



Community
FINANCIAL SYSTEM, INC.

Diversified Growth. PROVEN HISTORY.

2024
ANNUAL
REPORT



Community Financial System, Inc.

ABOUT US

Community Financial System, Inc. (CFSI) is a diversified financial services enterprise that is focused on four main business lines – banking, employee benefit services, insurance services and wealth management services.

Its banking subsidiary, **Community Bank, N.A.** is among the country's 100 largest banking institutions with over \$16 billion in assets and operates approximately 200 customer facilities across Upstate New York, Northeastern Pennsylvania, Vermont, and Western Massachusetts.

The Company's **Benefit Plans Administrative Services, Inc. (BPAS)** subsidiary is a leading provider of employee benefits administration, trust services, collective investment fund administration, and actuarial consulting services to customers on a national scale.

The Company's **OneGroup NY, Inc. (OneGroup)** subsidiary offers personal and commercial and other risk management products and services.

The Company also offers comprehensive financial planning, trust administration and wealth management services through its **Wealth Management** operating unit.

The Company is listed on the New York Stock Exchange and the Company's stock trades under the symbol **CBU**.

Businesses



BANKING SERVICES



INSURANCE SERVICES



WEALTH MANAGEMENT SERVICES



EMPLOYEE BENEFIT SERVICES

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Diversified Growth

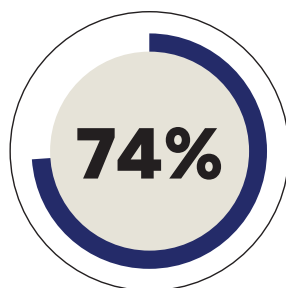
TO OUR SHAREHOLDERS AND EMPLOYEES,

I stepped into the President & CEO role on January 1, 2024 after a smooth transition and with as much preparation as possible.

With the benefit of a year behind me, I have come to appreciate that the gamut of things that come across my desk is truly fascinating and hard to truly prepare for. With that said, I often tend to reset back to my big “To Dos” below:

VISION AND STRATEGY

This past September we hosted an Investor Day at the New York Stock Exchange. We talked a lot about the evolution of our Company into a Financial System, not just a Bank System (and changed our holding company name accordingly). We have now formally organized ourselves around our four wonderful businesses – Banking, Insurance Services, Wealth Management Services and Employee Benefit Services. Here is why this is important to all of us as shareholders – for various reasons outside of our control, the banking sector has underperformed the S&P 500 for the majority of the past 20 years. Financial services more broadly have done better, and certain subsegments of the financials sector have done really well – including insurance brokerage, wealth management, and processing/services related businesses. We deeply love our Banking business, it is the backbone of our Company and we take pride both in its performance and in its impact on our communities. We also feel very fortunate that we have approximately one third of our total revenues coming from sectors that have been outperforming. I don’t know how things may change going forward but we are in the business of permanence, and permanence is hard to build if you have only one leg on your stool and it goes in and out of favor by the markets. By both



**2024 operating
noninterest revenues¹
derived from its financial
services businesses.**

¹ Operating noninterest revenues is a non-GAAP measure. A reconciliation of GAAP to Non-GAAP measures is provided in Item 7, Table 20 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

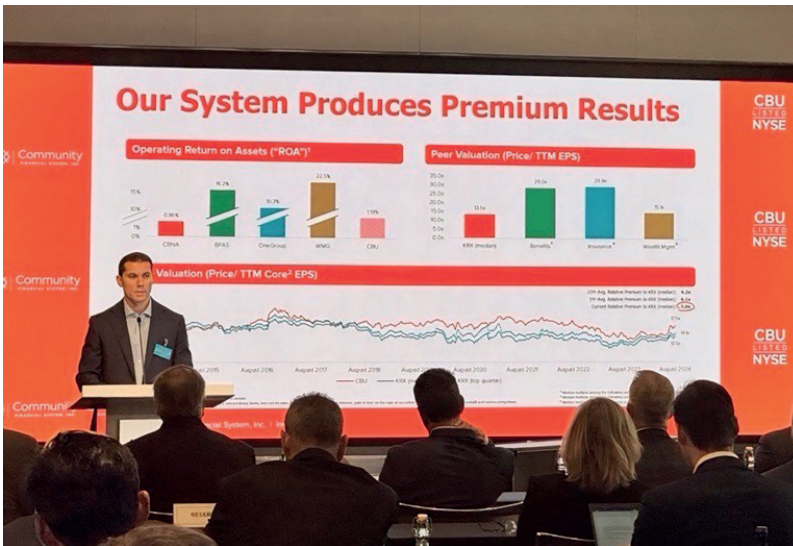


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In 2024, we reinforced our vision as a diversified financial system, balancing growth, stability, and long-term value creation. By investing in our people, expanding our services, and maintaining disciplined capital allocation, we continued to build a company designed for permanence. As we move into 2025, our focus remains on delivering sustainable growth, strengthening our communities, and driving above average returns with below average risk.

Dimitar A. Karaivanov
President and CEO,
Community Financial System, Inc.

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design and good fortune our evolution has been almost the opposite of the broader banking sector and today approximately 40% of our revenues come from stable, subscription-like fee income streams as compared to less than 19% for the broader banking sector.

I would encourage all of you interested to review the recording of the Investor Day for a deeper look. You can really see the permanence in each one of our businesses evidenced in the consistent, steady, revenue growth in each line and overall revenue growth regardless of the ups and downs of the business cycle. To put it simply – our vision and strategy is to keep growing a diversified financial services company, maintain a low volatility profile and provide for sustainable growth in earnings and dividends.

PUTTING THE RIGHT PEOPLE IN THE RIGHT SEATS

Execution of the strategy comes down to one thing – people. The strategy piece is frankly easy, it is the execution that makes the difference. People is the first pillar of our overall strategic plan which the Board approved back in October 2023 (Data, Business Mix and Excellence being the other three pillars) and we have been executing well against the plan. In 2024 we both elevated excellent internal talent and attracted terrific external talent across all of our businesses. I keep a close eye to the healthy mix of internal and external talent additions and I could not be more excited about watching them grow our Company over the next years to come.

CAPITAL ALLOCATION

Arguably one of the most important jobs of any steward of capital and certainly the most immediately visible to our shareholders. Here is the framework you can expect from us going forward:

- Organic growth** – for our Company this comes in two forms: 1. Expanding our services footprint across all four of our businesses – e.g. launching new services and products, hiring talent, opening new offices – predominantly reflected in income statement expenses which generally will be a drag for the first couple of years, followed by highly attractive returns in subsequent periods, and 2. Supporting the balance sheet growth of our Banking business which also generates attractive, double digit returns. In 2024, we invested approximately \$70 million in these initiatives.
- Acquisitions across all of our businesses** – we have a long history of acquisitions in each one of our four businesses and a deep understanding of what works for us and what doesn't. We are constantly looking for opportunities to generate double digit and growing return on invested capital with limited downside in highly durable operations. We also have a strong bias towards utilizing cash in acquisitions – we generate cash capital and are in the business of cash capital deployment, not share issuances. We also love our Company and our share ownership and would rather trade an asset that doesn't intrinsically appreciate for a business that does. When in doubt I tend to stick to the basics – more income and less shares seems like a good basic. In 2024, we invested approximately \$20 million in cash acquisitions in our Employee Benefit Services and Insurance Services businesses.
- Dividends** – a critical part of our overall shareholder return and the best example of the permanence of our Company. We have now grown our dividend for 32 consecutive years, a rare feat in the public company space. In 2024, we returned \$96 million in dividends to our shareholders.



