



# Investor Presentation

COMMUNITY BANK SYSTEM, INC. | NYSE: CBU

FEBRUARY 2024

# Disclaimers

## Forward-Looking Statements

This presentation contains comments or information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995), which involve significant risks and uncertainties. Forward-looking statements often use words such as “anticipate,” “could,” “target,” “expect,” “estimate,” “intend,” “plan,” “goal,” “forecast,” “believe,” or other words of similar meaning. These statements are based on the current beliefs and expectations of the Company’s management and are subject to significant risks and uncertainties. Actual results may differ materially from the results discussed in the forward-looking statements. Moreover, the Company’s plans, objectives and intentions are subject to change based on various factors (some of which are beyond the Company’s control). Factors that could cause actual results to differ from those discussed in the forward-looking statements include: (1) adverse developments in the banking industry related to recent bank failures and the potential impact of such developments on customer confidence and regulatory responses to these developments; (2) current and future economic and market conditions, including the effects of changes in housing or vehicle prices, higher unemployment rates, disruptions in the commercial real estate market, 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 changes 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 including the possibility of a sudden withdrawal of the Company’s deposits due to rapid spread of information or disinformation regarding the Company’s well-being; (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) the effect of opening new branches to expand the Company’s geographic footprint, including the cost associated with opening and operating the branches and the uncertainty surrounding their success including the ability to meet expectations for future deposit and loan levels and commensurate revenues; (23) the effects of natural disasters could create economic and financial disruption; (24) other risk factors outlined in the Company’s filings with the SEC from time to time; and (25) 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-PCD loans, acquisition expenses, acquisition-related contingent consideration adjustment, acquisition-related provision for credit losses, restructuring expenses, unrealized gain (loss) on equity securities, loss on sales of investment securities, litigation accrual and 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 or restructuring activities. 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, restructuring expenses, unrealized gain (loss) on equity securities, loss on sales of investment securities, litigation accrual and 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 or restructuring activities. 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



**\$15.6B**  
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	
<p><b>Aggregate Revenue Mix (TTM)</b></p> <ul style="list-style-type: none"> <li>Net Interest Income (62%)</li> <li>Non-Interest Revenues (38%)</li> </ul>		<ul style="list-style-type: none"> <li>Large bank capabilities with local service</li> <li>Strong market share</li> </ul>	<ul style="list-style-type: none"> <li>Retirement Plan &amp; Benefits Administration</li> <li>Actuarial &amp; Pension Services</li> <li>Public-Sector Benefits &amp; VEBA</li> <li>Health &amp; Welfare Plans</li> <li>Collective Investment Fund</li> </ul>	<ul style="list-style-type: none"> <li>Top 100 Insurance Broker in the U.S.</li> <li>P&amp;C, Benefits, HR Consulting</li> <li>Offices in NY, PA, MA, FL and SC</li> </ul>	<ul style="list-style-type: none"> <li>Investment Advising</li> <li>Retirement Plan Design</li> <li>Asset Management</li> <li>Trust Services</li> <li>Financial Planning</li> <li>Family &amp; Succession Planning</li> </ul>	
<b>3-Yr Revenue CAGR (TTM basis)</b>	<b>TTM Revenue<sup>1</sup></b>	<p><b>\$704.3M</b> total revenue</p>	<p><b>\$437.3M</b> net interest income</p> <p><b>\$70.0M</b> non-interest revenues from banking services</p>	<p><b>\$118.0M</b> non-interest revenues from employee benefit services</p>	<p><b>\$47.1M</b> non-interest revenues from insurance services</p>	<p><b>\$31.9M</b> non-interest revenues from wealth management services</p>
		<p><b>5.7%</b></p>	<p><b>5.3%</b></p>	<p><b>5.2%</b></p>	<p><b>13.3%</b></p>	<p><b>4.6%</b></p>

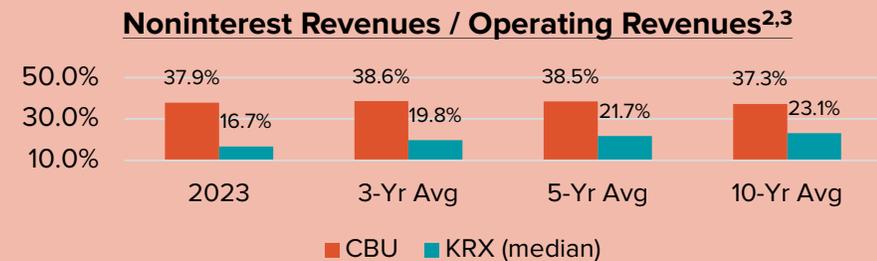
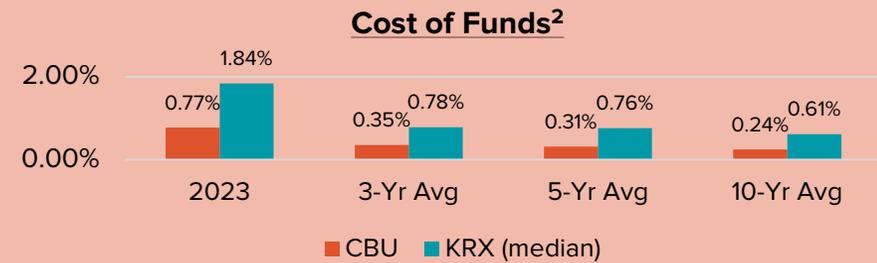
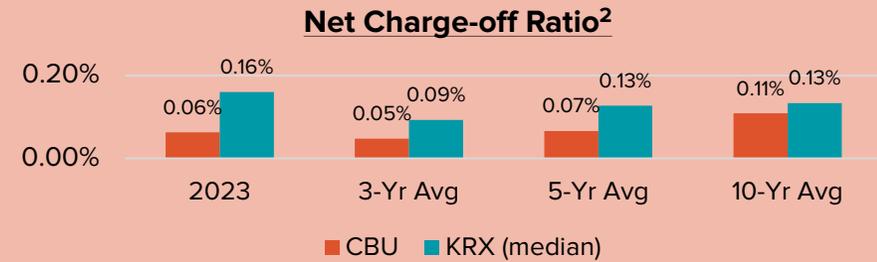
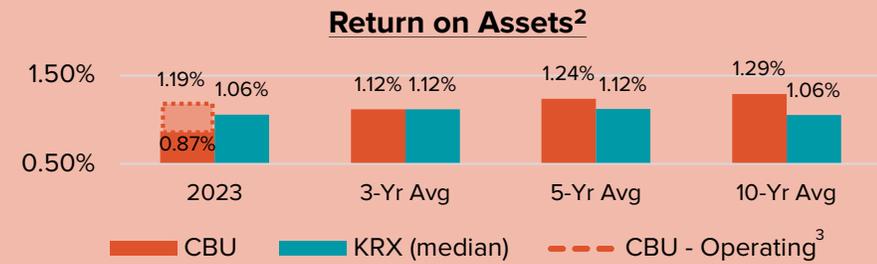
<sup>1</sup> Excludes securities and debt extinguishment gains/losses

