

NEWS RELEASE

Community Bank System, Inc. Announces Quarterly Dividend and Expected Closing for Merger with Kinderhook Bank Corp.

2/21/2019

SYRACUSE, N.Y.--(BUSINESS WIRE)-- Community Bank System, Inc. (NYSE:CBU) (the "Company") announced that it has declared a quarterly cash dividend of \$0.38 per share on its common stock. The dividend will be payable on April 10, 2019 to shareholders of record as of March 15, 2019. The \$0.38 cash dividend represents an annualized yield of 2.35% based on the closing share price of \$64.71 on February 20, 2019.

On January 22, 2019, the Company announced that it entered into a definitive agreement with Kinderhook Bank Corp., parent company of National Union Bank of Kinderhook, pursuant to which the Company will acquire Kinderhook Bank Corp. in an all cash transaction representing total consideration valued at approximately \$93.4 million (the "Merger"). The Merger will extend the Company's footprint into the Capital District of Upstate New York. Upon the completion, Community Bank, N.A., the Company's banking subsidiary, will add 11 branch locations across a five county area in the Capital District of Upstate New York with approximately \$640 million in assets, and deposits of \$560 million. At the present time, the Company expects the Merger to close during the third quarter of 2019, subject to customary closing conditions, including approval by the shareholders of Kinderhook Bank Corp. and required regulatory approvals.

Community Bank System, Inc. operates more than 230 customer facilities across Upstate New York, Northeastern Pennsylvania, Vermont, and Western Massachusetts through its banking subsidiary, Community Bank, N.A. With assets of over \$10.6 billion, the DeWitt, N.Y. headquartered company is among the country's 150 largest financial institutions. In addition to a full range of retail, business, and municipal banking services, the Company offers comprehensive financial planning, insurance and wealth management services through its' Community Bank

Wealth Management Group and OneGroup NY, Inc. operating units. The Company's Benefit Plans Administrative Services, Inc. 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. Community Bank System, Inc. is listed on the New York Stock Exchange and the Company's stock trades under the symbol CBU. For more information about Community Bank visit www.cbna.com or <http://ir.communitybanksystem.com>.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The following factors, among others, could cause the actual results of CBU's operations to differ materially from CBU's expectations: the successful integration of operations of its acquisitions; competition; changes in economic conditions, interest rates and financial markets; and changes in legislation or regulatory requirements. These statements are based on the current beliefs and expectations of CBU's management and CBU does not assume any duty to update forward-looking statements.

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Source: Community Bank System, Inc.