Scan to visit
Community Financial System, Inc.
Investor Day 2024

Our Core Values



Integrity

We Do the Right Thing



Excellence

We Always Bring Our Best



Teamwork

We Work Together



Humility

We Respect Everyone

#1 in nonbanking fees/
revenue amongst KRX ^{1,2,3}

#2 in fees/revenue
amongst KRX ^{1,3}

#1 in cost of funds
amongst KRX ^{1,3}

#2 (tied) in consecutive annual
dividend increases amongst KRX ³

1 Full Year 2024 results.

2 Regulatory income statement basis. Non-bank revenue includes fiduciary, investment banking, insurance and other noninterest income to capture employee benefit services revenue.

3 The KRX Regional Banking Index (KRX) is a market index that tracks the performance of 50 publicly traded banks and thrifts in the U.S.

d. **Share repurchases** – a wise CFO of a very successful bank in the Southeast told me once “we don’t get paid 18x earnings to buy back shares” and I couldn’t agree more. With that said, there are times when the market noise overwhelms intrinsic value and we took advantage of an excellent opportunity in 2024 to buy back 1,000,000 shares for approximately \$46 million. We will continue to pay close attention to such market disruptions.

CULTURE AND VALUES

A big part of my job is to be Chief Evangelist of our values – Integrity, Excellence, Teamwork, and Humility. As a shareholder you should know that those are non-negotiable in our Company and our approximately 3,000 employees are expected to build on them one interaction at a time. In 2024, we also formalized our collective purpose – “Contribute to the prosperity of our Community, including our clients, colleagues and shareholders.” We do that by consistently: 1. Providing warm, trustworthy, and personalized service to our clients; 2. Serving each other with respect; 3. Building a strong community through our local focus, care and volunteerism; 4. Allowing our core values of Integrity, Excellence, Teamwork and Humility to guide us in our everyday work, and 5. Delivering Above Average Returns to our shareholders while managing Below Average Risk to ensure our long-term success. I am humbled to report that our Banking business was acknowledged by the American Bankers Community Foundation with their Volunteerism award – our employees spent more than 15,000 hours of volunteering in both 2023 and 2024.

A couple of brief reflections on our business results. In short, we had an excellent year. Revenue growth in our businesses were 4% in Banking and

Corporate, 12% in Employee Benefit Services, 7% in Insurance Services and 15% in Wealth Management Services. Combined, operating revenues were up 6%. We gained market share while managing operating noninterest expenses to a 5% increase. This led to overall operating pre-tax pre-provision net revenue growth of 7% over 2023. However, bottom line results were impacted by an increase in our allowance for credit losses (of importance credit quality remains very strong and net charge offs were approximately half of peer levels) and also an uptick in the tax rate. Following this letter, you will find more detailed reports for each of the businesses. In aggregate, while the accounting adjustments and assumptions come and go, I would say that any year that we can grow operating revenues at a high single digit rate while keeping credit risk low is an excellent year. Onto 2025!

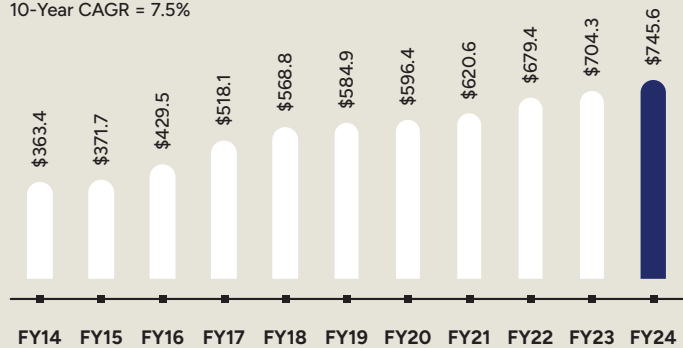
Dimitar A. Karaivanov

*President and CEO,
Community Financial System, Inc.*

Performance Highlights

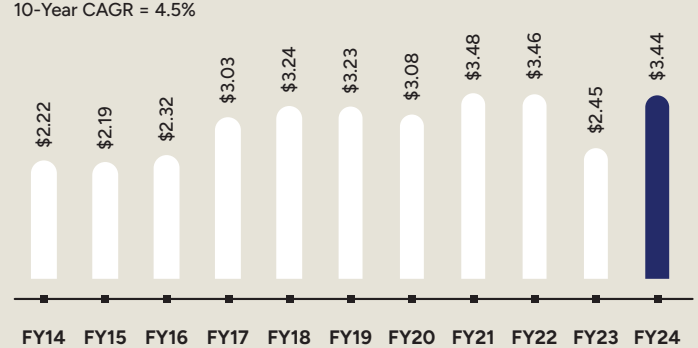
Total Operating Revenues¹ \$ in Millions