Trailing twelve months ("TTM") figures used throughout this presentation refer to the period ending 12/31/2023



# Our Investment Thesis

- **ABOVE AVERAGE RETURNS WITH BELOW AVERAGE RISK**
  - **Below average risk:** minimize volatility across the combined revenue base and in each of our businesses
    - **Banking:** low credit risk and cost of funding, above average liquidity, below average concentrations
    - **Benefits & Administration:** balance of fixed fees & market-based AUA
    - **Insurance Services:** recurring revenue and high client retention rates
    - **Wealth Management:** advisory focused revenue and high client retention rates
  - **Above average returns:** operational and capital allocation discipline
- **KEY PERFORMANCE METRICS:** ROA and operating earnings growth, regulatory capital
- **DELIVERING VALUE** to shareholders
  - High-quality, sustainable earnings: **31** consecutive years of annual dividend increases
  - 10-year cumulative total return to shareholders of 70% (5.4% annualized), compared to the KBW Regional Banking Index (“KRX”) of 80% (6.0% annualized)<sup>1</sup>



Sources: S&P Global, Internal filings

<sup>2</sup>Averages represent simple average of annual results through 2023.

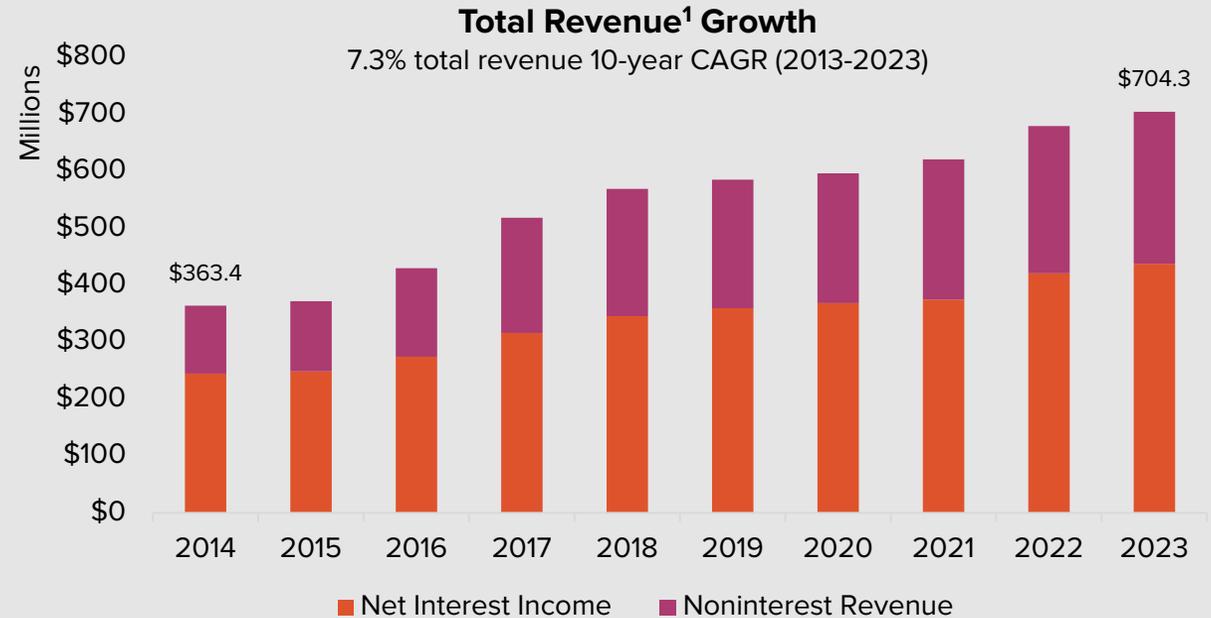
<sup>3</sup>Operating ROA and Revenues are non-GAAP measures. Please see Appendix for details

<sup>1</sup> Total return based on 10-year historical performance through January 31, 2024, assuming dividend reinvestment.



# 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 <sup>1</sup> : Growth Rate						
Revenue Source (TTM % of Total)	2018	2019	2020	2021	2022	2023
Net Interest Income (63%)	9.3%	4.1%	2.6%	1.6%	12.3%	4.0%
Banking Fees (10%)	2.7%	(6.5%)	(5.8%)	(2.7%)	11.2%	(2.7%)
Benefits Administration (17%)	14.2%	5.3%	4.3%	12.8%	0.9%	2.2%
Wealth Management (4%)	16.7%	0.4%	7.8%	19.2%	(4.7%)	0.9%
Insurance & Risk Services (6%)	15.9%	6.2%	0.5%	5.0%	17.1%	18.3%
<b>Total Revenue Sources</b>	<b>9.8%</b>	<b>2.8%</b>	<b>2.0%</b>	<b>4.1%</b>	<b>9.5%</b>	<b>3.7%</b>

Sources: S&P Global, Internal filings

<sup>1</sup> Excludes securities and debt extinguishment gains/losses



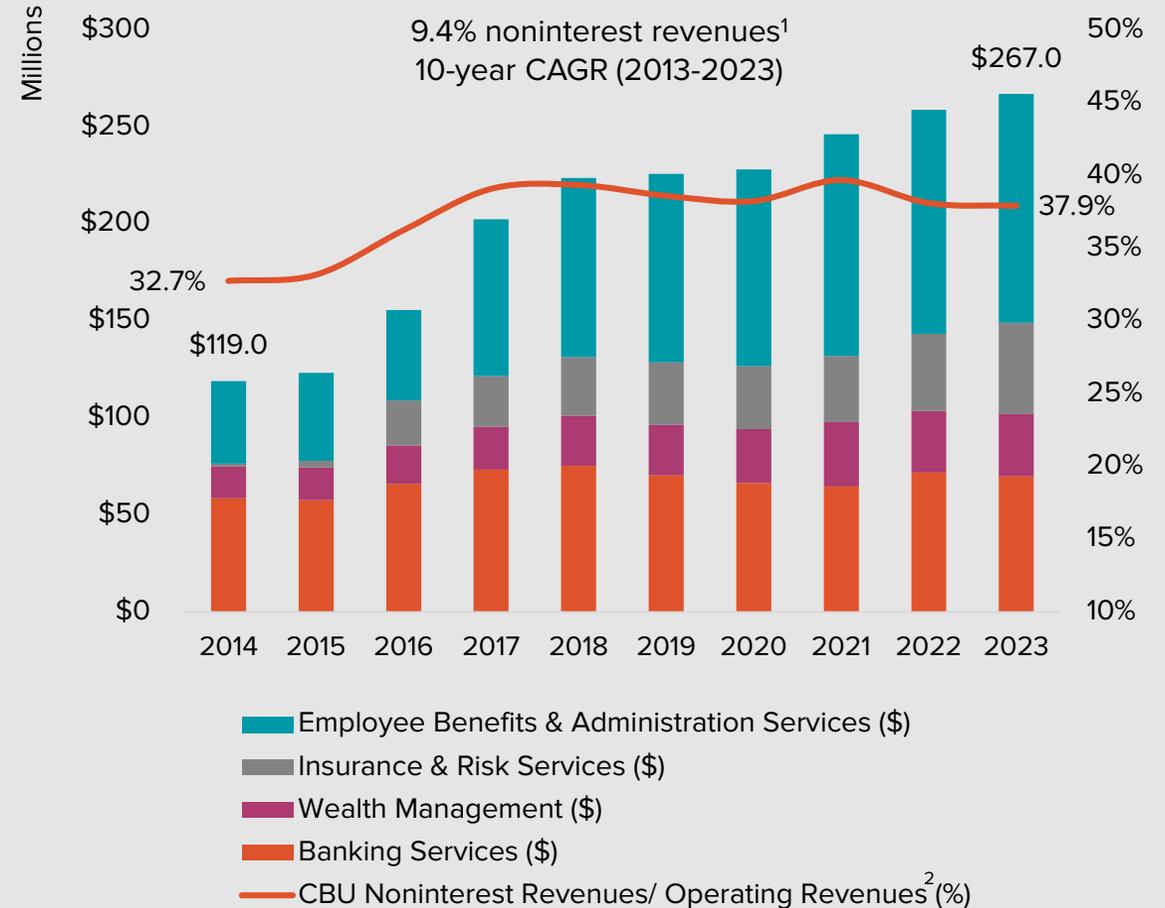
# Growing, Recurring Noninterest Revenues

