GAAP)	\$35,231	\$102,180	\$119,020	\$123,299	\$155,625	\$202,423	\$224,059	\$230,619	\$228,419	\$246,235	\$258,725	\$214,834	\$220,872	\$76,197
Total revenues (GAAP)	167,059	340,274	363,448	371,719	429,521	518,098	569,114	589,794	596,822	620,647	679,355	652,119	550,016	188,942
Noninterest revenues/ total revenues (GAAP)	21.1%	30.0%	32.7%	33.2%	36.2%	39.1%	39.4%	39.1%	38.3%	39.7%	38.1%	32.9%	40.2%	40.3%
Operating noninterest revenues/ operating revenues (FTE) (non-GAAP)														
Operating noninterest revenues (non-GAAP)	\$37,929	\$108,748	\$119,020	\$123,303	\$155,625	\$202,421	\$223,720	\$225,718	\$228,004	\$246,218	\$258,769	\$266,968	\$220,375	\$76,351
Operating revenues (FTE) (non-GAAP)	181,848	361,902	378,981	384,127	439,482	527,511	573,120	588,902	600,346	624,023	683,473	708,495	552,358	189,968
Operating noninterest revenues/ operating revenues (FTE) (non-GAAP)	20.9%	30.0%	31.4%	32.1%	35.4%	38.4%	39.0%	38.3%	38.0%	39.5%	37.9%	37.7%	39.9%	40.2%



Core Results

Dollars in thousands, except per share data

	2019	2020	2021	2022	2023	2024 YTD	Q3 2024
Net income (GAAP)	\$169,063	\$164,676	\$189,694	\$188,081	\$131,924	\$132,688	\$43,901
Acquisition expenses, net of statutory tax effect ¹	6,801	3,897	554	3,966	50	162	52
Acquisition-related contingent consideration adjustments, net of statutory tax effect ¹	-	-	158	(237)	2,591	(123)	(123)
(Gain) loss on sales of investments, net of statutory tax effect ¹	(3,857)	-	-	-	41,340	385	201
Unrealized (gain) loss on equity securities, net of statutory tax effect ¹	(15)	5	(13)	35	37	(777)	(80)
Restructuring expenses, net of statutory tax effect ¹	-	-	-	-	919	-	-
Litigation accrual, net of statutory tax effect ¹	-	2,330	(79)	-	4,582	174	81
Amortization of intangible assets, net of statutory tax effect ¹	12,605	11,295	11,100	12,019	11,464	8,549	2,662
FDIC special assessment, net of statutory tax effect ¹	-	-	-	-	1,184	237	-
Core income (non-GAAP)	\$184,597	\$182,203	\$201,414	\$203,864	\$194,091	\$141,295	\$46,694

	2019	2020	2021	2022	2023	2024 YTD	Q3 2024
Core income (non-GAAP)	\$184,597	\$182,203	\$201,414	\$203,864	\$194,091	\$141,295	\$46,694
Average total assets (GAAP)	11,043,173	12,896,499	14,835,025	15,567,139	15,242,884	15,878,678	16,058,219
Core ROAA (non-GAAP)	1.67%	1.41%	1.36%	1.31%	1.27%	1.19%	1.16%

	2019	2020	2021	2022	2023	2024 YTD	Q3 2024
Core income (non-GAAP)	\$184,597	\$182,203	\$201,414	\$203,864	\$194,091	\$141,295	\$46,694
Average shareholders' equity (GAAP)	1,794,717	2,026,669	2,064,105	1,733,521	1,595,724	1,675,086	1,709,791
Core ROAE (non-GAAP)	10.3%	9.0%	9.8%	11.8%	12.2%	11.3%	10.9%

¹ 21% statutory tax rate used