10-Year CAGR = 7.5%



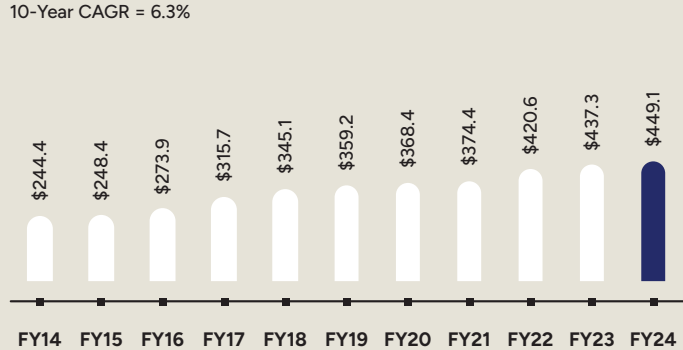
Earnings per Share Diluted

10-Year CAGR = 4.5%



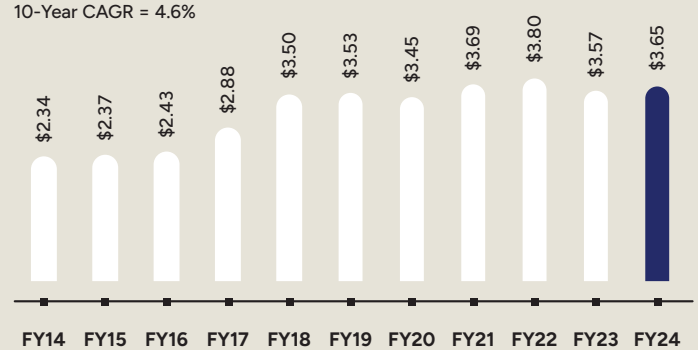
Net Interest Income \$ in Millions

10-Year CAGR = 6.3%



Operating Earnings per Share² Diluted

10-Year CAGR = 4.6%



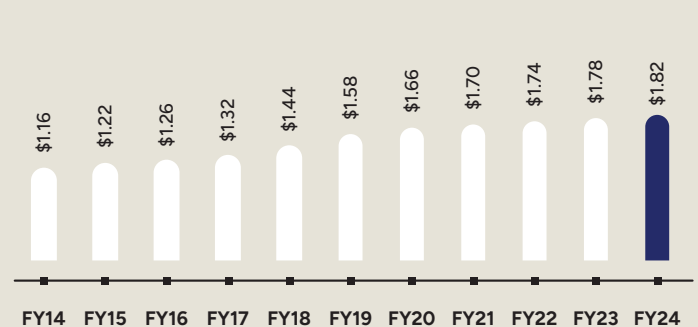
Operating Noninterest Revenues¹ \$ in Millions

10-Year CAGR = 9.6%



Dividend Growth Declared

10-Year CAGR = 4.6%



1 Operating revenues, a non-GAAP measure, and operating noninterest revenues, a non-GAAP measure, exclude securities gains/losses and gains/losses on debt extinguishment. A reconciliation of GAAP to Non-GAAP measures is provided in Item 7, Table 20 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

2 Operating earnings per share, a non-GAAP measure, excludes net of tax the effect of acquisition related expenses, gains/losses on investment securities, amortization of intangible assets and other special charges. A reconciliation of GAAP to Non-GAAP measures is provided in Item 7, Table 20 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

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

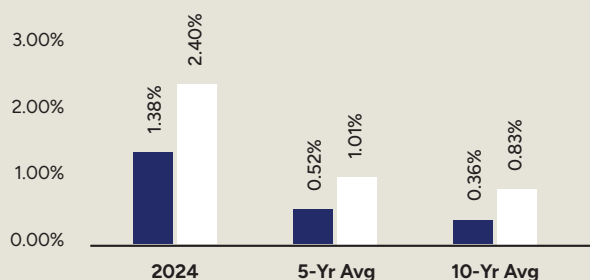
ABOVE AVERAGE RETURNS

Provide Solid Earnings & Shareholder Return:

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

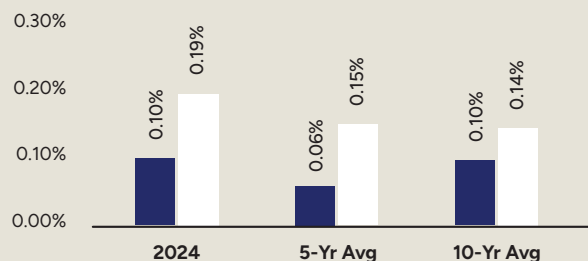
Cost of Funds

■ CBU ■ KRX (median)²



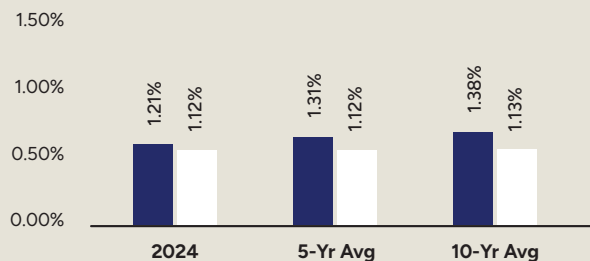
Net Charge-off Ratio

■ CBU ■ KRX (median)²



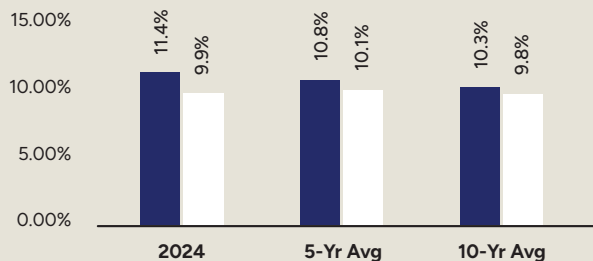
Core Return on Assets¹

■ CBU ■ KRX (median)²



Core Return on Equity¹

■ CBU ■ KRX (median)²



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 The KRX Regional Banking Index (KRX) is a market index that tracks the performance of 50 publicly traded banks and thrifts in the U.S.

Select Financial Highlights

	FY 2024	FY 2014	10-Yr CAGR
Income Statement (in millions)			
Net interest income	\$ 449.1	\$ 244.4	6.3%
Operating noninterest revenues ¹	296.4	119.0	9.6%
Total operating revenues ¹	745.6	363.4	7.5%
Operating noninterest expenses ²	472.0	219.4	8.0%
Net income	\$ 182.5	\$ 91.4	7.2%
Per Share Data (Diluted)			
Earnings per share	\$ 3.44	\$ 2.22	4.5%
Operating earnings per share ³	3.65	2.34	4.6%
Cash dividends declared	1.82	1.16	4.6%
Book value	33.47	24.24	3.3%
Tangible book value	\$ 17.20	\$ 15.63	1.0%
Balance Sheet Data (End of period, in millions)			
Assets	\$ 16,386	\$ 7,489	8.1%
Loans	10,432	4,236	9.4%
Deposits	13,442	5,935	8.5%
Shareholders' equity	\$ 1,763	\$ 988	6.0%

- 1 Operating noninterest revenues, a non-GAAP measure, and total operating revenues, a non-GAAP measure, exclude securities gains/losses and debt extinguishment gains/losses. A reconciliation of GAAP to Non-GAAP measures is provided in Item 7, Table 20 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.
- 2 Operating noninterest expenses, a non-GAAP measure, excludes acquisition-related expenses, litigation accrual, restructuring expenses and amortization of intangible assets. A reconciliation of GAAP to Non-GAAP measures is provided in Item 7, Table 20 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.
- 3 Operating earnings per share, a non-GAAP measure, excludes net of tax the effect of acquisition related expenses, gains/losses on investment securities, amortization of intangible assets and other special charges. A reconciliation of GAAP to Non-GAAP measures is provided in Item 7, Table 20 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Excellence Recognized

Community Financial System, Inc. continues to be recognized for its strong performance, highlighting our commitment to shareholders, customers, and employees. In 2024, our dedication to excellence and industry leadership remained evident through continued achievements and milestones.

S&P Dividend Aristocrat

CBU's 32 years of consecutive annual dividend increases have allowed it to retain the status as an S&P Dividend Aristocrat.

NAPA Top DC Advisor Team

OneGroup Retirement Advisors, a segment of Wealth Management, was named to the 2024 NAPA Top DC Advisor Teams list for the sixth consecutive year.

Forbes America's Best Large Regional Bank

Ranked in top 25 of Forbes America's Best Large Regional Banks for 13 of the last 16 years and named to the World's Best Banks in 2024.