**38% of revenue in 2023**

- Longstanding focus on growing high quality, recurring noninterest revenues reduces dependence on net interest income
- 74% of CBU's 2023 noninterest revenues derived from its financial services businesses<sup>1</sup>
  - 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

<sup>1</sup> Excludes securities gains/losses and gains/losses on debt extinguishment. CBU data as of 12/31/2023.

## Noninterest Revenues<sup>1</sup>: Strong Contributions from Fee-generating Businesses



<sup>2</sup> Operating revenues, a non-GAAP measure, is defined as net interest income on a FTE basis excluding acquired non-PCD loan accretion plus noninterest revenues, excluding loss on sales of investment securities, gain on debt extinguishment and unrealized gain (loss) on equity securities. Please see Appendix for details.



# Performance

- Q4 2023 fully-diluted GAAP EPS of \$0.63 and non-GAAP operating EPS of \$0.76<sup>1</sup>, down \$0.34 and \$0.20, respectively, from the fourth quarter of 2022
- Fourth quarter 2023 adjusted pre-tax, pre-provision net revenue per share (non-GAAP) of \$1.06 per share, down \$0.23, or 17.8%, from the fourth quarter of 2022
- Quarterly cash dividend of \$0.45 per share declared in the fourth quarter of 2023, up 2.3% from the prior year's fourth 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 2.7%, marking the tenth consecutive quarter of loan growth
- Continued strong asset quality, including 0.10% annualized net charge-off ratio in Q4 2023 and 0.06% for full year 2023.

## Long Term Earnings and Dividend Growth



## Full Year 2023



**3.14%**  
net interest margin  
(FTE)<sup>2</sup>



**3.7%**  
operating revenues<sup>3</sup>  
growth  
(from 2022)



**10.2%**  
loan growth  
(from 2022)



**38%**  
noninterest revenues  
/ operating revenues<sup>3</sup>

<sup>1</sup> 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.

<sup>2</sup> Net interest margin (FTE) is a non-GAAP measure. Please see Appendix for details.

<sup>3</sup> Operating revenues, a non-GAAP measure, is defined as net interest income on a FTE basis excluding acquired non-PCD loan accretion plus noninterest revenues, excluding loss on sales of investment securities, gain on debt extinguishment and unrealized gain (loss) on equity securities. 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 business<sup>1</sup>
- 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 beginning in the second half of 2024.



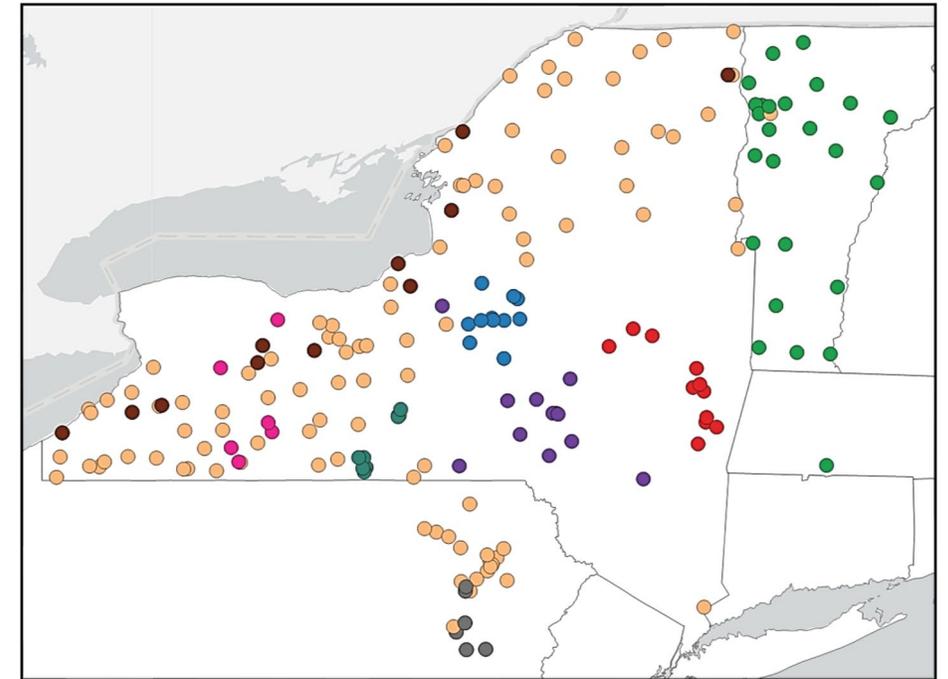
<sup>1</sup> Based on the most recent FDIC Summary of Deposit data (6/30/2023)



# 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 in current footprint and contiguous markets

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



# Core Deposit Strength

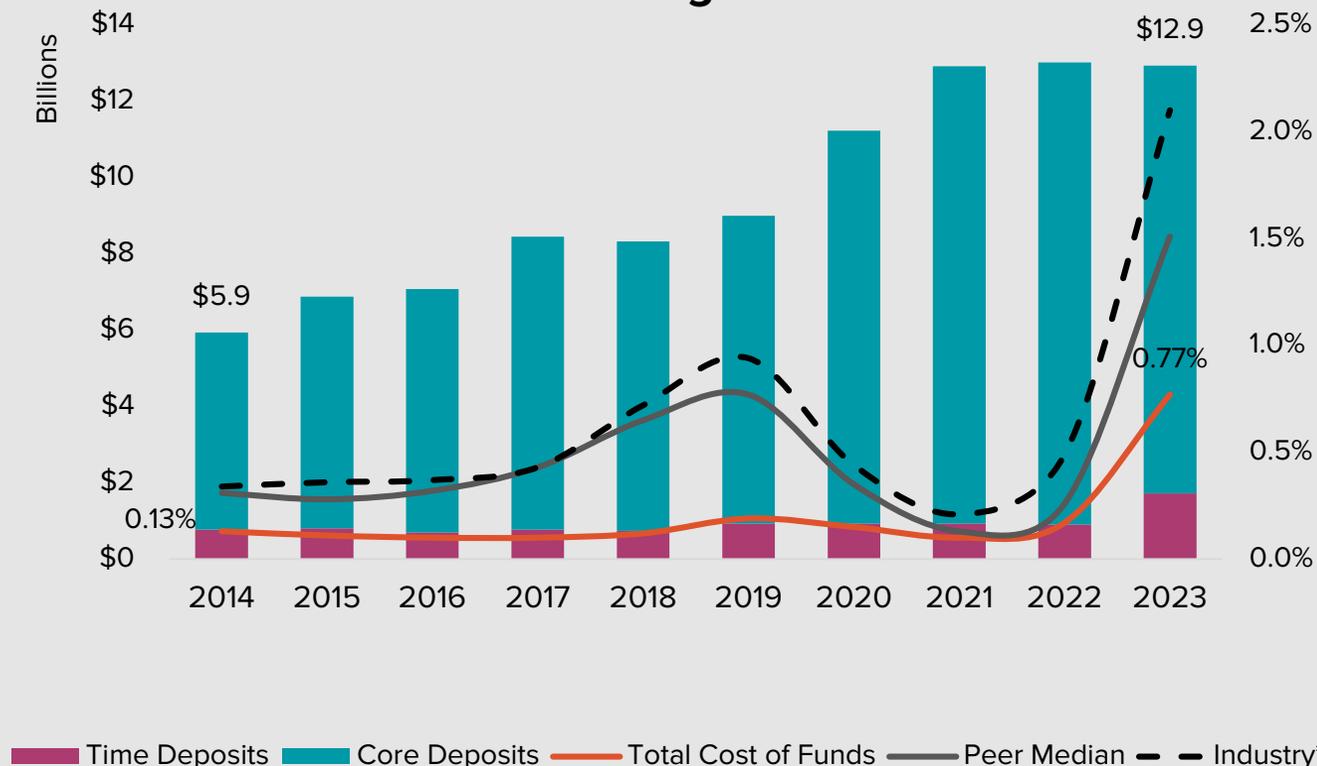
- Excellent core deposit customer base
  - Focus on generating and retaining core non-time deposits, which made up 86.7% of total deposits at December 31, 2023
  - Average cost of deposits of 0.98% for Q4 2023
- \$12.9 billion of total deposits at December 31, 2023
- During the current up-rate cycle<sup>1</sup>, CBU has experienced a 24% interest-bearing deposit beta while our peer group's median interest-bearing deposit beta stands at 43% and the industry\* has seen an interest-bearing deposit beta of 56%

17% cycle to date deposit beta<sup>1</sup>

19% cycle to date funding beta<sup>1</sup>

24% cycle to date interest-bearing deposit beta<sup>1</sup>

## Core Deposit Strength Supports Low Overall Funding Costs



Peers used throughout presentation may be found in the appendix.

<sup>1</sup> 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 Q4 2023.

Bank Level Call Report Based Results

\* Industry group is defined as U.S. Commercial Banks with assets between \$10 billion 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 12/31/2023*

**Average Consumer Deposit Account Balance<sup>1</sup>:**

**\$12,000**

**Average Business Deposit Relationship<sup>1</sup>:**

**\$62,000**

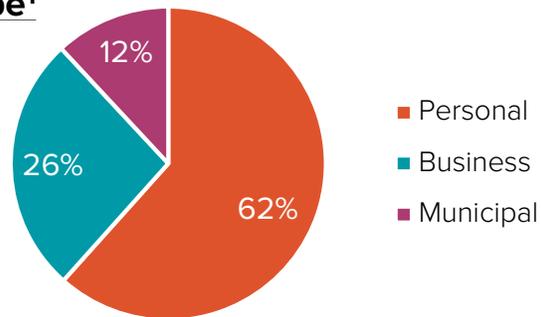
**Average Nonmaturity Deposit Age<sup>1,2</sup>**