Top 100 P/C Agency

OneGroup was ranked #66 in Insurance Journal's Top 100 Property & Casualty Agencies of 2024, marking its third consecutive year on the list and an improvement of nine spots from the previous year.

Bank Director's Best US Bank

Ranked #89 in Bank Director's, Best US banks between \$5 and \$50 billion in total assets for 2024. An improvement of 27 places and marks the third consecutive year CBU has been recognized.

NAPA Advisors' Choice

BPAS: NAPA Advisors' choice award top 5 record keeper 2024 for the 3rd consecutive year.

Vermont Business Magazine "Best Bank"

Regularly named a "best bank" in our communities, including by Vermont Business Magazine in 2024.

Volunteerism Award

Received Volunteerism award by the American Bankers Association in 2024.

Diversified and Complementary Revenue Streams



Banking Services

Commercial Banking
Treasury Management
Governmental
Business Banking
Retail & Consumer

\$445.8M¹

Net Interest Income for 2024

▲ 2.5% increase from 2023

\$78.2M¹

Noninterest banking revenues for 2024

▲ 11.8% increase from 2023



Insurance Services

Risk Management
Business Insurance
Personal Insurance
Employee Benefits
Human Resources Services & Consulting

\$50.5M¹

Operating revenues from insurance services for 2024

▲ 6.7% increase from 2023



Wealth Management Services

Investment Advising
Retirement Plan Design
Asset Management
Trust Services
Financial Planning
Family & Succession Planning

\$38.7M¹

Operating revenues from wealth management services for 2024

▲ 14.9% increase from 2023



Employee Benefit Services

Retirement Plan & Benefits Administration
Actuarial & Pension Services
Public-Sector Benefits & VEBA
Health & Welfare Plans
Collective Investment Fund

\$137.4M¹

Operating revenues from employee benefit services for 2024

▲ 11.9% increase from 2023

¹ 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 Segment Information disclosure in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Banking Services

JEFFREY LEVY

EXPANDING OUR REACH: GROWTH & INNOVATION IN 2024

Our banking business had another strong year in 2024. We executed well on our strategic initiatives, delivering solid financial performance across all lines of business. Our focus remains on driving organic growth by deepening relationships with our existing business and retail banking clients, expanding our customer base, and leveraging the value-added services of our Employee Benefit, Insurance, and Wealth Management partners.

We continue to enhance the customer experience through strategic investments in talent, technology, and digital banking enhancements. These efforts have once again earned us recognition from respected national and regional publications, including Forbes, Newsweek, and “Best Bank” awards in Pennsylvania and Vermont, highlighting our industry-leading service and financial strength.

EXPANDING OUR PRESENCE

We continuously evaluate opportunities to optimize our delivery networks and expand strategically in response to market demand. In 2024, we focused on strengthening our existing footprint while identifying high-potential growth markets. As part of this effort, we are in the early stages of establishing eighteen new branches, marking the most significant capital investment in our retail banking franchise in our 159-year history.

This initiative is already underway, with our first two new branches opening in Syracuse, New York, in late 2024 and Buffalo, New York, in February 2025. By expanding our reach, we are creating new opportunities for customers, strengthening local economies, and enhancing access to our growing suite of services.

MARKET EXPANSION & GROWTH

Our disciplined market strategy and execution have led to deeper penetration in our core, legacy markets, reflected in year-over-year growth in loans, deposits, and fee income. We also gained market share in Upstate New York’s most competitive markets—Albany, Buffalo, Rochester, and Syracuse—where we now have an established branch presence. These markets present significant opportunities for accelerated growth as we expand both banking and non-banking services.

Our commercial banking expansion into New Hampshire and the Lehigh Valley in Pennsylvania is also progressing well, with early indicators of



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In 2024, we strengthened our foundation for growth—expanding into key markets, deepening client relationships, and leveraging technology to enhance our banking experience. As we look ahead to 2025, our focus remains on strategic expansion and delivering the high-touch service that sets us apart.

Jeffrey Levy
SVP, Chief Banking Officer,
Community Bank, N.A.

”



Wilkes-Barre, Pennsylvania

success. Notably, all of these key markets will see retail branch openings in 2025, further reinforcing our commitment to strategic growth.

In commercial banking, we built on another year of double-digit loan growth while significantly expanding fee income through the launch of Interest Rate Derivative product offerings and the growth of our Commercial Real Estate capital markets capabilities.

On the consumer side, Residential Mortgage and Consumer Installment Lending both delivered another year of strong growth. We remain focused on implementing efficiencies and technology enhancements to improve customer experience and support our retail banking partners.

2024 FINANCIAL PERFORMANCE HIGHLIGHTS

- **TOTAL REVENUES: \$524.0 million**, a 3.8% increase over the prior year
- **LOAN GROWTH: \$727.8 million**, or 7.5%, with increases across Commercial, Consumer Mortgage, and Consumer Installment Loans
- **DEPOSIT GROWTH: \$513.6 million**, or 4.0%
- **FEE INCOME: \$78.2 million**, an 11.8% increase over the prior year
- **OPERATING EXPENSES: A modest 2.7% increase**, reflecting disciplined cost management
- **NET CHARGE-OFFS: 10 basis points**, a modest increase, reinforcing our strong asset quality performance

LOOKING AHEAD TO 2025

As we enter 2025, our focus remains on scaling the strategies that have driven our success. We are committed to serving our communities and customers with the high-touch, relationship-driven approach that sets us apart while leveraging technology to enhance the products and services our clients expect.

We continue to thrive in the community banking space, successfully competing against—and winning market share from—larger banks in our footprint.

We are also optimistic about the broader economic environment. The resilience of our markets, strong employment trends, and significant public-private investments—particularly in Semiconductor/Chip Manufacturing through the CHIPS Act, NY CREATES, Micron Technology, and Global Foundries—position us well for continued growth.

Our branch expansion initiative will remain our top priority in 2025. Building new commercial and consumer financial service relationships in these growing markets will be a primary focus across our leadership team.

2024 was a strong year, and we are well-positioned to seize the opportunities that 2025 will bring. Thank you to our dedicated team and valued customers for being part of this exciting journey.

Jeffrey Levy
SVP, Chief Banking Officer,
Community Bank, N.A.

Insurance Services

PIERRE MORRISSEAU

GROWTH, INNOVATION & MARKET LEADERSHIP IN 2024

2024 was a transformative year for OneGroup—one of growth, operational strength, and a deepened commitment to serving our clients at the highest level. In a challenging insurance landscape, we not only navigated complexity but built a stronger foundation for the future.

One of the biggest milestones this year was surpassing \$50 million in revenue, reinforcing our position as a leader in the industry. We continued to move up the rankings in Business Insurance's Top 100 Insurance Brokers and Insurance Journal's Top 100 Property and Casualty Insurance Agencies, a testament to our growing influence and market leadership.

For the past five years, we've been intentional about deepening our presence in key markets while expanding our specialty expertise and acquiring firms that complement our vision—regardless of geography. In 2024 alone, five firms joined OneGroup, strengthening our talent in public schools and municipalities, increasing our market share in the North Country and Florida, and expanding into Buffalo.