**15 years**

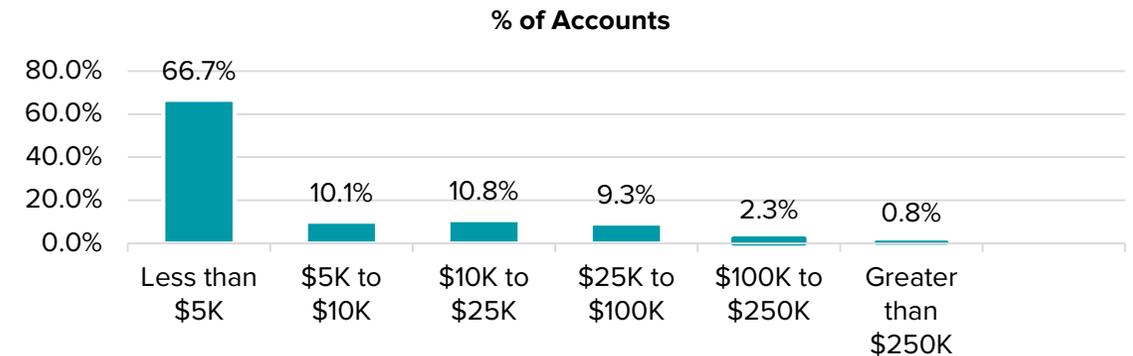
**Accounts over \$250K<sup>1</sup>**

**<1%**

**Deposits by Customer Type<sup>1</sup>**



**Deposit Balance Tiers<sup>1</sup>**



As of December 31, 2023

<sup>1</sup>Excludes intercompany and zero balance accounts

<sup>2</sup>Weighted on ending balances by account

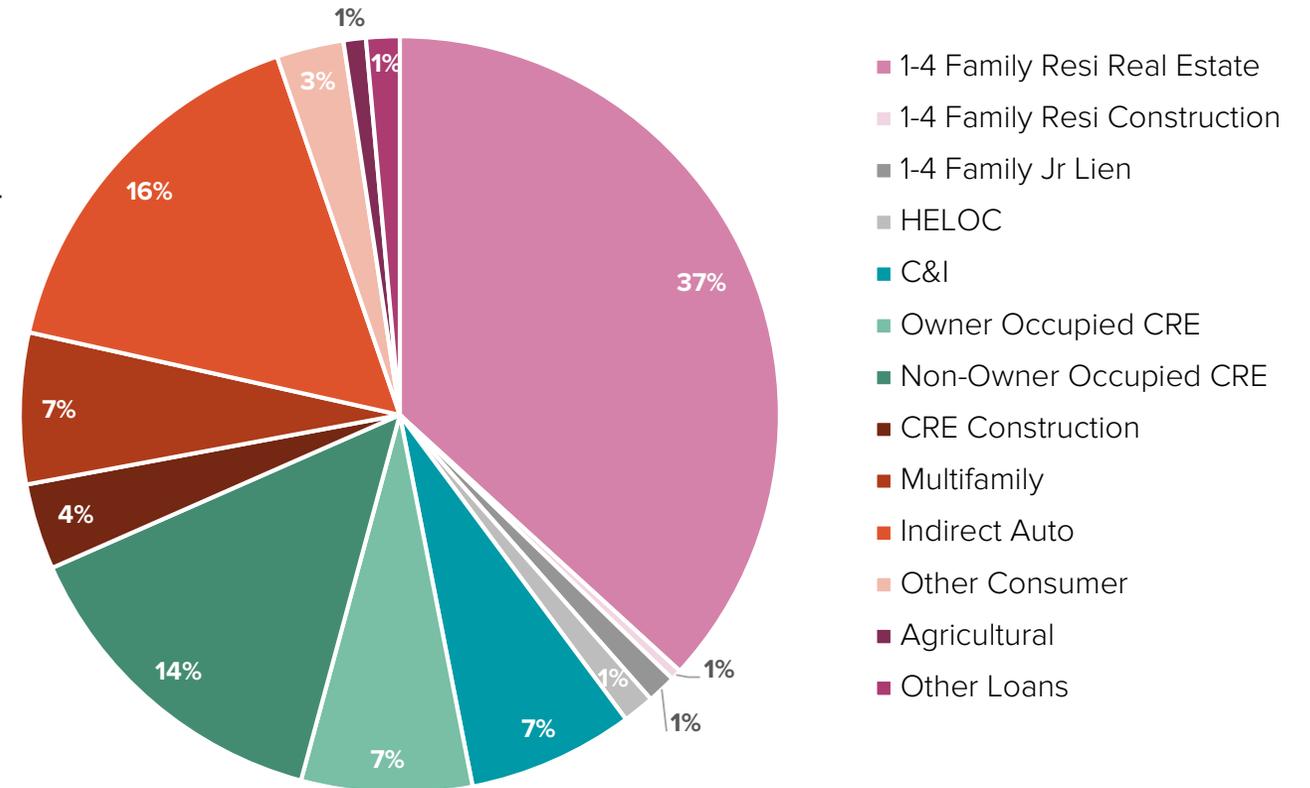


# In-footprint Lender

**\$743K average commercial loan relationship**

- Diversified and high-quality loan portfolio with in-footprint focus
- \$9.70 billion in total loans as of December 31, 2023
- Average consumer loan originations are uniquely granular for an institution of our size
  - Average Residential Mortgage – \$167,000
  - Average Home Equity Loan – \$63,000
  - Average Indirect Loan – \$27,000

**Diversified Loan Portfolio<sup>1</sup>**



<sup>1</sup> Loan customer balances as of December 31, 2023, call report code-based customer loan data