STRENGTHENING OUR FOUNDATION FOR GROWTH

Growth is only as good as the infrastructure supporting it, and this year, we made meaningful progress in standardizing our merger and acquisition process to ensure seamless integration and efficiency across all locations. We also stabilized our technology environment, leveraging best-in-class platforms that enhance security, improve operations, and position us to fully harness data, analytics, and AI in 2025.

With our footprint now spanning five states, we restructured our management team to scale effectively and ensure we remain agile, responsive, and ready for continued expansion.

Our commitment to specialization continues to pay off. Our Food and Life Sciences practice had a standout year, winning new business across the U.S., while our manufacturing expertise and advisory-led approach helped clients proactively manage risk—leading to major wins with large manufacturers.

THE POWER OF COLLABORATION & INNOVATION

Collaboration and innovation are at the heart of how we operate. Across all CFSI entities, we've strengthened cross-functional collaboration, combining our scale, expertise, and technology to drive better outcomes. Our approach is simple: when you work with one part of OneGroup, you gain access to the full strength of our entire organization. That's what makes us different.



2024 was a year of transformation for OneGroup—not just in growth, but in building a stronger foundation for the future. As we enter 2025, we remain committed to delivering exceptional value and setting new industry standards.

Pierre Morrisseau
CIC, President and CEO,
OneGroup



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OneGroup has consistently demonstrated a deep understanding of our industry's unique challenges and has provided us with tailored recommendations and insurance solutions that align perfectly with our business needs.

C.J. Madonna Esq., General Counsel
Schluter®-Systems

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Looking ahead to 2025, we're doubling down on these efforts—leveraging technology to enhance, not replace, the human element of what we do. By streamlining backend processes, we're giving our people more time to focus on what matters most: delivering exceptional service and building lasting client relationships.

As we move forward, our mission remains the same: to build on this momentum, drive sustainable growth, and continue delivering value to our clients, employees, and partners. The strength of our team, the depth of our expertise, and our focus on innovation will continue to fuel our success.

Thank you for being part of this journey. Here's to another year of growth, collaboration, and success.

Pierre Morrisseau

CIC, President and CEO,
OneGroup

> \$400M
Annual Premiums

22
Offices

239
FTEs

16
Acquisitions since 2021

9.7%
7-year revenue CAGR

Wealth Management Services

MICHAEL CERMINARO

BUILDING MOMENTUM: OUR BEST YEAR YET

The Wealth Management division reached new heights in 2024, capitalizing on strong momentum to seize new opportunities and continue delivering exceptional service to our clients.

At the core of our success is a commitment to providing comprehensive, unrivaled financial solutions—including investment and insurance services, trust services, asset management, retirement plan consulting, financial planning, and partner solutions. Our highest priority remains seamlessly integrating our wealth management services to benefit the entire CFSI family of businesses and clients.

2024 PERFORMANCE HIGHLIGHTS

Our division achieved record-breaking results:

- Total revenues reached \$38.7 million, an all-time full-year record
- New advisory assets surpassed \$1 billion
- We closed the year with \$13.2 billion in AUMA

While favorable market conditions played a role, our success was primarily driven by strategic investments in our people, technology, and partnerships:

- **Talent Growth:** We welcomed 10 new team members, expanding our expertise and capacity.
- **Professional Development:** 30 employees completed an advanced professional development program, reinforcing our commitment to excellence.
- **Stronger Bank Partnerships:** Closer collaboration with our retail banking colleagues resulted in over 1,900 qualified leads for our financial consultants and trust officers.
- **Technology Enhancements:** We deployed a new customer relationship management (CRM) platform, streamlining integration across teams and enhancing the client experience.

LOOKING AHEAD TO 2025

We are committed to sustaining this momentum in 2025 by deepening our relationships with partners and clients across CFSI while expanding our platforms and service offerings. Our goal is clearer than ever: to deliver best-in-class wealth management solutions that empower our clients and strengthen the CFSI family.



Michael Cerminaro

President and CEO,
Community Bank Wealth Management



“

Our success in 2024 wasn't just about market conditions—it was driven by strategic investments in our people, technology, and partnerships. In 2025, we remain committed to delivering high-quality wealth management solutions that empower our clients and strengthen the CFSI family.

Michael Cerminaro
President and CEO,
Community Bank Wealth
Management

”

Our Next Chapter

In Wealth Management

Nottingham Financial Group

In the coming months, Community Bank Wealth Management will rebrand as Nottingham Financial Group. Leveraging the Nottingham name already used by our trust and asset management services, we'll create modern, unified branding and messaging for the division. A strong, recognizable brand will help us stand out in a crowded marketplace and position our organization as one that customers can trust for quality financial services delivered by experienced professionals. We're excited about this new chapter and look forward to debuting new logos, materials, and an overhauled digital presence in the coming months.

Here's a sneak peek.



30

Financial Professionals

19

Trust Officers

\$13.2B

AUMA¹

8.4%

10-year revenue CAGR

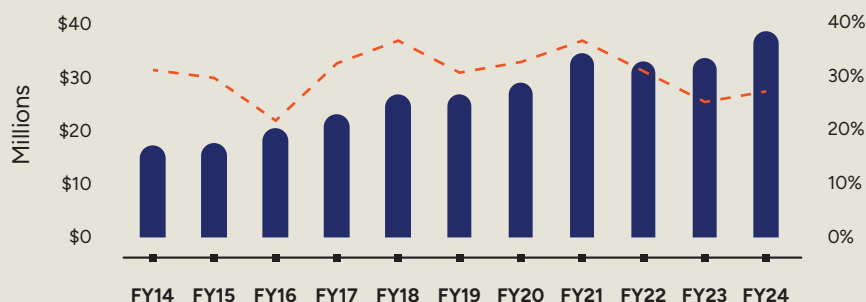
113

FTEs

¹ Includes \$3.3 billion of intercompany AUMA

Wealth Management

■ Operating Revenues¹
 --- Operating Margin²



¹ Total Operating Revenues includes segment net interest income plus operating noninterest revenues (total noninterest revenues less securities and debt gains/losses). Includes certain intersegment revenues that eliminate upon consolidation.

² Operating Margin is calculated by total segment adjusted pre-tax income divided by total segment operating revenues. Total segment adjusted pre-tax income is calculated by segment net interest income plus operating noninterest revenues less operating noninterest expenses (total noninterest expenses less acquisition expenses, amortization of intangible assets and other special charges). Includes certain intersegment revenues and expenses that eliminate upon consolidation.

Employee Benefit Services

PAUL NEVEU

2024: SMOOTH TAKEOFF AND LANDING OF AIRPLANES

Have you ever sat near a major airport at night, where planes take off and land seamlessly, one after another, without disruption? That's how 2024 was here at BPAS: Tackling key initiatives, onboarding significant new business, and welcoming new talent into our firm. And through it all, our incredible team carried us forward with a sense of calm and grace.