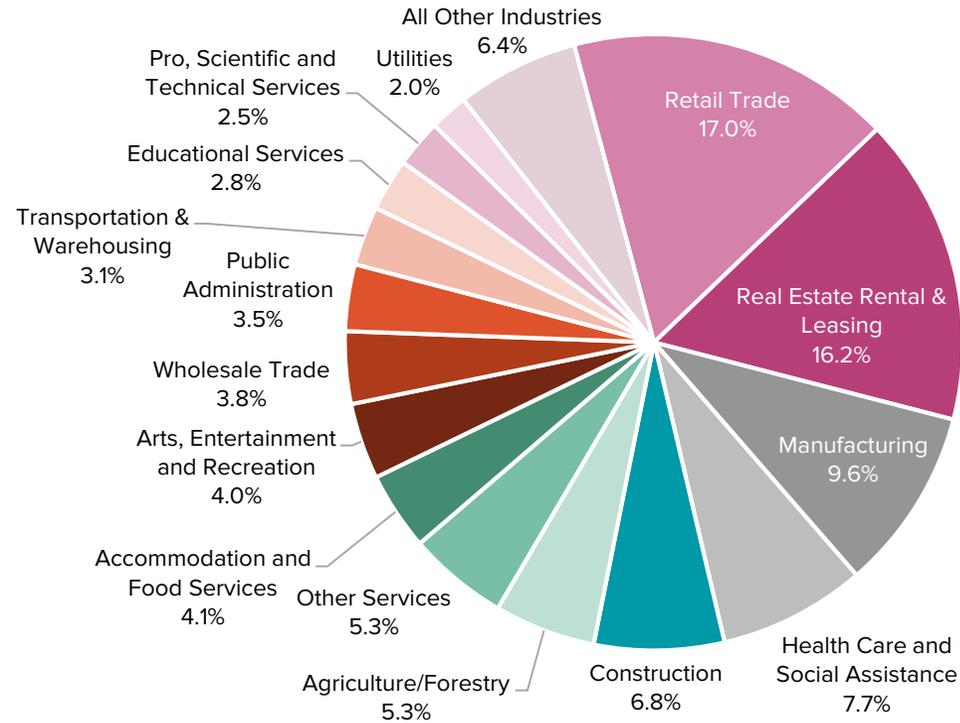


# Business Lending

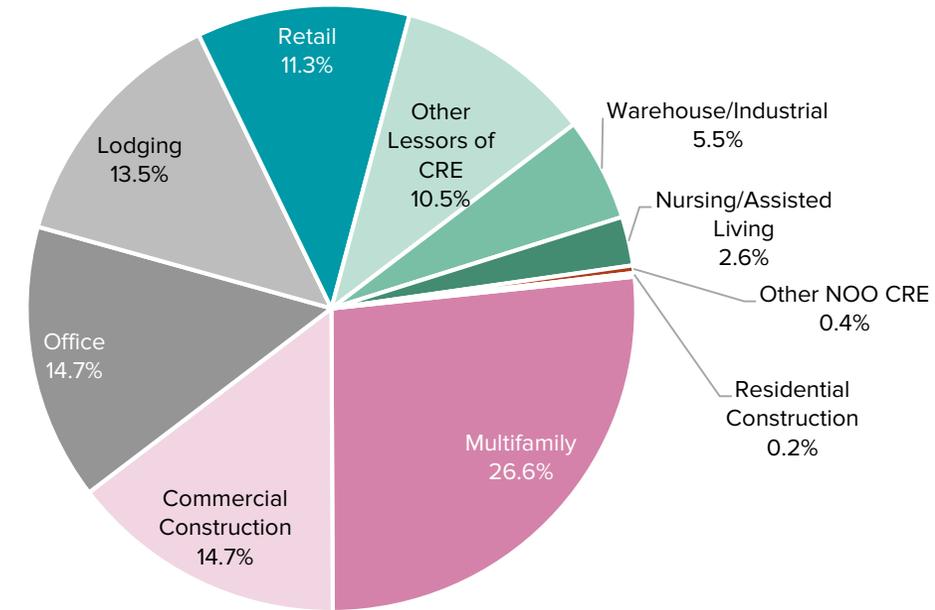
Well diversified lending portfolio

**0.07% 10-year average net-charge off ratio (2014-2023)**

**C&I, Owner Occupied CRE & All Other Business<sup>1</sup>**  
(\$1.75 billion)



**Non-Owner Occupied CRE (“NOO CRE”)<sup>2</sup>**  
(\$2.33 billion)



**Total Business Lending**  
**\$4.08 Billion**  
42% of total loans

**Regulatory-based CRE<sup>3</sup> represents 198% of total bank-level capital compared to the peer median of 239%**

Loan balances as of December 31, 2023, call report code-based customer loan data

<sup>1</sup> C&I, owner occupied CRE & all other portfolio includes all business loans not coded with “NOO CRE” call report codes (below)

<sup>2</sup> Non-owner occupied CRE portfolio includes all business loans coded with 1A1, 1A2, 1D and 1E2 call report codes

<sup>3</sup> Regulatory-based CRE includes all NOO CRE as defined in footnote 2 above along with all business loans coded with 1B call report code (loans secured by farmland)



# Consumer Lending

## Durable loss history versus industry<sup>1</sup>

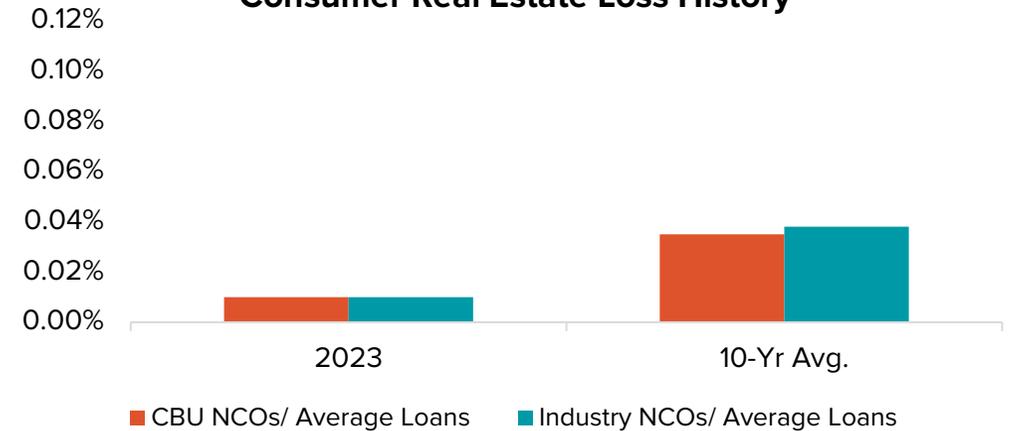
### Consumer Real Estate (\$3.73 billion)

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

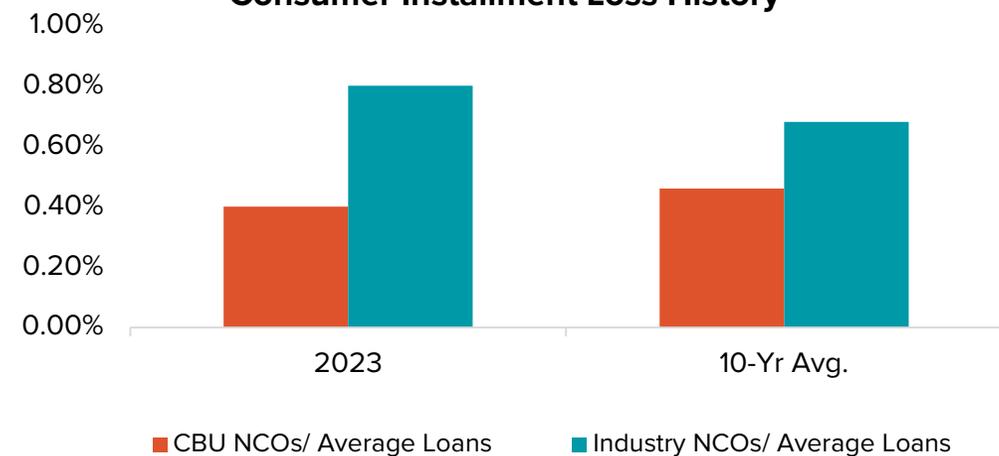
### Consumer Installment (\$1.89 billion)

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

Consumer Real Estate Loss History<sup>2,3</sup>



Consumer Installment Loss History<sup>2,3</sup>



Sources: S&P Global, Internal filings

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

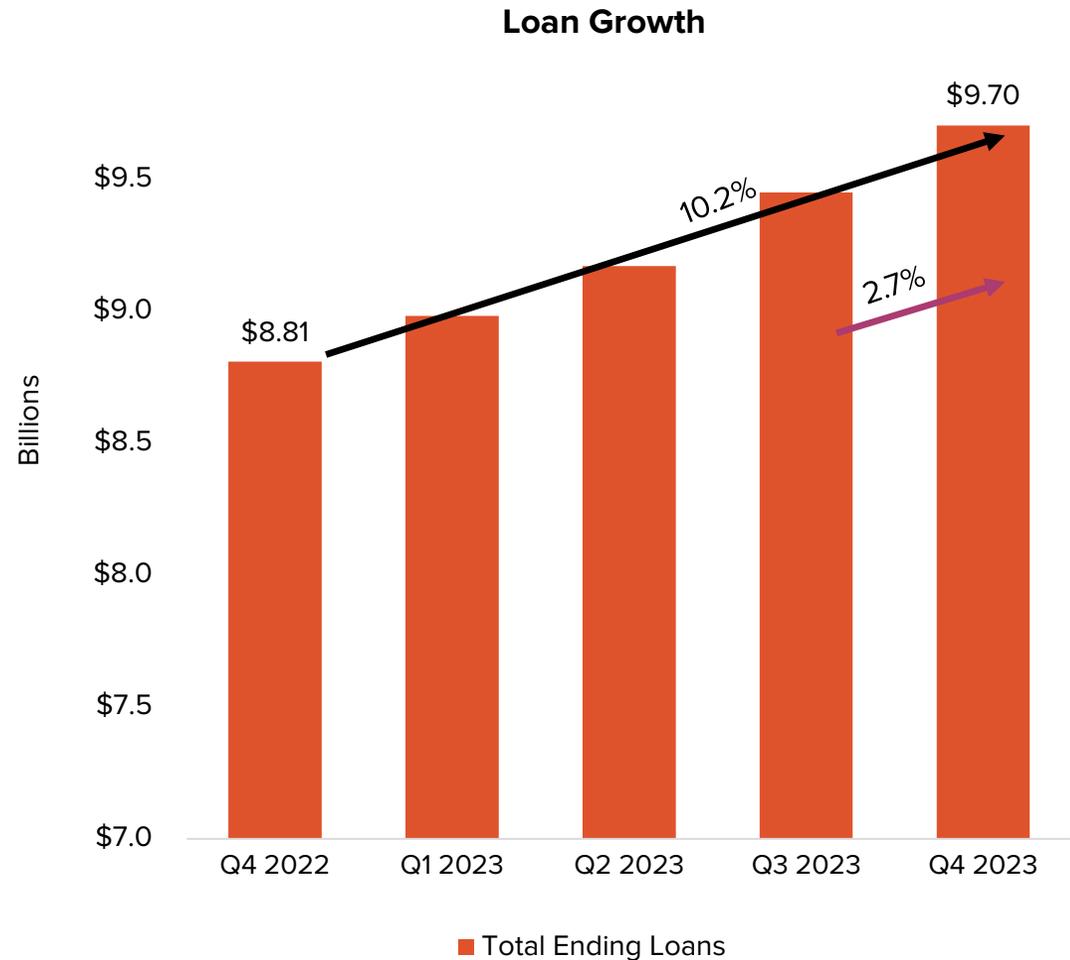
<sup>2</sup>Regulatory reporting results. Consumer installment results include checking/overdraft charge-offs and exclude credit cards.