BPAS TODAY

BPAS is a leading national provider of retirement plan services and institutional trust services, serving a diverse range of financial partners and intermediaries across the U.S. Now fifty-two years into our evolution, we achieved record setting milestones across the board in 2024. We're proud to now support 6,100 plans, \$110 billion in trust assets, and \$1.3 trillion in assets under fund administration, with some 910,000 participants in our care. We provide a comprehensive range of services within the industry, spanning defined contribution, defined benefit consulting and actuarial, nonqualified, health & welfare, IRA accounts and more. We continuously strive to expand our capabilities, take ownership of challenges and deliver meaningful solutions for our partners.

In 2024, BPAS achieved total revenues of \$137.4 million, reflecting an increase of \$14.5 million, or 11.8%, compared to the previous year. These results were largely driven by a sizeable increase in the number of total plans, assets and participants in our care. Our team is made up of 460 employees, across 32 states, 17 offices and four time zones, but we continue to operate with the agility, accountability and personal touch of a mid-sized company, ensuring that every client and partner feels valued.

STRATEGIC INITIATIVES

Many of the initiatives underway at BPAS center on technology. In March of 2024, we rolled out a new portal for plan sponsors and partners, delivering ten years of evolution over a weekend. Throughout 2024, we made continuous enhancements to our BPAS University mobile app adding new content, designed to engage and inspire participants on their path to long-term financial success. We are now working to incorporate business intelligence and dashboard technology in a variety of our sites; working on a major upgrade of our core operating system and CRM in the coming quarters; and expanding our integration with payroll providers. Across our business, dozens of projects are underway that will deliver new automation and efficiency, transform manual processes into a digital experience, and capitalize on AI to automate repetitive tasks. We are also embarking on



“

In 2024, BPAS operated with the precision of a well-orchestrated flight—smooth execution, steady momentum, and a clear path forward. Our commitment to innovation, client service, and strategic expansion continues to set us apart, and as we move into 2025, we remain focused on delivering lasting value for our clients and partners.

Paul Neveu
President and CEO,
BPAS

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Boston, Massachusetts

the Enterprise Call Center – a four-year initiative that will bring enormous efficiencies to our participant service center while enhancing the user experience in dramatic ways. Our goal is to leverage our team’s deep industry expertise to create a meaningful impact for clients, while our technology streamlines processes and removes obstacles.

MOVEMENT OF THE PUCK

In recent years, our industry has undergone significant change driven by acquisitions and major transitions at some of the largest firms, negatively impacting the client experience for many. In this environment, clients are craving single point of contact service, quick responses and accountability; they want to work with subject matter experts rather than a bullpen of generalists. All of this has moved the puck into our end of the ice. At BPAS, we prioritize retaining top talent with deep industry expertise, ensuring our clients receive consistent, knowledgeable support. Our strong, collaborative team culture fosters stability, with a personalized experience that builds lasting client relationships. As a testament to our commitment to customer service, BPAS was recognized for the third consecutive year in the NAPA Advisors’ Choice Awards, and received a record-high response rate in our 2024 plan sponsor survey. We take none of this for granted. We’re always listening and working on how we can do

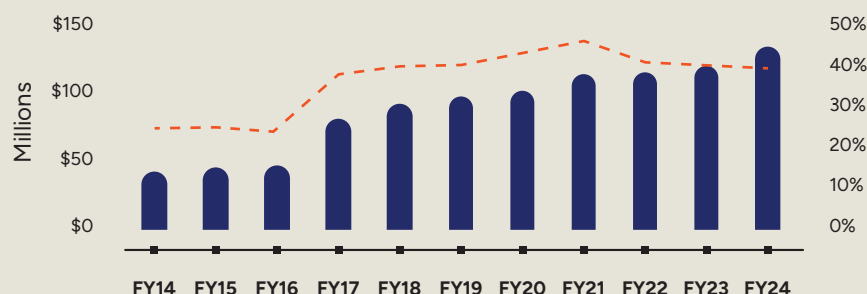
things better, but feedback like this fuels our motivations for the future.

EMBRACING THE FOURTH LANE OF THE HIGHWAY

Most firms in the retirement business operate on “three lanes of the highway” – working with plan participants, employers, and advisors as their core strategy. Taking a cue from our institutional trust business, BPAS has added a fourth lane to our highway, partnering with firms who may be competitors in certain spaces, who have niche needs we can solve together. This could be DB Outsourcing, Healthcare Consulting, DB360, partnering on VEBA or Section 115 engagements, IRAs or niche plan types the partner doesn’t support internally. We understand the trust and confidence that comes with such partnerships and are adept at using single sign-on technology and other techniques to make it work seamlessly. BPAS saw substantial growth during 2024 in

Employee Benefit Services

- Operating Revenues¹
- Operating Margin²



- 1 Total Operating Revenues includes segment net interest income plus operating noninterest revenues (total noninterest revenues less securities and debt gains/losses). Includes certain intersegment revenues that eliminate upon consolidation.
- 2 Operating Margin is calculated by total segment adjusted pre-tax income divided by total segment operating revenues. Total segment adjusted pre-tax income is calculated by segment net interest income plus operating noninterest revenues less operating noninterest expenses (total noninterest expenses less acquisition expenses, amortization of intangible assets and other special charges). Includes certain intersegment revenues and expenses that eliminate upon consolidation.

this fourth lane, especially in our VEBA and DB Outsourcing business lines. We thrive as a flexible and adaptive player in the middle of the marketplace, tailoring our approach to meet the unique needs of each client engagement.

TWO ITEMS OF NOTE IN 2024

In February of 2024, we acquired Creative Plan Designs on Long Island, which came with approximately 30 professionals in total. In strategically integrating this team, we've created the Creative Plan Design practice of BPAS, which now consists of approximately 70 professionals, offering third party administrator, small defined benefit, length of service award programs, and other consulting services as an expansion of our services. This team extends our reach and influence on retirement plans across the U.S. in a third-party administrator and consulting capacity. We also saw something interesting in 2024, when changes at other firms drove a significant expansion of our ESOP / kSOP business. BPAS has a rare, vertically integrated model that provides compelling advantages for an ESOP or kSOP – allowing us to be accountable for the entire relationship with a single plan consultant handling all sides of the plan. We see our ESOP / kSOP business as another large driver of growth in 2025 and beyond.

THRIVING INSTITUTIONAL TRUST BUSINESS

Through our institutional trust business with offices in Boston and Houston, BPAS is a major provider of collective investment funds, common funds, LLCs, donor advised funds, endowment and foundation administration, synthetic portfolios, and other niche services, in cooperation with custodian banks, asset managers, consulting firms and other intermediaries. Our Trust business had a solid 2024 fiscal year, generating approximately 44% of

BPAS revenues. Now in 2025, we are developing new strategies and opportunities, driven by client requests and new strategic partnerships. We will continue to drive the growth of legacy business and relationships, while adding creative solutions to meet the changing needs of asset owners and asset managers. This will be the third evolution of our Trust services. As we've added new capabilities, we've received an exciting response from partners. We see the continued growth of collective investment funds, custom funds and co-manufactured products driving our future, as we participate in a larger segment of the marketplace. At BPAS, we prioritize steady and strategic growth. While expansion remains a key objective, we are equally committed to evolving our business while preserving our culture and firm identity. As we focus on 2025 and 2026, we remain dedicated to the partners, clients and plan participants who place their trust in us, while staying true to the operating philosophies and strategies that built our firm over the decades.

Paul Neveu
President and CEO,
BPAS

Investment Profile



Investment Profile

- Consistent business model for over 20 years
- Committed to successful operating strategy focused on low-risk acquisitions, organic growth, and prudent capital management
- Strong long-term return to shareholders and long-standing dividend growth
- Strong fundamentals with consistent asset quality and high quality, durable revenues
- Long-term responsible growth focus

Ownership Summary

As of December 31, 2024

- 52.7M Shares Outstanding
- 39.0M Shares Held by Institutions
- 290 Institutional Holders
- Approximately 13.0M Retail Shares
- Approximately 24.7% shares of outstanding are Retail Shares

Executive Management

**DIMITAR A. KARAIVANOV*****President and Chief Executive Officer***

Joined CBU in 2021 and has previously served as COO. Prior to then, Mr. Karaivanov served as Managing Director in Lazard's Financial Institutions Group.

**JOSEPH E. SUTARIS*****EVP, Chief Financial Officer***

Joined CBU in 2011 following the Company's acquisition of The Wilber Corporation, where he held several roles, including CFO.

**MAUREEN GILLAN-MYER*****EVP Chief Administration and Human Resources Officer***

Prior to joining CBU in October 2021, Ms. Gillan-Myer served as Senior Executive Vice President and Chief Human Resources Officer of HSBC, USA.

**MICHAEL N. ABDO*****EVP, General Counsel***

Prior to joining CBU in 2013, he served as an associate with Cadwalader Wickersham & Taft in its New York City Office, with a focus on commercial and financial litigation.

**JEFFREY M. LEVY*****SVP, Chief Banking Officer***

Mr. Levy joined CBU in 2018 as a Regional Executive. In January 2022, he was promoted to Senior Vice President (SVP), President of Commercial Banking, before advancing to his current position as Chief Banking Officer. Prior to CBU, he held positions at NBT Bank and M&T Bank.

Board Members



ERIC E. STICKELS

Chairperson of the Board

Retired President, COO and Secretary
Oneida Financial Corp.
Director Since 2015



SAVNEET SINGH

President and CEO
PAR Technology Corporation
President
ParTech, Inc.
Director Since 2024



MARK J. BOLUS

President and CEO
Bolus Motor Lines, Inc.

COMMITTEES Compensation, Chair;
Executive; Trust
Director Since 2010



SUSAN E. SKERRIT

Lead Director

Retired Chairwoman, CEO and President
Deutsche Bank Trust Company Americas
COMMITTEES Audit; Compensation
Director Since 2020



NEIL E. FESETTE

Owner, President and CEO
Fesette Realty, LLC and Fesette
Property Management

COMMITTEES Executive, Chair;
Compensation; Audit
Director Since 2010



SALLY A. STEELE

Retired Attorney at Law

COMMITTEES Trust; Compensation
Director Since 2003



JEFFERY J. KNAUSS

Co-Founder and CEO Arcovo AI
Former CEO and Co-Founder
Digital Hyve

COMMITTEES Compensation; Governance
Director Since 2021



MICHELE P. SULLIVAN

Retired Partner
Crowe LLP

COMMITTEES Audit; Trust
Director Since 2024



KERRIE D. MACPHERSON

Retired Senior Partner
Ernst & Young, LLP

COMMITTEES Audit, Chair;
Governance; Executive
Director Since 2019



JOHN F. WHIPPLE, JR.

CEO
Buffamante Whipple Buttafaro, P.C.

COMMITTEES Governance; Chair; Audit;
Executive
Director Since 2010



JOHN PARENTE

CEO
CP Media, LLC

COMMITTEES Trust, Chair; Executive;
Governance
Director Since 2010



DIMITAR A. KARAIVANOV

President and CEO
Community Financial System, Inc.
Director Since 2024



RAYMOND C. PECOR, III

President
Lake Champlain Transportation Company

COMMITTEES Risk, Chair; Governance;
Executive
Director Since 2017

Note: All bank board members serve on in the Risk Committee

Administration



Burlington, Vermont

EXECUTIVE

Dimitar A. Karaivanov, President and Chief Executive Officer

Joseph E. Sutaris, EVP, Chief Financial Officer

Maureen Gillan-Myer, EVP, Chief Administration and Human Resources Officer

Michael N. Abdo, EVP, General Counsel

Jeffrey M. Levy, SVP, Chief Banking Officer

INFORMATION TECHNOLOGY & OPERATIONS

Aaron Friot, SVP, Chief Technology and Operations Officer

RISK MANAGEMENT

Daniel L. Bailey, SVP, Chief Risk Officer

BANKING SERVICES

Melissa Bollman, Head of Retail Banking

Scott Boser, SVP, Director of Consumer and Mortgage Lending

Matthew Durkee, Regional President, New England & President of Commercial Lending

Barbara Maculloch, Regional President, Pennsylvania

Lindsay Weichert, Regional President, Central New York

Bryant Cassella, Regional President, Eastern New York

Christopher Humphrey, Regional President, Western New York

EMPLOYEE BENEFIT SERVICES

Paul M. Neveu, President and Chief Executive Officer

INSURANCE SERVICES

Pierre J. Morrisseau, CIC, President and Chief Executive Officer

WEALTH MANAGEMENT SERVICES

Michael Cerminaro, President and Chief Executive Officer

COMMUNITY BANK, N.A.

PENNSYLVANIA REGIONAL ADVISORY BOARD

John Basalyga

Colleen Doyle, Esq.

John Graham

Gerard O'Donnell

William Ruark

Lissa Bryan-Smith

James Shoemaker, Esq.