<sup>3</sup> Net charge-offs ("NCOs")



# Organic Loan Growth

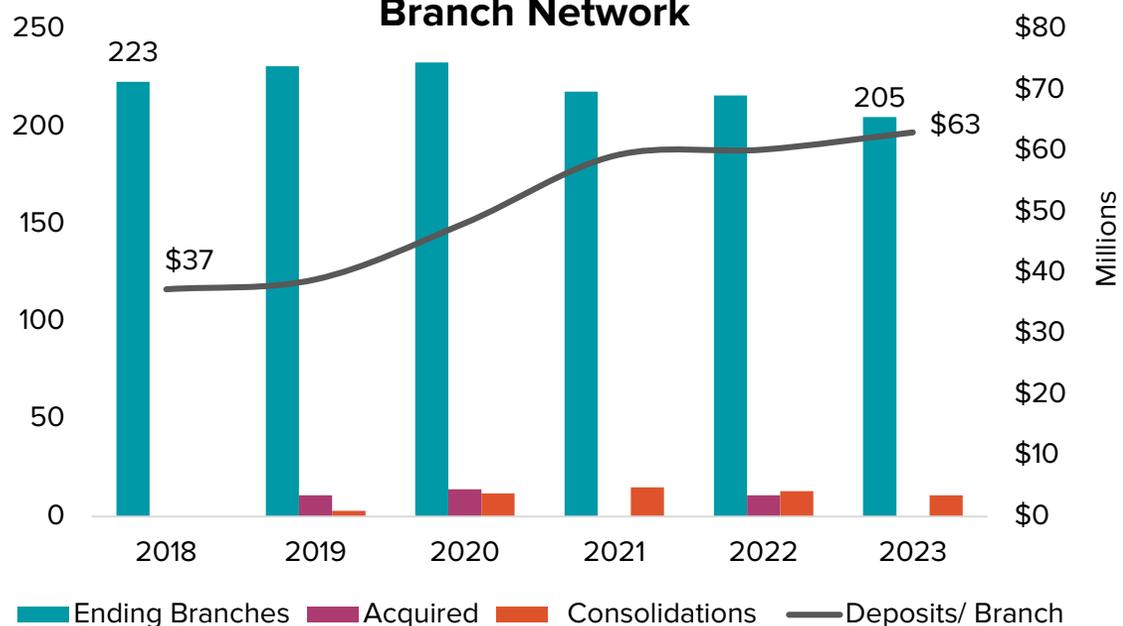
- Q4 2023 loan growth of 2.7%
- Last twelve months (“LTM”) overall loan growth of 10.2%
- All major loan segments produced positive organic loan growth during the last twelve months
  - Business loans: 12.0%
  - Consumer real estate: 8.3%
  - Consumer installment: 10.0%



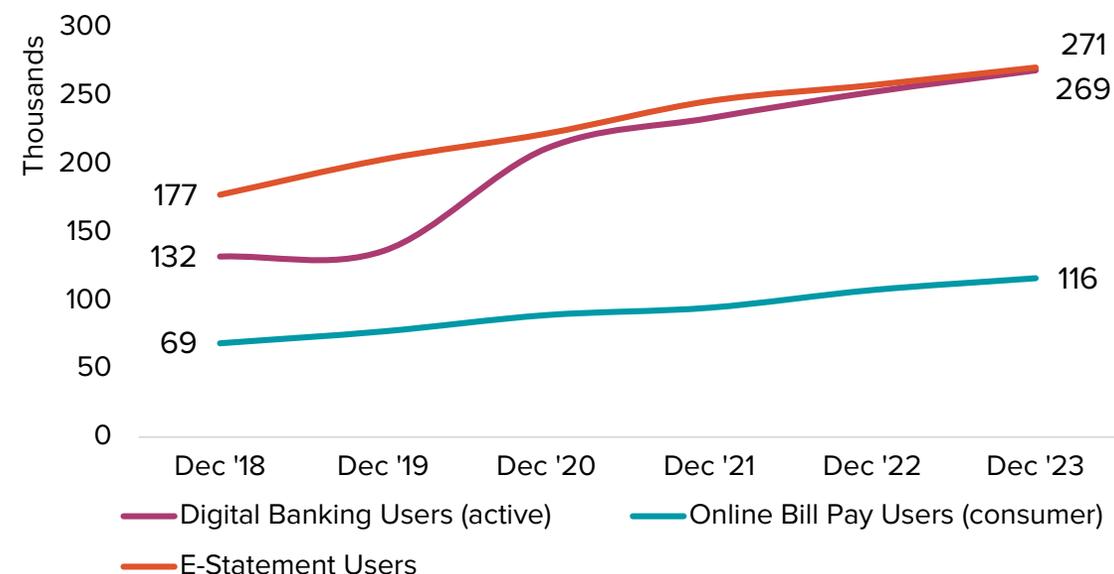
# Optimizing Delivery Channels for Growth

- Addressing redundancies through consolidations and expanding digital banking services
- 54 branches consolidated from 2019 through 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 beginning in the second half of 2024.
- As of December 2023, 71% of total customers were digital banking users, while 58% and 28% 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