Tara Mugford Wilson

Community Bank, N.A. Locations

BRANCH AND DRIVE-THRU

ALBANY REGION

Albany
Amsterdam
AuSable Forks
Boiceville
Canajoharie
Champlain
Chateaugay
Chatham
Delmar
East Greenbush
Greenport
Indian Lake
Johnstown
Lake Placid
Latham
Long Lake
Malone (West Main St)
Malone (Elm St)*
North Creek
Plattsburgh (Route 3)
Plattsburgh (Margaret St)
Saranac Lake (Broadway)
Saranac Lake (Lake Flower)*
St Regis Falls
Ticonderoga
Tupper Lake
Valatie
Whitehall

BINGHAMTON REGION

Canastota
Cato
Cazenovia
Chittenango
Cobleskill
Cooperstown (Otsego)
Delhi
Hamilton
Ithaca (East Buffalo St)
Ithaca (South Meadow St)
Ithaca (Triphammer)
Ithaca (West State St)
Johnson City
Moravia
Nichols
Norwich Town
Oneida (182 Main St)
Oneida (585 Main St)
Oneonta (Chestnut St)
Oneonta (Main St)
Oneonta (Southside)
Sidney
Walton

BUFFALO REGION

Alfred
Allegany
Belfast
Belmont
Bolivar
Buffalo
Clymer
Cuba
Dunkirk (Central Ave)
Dunkirk (Vineyard Dr)
Falconer
Fillmore
Franklinville
Gowanda
Jamestown
Lakewood
North Collins
Olean (North Union St)
Olean (Delaware Pk)*
Orchard Park
Randolph
Salamanca
Sherman
Silver Creek
Springville
Warsaw
Wellsville (North Highland Ave)
Wellsville (North Main St)
Westfield
Yorkshire

NEW ENGLAND REGION

Barre
Bennington
Bradford
Bristol
Burlington (College St)
Burlington (North Ave)
Enosburg
Essex Junction
Fair Haven
Hardwick
Hinesburg
Jericho
Johnson
Manchester
Rutland (Green Mountain Plaza)
Rutland (Woodstock Ave)*
South Burlington (Shelburne Rd)
South Burlington (Williston Rd)
South Hero
Springfield, MA

Springfield, VT
St Albans
St Johnsbury
Vergennes
Waterbury
White River Junction*
Williston
Wilmington
Winooski

PENNSYLVANIA REGION

Back Mountain
Carbondale*
Clarks Summit
Daleville
Edwardsville*
Freeland
Hazleton (South Church St)
Hazleton (Airport Rd)
Jermyn
Kingston
Laceyville
Lansford
Lehighton
Meshoppen
Montrose
Olyphant
Pittston
Scranton (Keyser Ave)
Scranton (Minooka)
Scranton (North Washington Ave)
Scranton (Wyoming Ave)
Tunkhannock
Wilkes Barre (South Main St)
Wilkes-Barre (Liberty Plaza)
Wyalusing

ROCHESTER REGION

Addison
Avon
Bath
Canandaigua
Clifton Springs Plaza
Corning
Dansville
Elmira (Big Flats)
Elmira (East Water St)
Elmira (Southport)
Elmira (West Water St)
Geneseo
Geneva
Hammondsport
Henrietta
Hornell

Horseheads
Livonia
Naples
Newark Plaza
Ovid
Palmyra
Penn Yan (Main St)
Penn Yan (Lake St)*
Phelps
Seneca Falls
Waterloo
Watkins Glen

SYRACUSE REGION

Adams
Alexandria Bay
Black River
Boonville (Main St)
Boonville (Headwaters Plaza)*
Camden
Canton (Main St)
Canton (Court St)*
Cicero
Clayton
DeWitt
Fulton
Gouverneur
Hannibal
Lowville (State St)
Lowville (Turin Rd)*
Lyons Falls
Madrid
Massena
Ogdensburg
Old Forge
Oswego
Potsdam
Pulaski
Rome
Skaneateles
Star Lake
Syracuse
Vernon
Watertown (Arsenal St)
Watertown (Washington St)
West Carthage
Westmoreland

* Drive-up Only

Growth Profile

Stock Performance At 12.31.24

\$61.68

Closing Price

238,033

Average 3-Month
Daily Volume

17.93

Price/Earnings (TTM)

\$73.39

52 Week High
Stock Price

\$41.50

52 Week Low
Stock Price

Total Shareholder Returns (Annualized)

	1 Year	5 Year	10 Year	15 Year
CBU	22.6%	0.2%	7.9%	11.5%
S&P 600 Commercial Banks Index	14.6%	4.4%	7.3%	10.3%
KBW Regional Bank Index	13.2%	5.5%	7.2%	9.5%

Through December 31, 2024, Including Reinvestment of Dividends
Source: Bloomberg

Corporate and Shareholder Information

CORPORATE HEADQUARTERS

Community Financial System, Inc.
5790 Widewaters Parkway
DeWitt, NY 13214-1883
Phone: 315.445.2282 or 800.724.2262
Fax: 315.445.7347
communityfinancialsystem.com

STOCK LISTING

CBU

The common stock symbol of Community Financial System, Inc. listing on the New York Stock Exchange (NYSE)

ANNUAL MEETING

Virtual Meeting on
Wednesday, May 21, 2025 at
12:00 p.m. Eastern Daylight Time
www.virtualshareholdermeeting.com/CBU2025

TRANSFER AGENT AND REGISTRANT OF STOCK

Shareholders requiring a change of name, address or ownership of stock, or information about shareholder records, lost or stolen certificates, and dividend checks, direct deposit and reinvestment should contact:

EQUINITI TRUST COMPANY

P.O. Box 500
Newark, NJ 07101
equiniti.com
General questions: 877.253.6847

INVESTOR INFORMATION

Investor and shareholder information regarding Community Financial System, Inc., including all filings with the Securities and Exchange Commission, is available through the company's website: communityfinancialsystem.com.

COPIES MAY ALSO BE OBTAINED WITHOUT CHARGE UPON WRITTEN REQUEST TO:

Ms. Marguerite Geiss
Investor Relations
Community Financial System, Inc.
5790 Widewaters Parkway
DeWitt, NY 13214-1883
315.445.7313
marguerite.geiss@cbna.com

INDEPENDENT AUDITORS

The Board of Directors appointed PricewaterhouseCoopers, LLP as auditor for the company for the year ended December 31, 2024

ANALYST COVERAGE

The following analysts published research about Community Financial System, Inc. in December 31, 2024:

D.A. DAVIDSON & CO.

Manuel Navas
212.223.5405
mnavas@dadco.com

JANNEY MONTGOMERY SCOTT LLC

Jake Civiello
207.536.2171
jciviello@janney.com

KEEFE, BRUYETTE & WOODS, INC.

Christopher O'Connell
212.887.4725
oconnellch@kbw.com

PIPER SANDLER

Frank Schiraldi
212.466.7931
Frank.Schiraldi@psc.com

RAYMOND JAMES FINANCIAL INC.

Steve Moss
202.872.5931
steve.moss@raymondjames.com

STEPHENS, INC.

Matthew M. Breese
401.658.1114
matt.breese@stephens.com

INVESTOR'S CHOICE PROGRAM

CBU offers convenient, low-cost options for investors wishing to steadily buy shares. For information, contact:

EQUINITI TRUST COMPANY

P.O. Box 500
Newark, NJ 07101
equiniti.com
General questions: 877.253.6847

SAFE HARBOR STATEMENT

The Community Financial System, Inc. Annual Report contains forward-looking statements, within the provisions of the Private Security Litigation Reform Act of 1995, that are based on current expectations, estimates, and projections about the industry, markets and economic environment in which the company operates. Such statements involve risks and uncertainties that could cause actual results to differ materially from the results discussed in these statements. These risks are detailed in the company's periodic reports filed with the Securities and Exchange Commission.



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