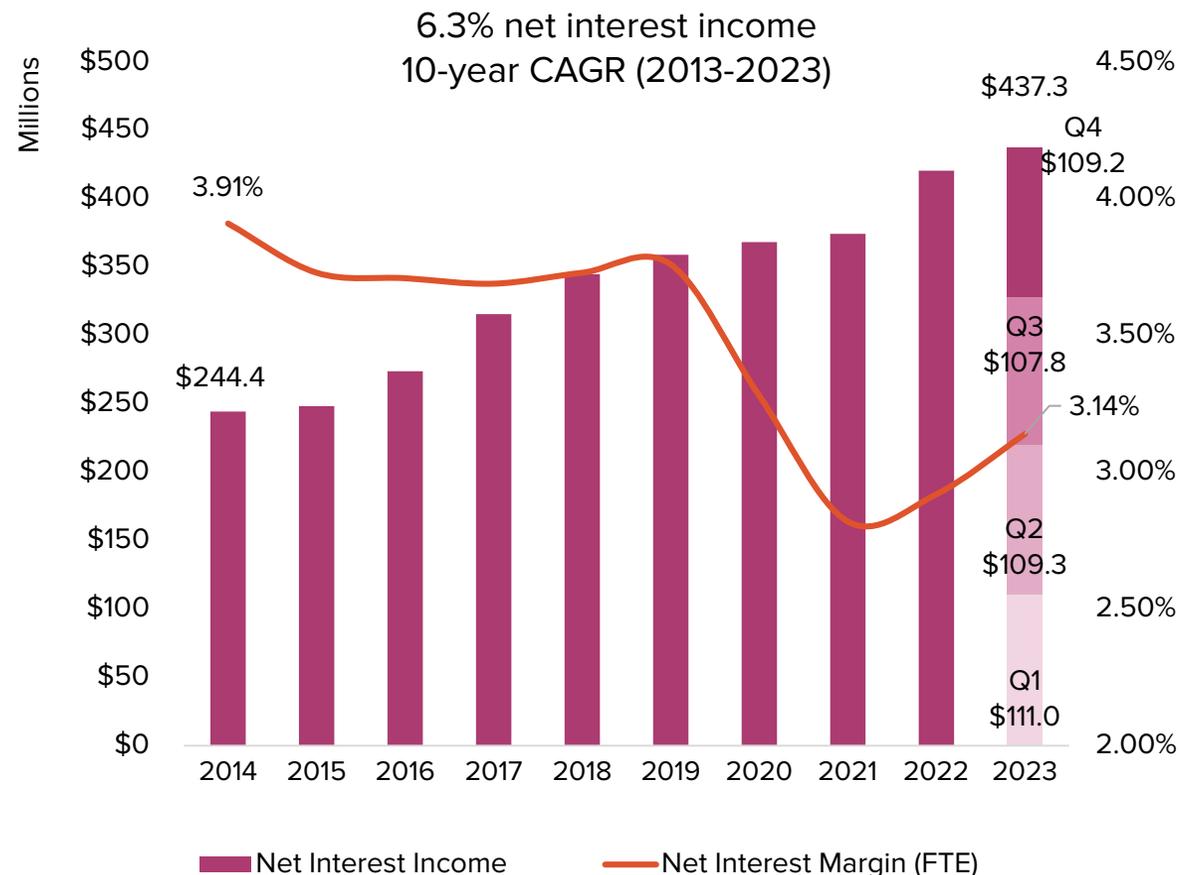
	Recent Accomplishments	What's Next
<b>Client Experience</b>	<ul style="list-style-type: none"> <li>• Rolled out a credit monitoring and education tool</li> <li>• Enhanced personal banking budgeting tool</li> <li>• 37% of residential mortgage applications in 2023 were submitted online; 31% in 2022</li> <li>• Rolled out a new tool to simplify digital account opening and direct deposit setup</li> <li>• Implemented Zelle® for enhanced person-to-person payments</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing digital account opening process to include more funding options</li> <li>• Developing a unified and comprehensive online loan application process that will result in a more efficient and complete customer submission</li> <li>• Evaluating generative chat solutions for both internal and external opportunities</li> <li>• Implementing new customer-facing digital escrow and sub-accounting platform that accommodates a wide range of businesses and special use cases</li> </ul>
<b>Process Efficiencies and Digital Investments</b>	<ul style="list-style-type: none"> <li>• Workflow automation technology</li> <li>• Shifted marketing budget to drive digital traffic</li> <li>• Invested resources in Application Development and Digital Banking departments</li> </ul>	<ul style="list-style-type: none"> <li>• Participating in bank tech / fintech ecosystem</li> <li>• Enhancing e-sign / digital signature capabilities</li> <li>• Implementing end to end processes and robotic process automation technologies</li> <li>• Working to expand workflow automation capabilities to save up to 60,000 hours of manual effort</li> </ul>
<b>Client and Data Management</b>	<ul style="list-style-type: none"> <li>• Continually investing in information security infrastructure across banking and financial services businesses</li> <li>• Made a considerable investment into new data lake for corporate data solution project</li> </ul>	<ul style="list-style-type: none"> <li>• Investing resources in data analytics talent and platforms</li> <li>• Creating a single source of truth for all corporate data, via a new single, fully managed solution</li> <li>• Leveraging internal data to create predictive analytic models to help provide valuable business insights</li> </ul>



# Robust Net Interest Income

- Net interest income (“NII”) of \$109.2 million for Q4 2023 decreased \$3.0 million, or 2.7%, from Q4 2022
- The Company’s Q4 2023 net interest margin (“NIM”) of 3.07% (FTE-basis) contracted 3 basis points during the quarter and expanded 5 basis points from the fourth quarter of 2022

## Net Interest Income Growth and Net Interest Margin (FTE)<sup>1</sup>



<sup>1</sup> Net interest margin (FTE) is a non-GAAP measure. Please see Appendix for details. CBU data as of 12/31/2023.  
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 Benefit & Administration 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
Creative Plan Design Limited (CPD)	Acquired 2024

- Our benefits business is the primary contributor of noninterest revenue which has grown at a 11.8% 10-year CAGR (2013-2023).
- 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



**\$118.0M**

TTM revenue, up 2.2% from the prior year period



**865,000+**

plan participants among 5,800 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



**\$47.1M**

TTM revenue, up 18.3% from the prior year period



**75<sup>th</sup>**

Among the top 100 U.S. insurance agencies<sup>1</sup>



<sup>1</sup>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



**\$31.9M**

TTM revenue, up 0.9% from the prior year period



**8.5%**

10-year revenue CAGR (2013-2023)



**\$8.7B**

assets under administration ("AUA")<sup>1</sup> at 12/31/2023



**19.2%**

AUA growth from 12/31/2022

<sup>1</sup> Excludes \$463.8 million of intercompany AUA

# Operating Performance and Key Indicators



# Operating Performance Summary

As of December 31, 2023

Financial Highlights	Q4 2023 in millions, except EPS	% Change from Q4 2022	2023 in millions, except EPS	% Change from 2022
Net interest income	\$109.2	(2.7%)	\$437.3	4.0%
Noninterest revenues <sup>1</sup>	67.7	6.3%	267.0	3.2%
Operating expenses <sup>2</sup>	119.9	12.9%	462.4	10.2%
Adjusted pre-tax, pre-provision net revenue (“PTPPNR”) <sup>3</sup>	57.0	(18.3%)	241.9	(6.9%)
Provision for credit losses <sup>4</sup>	4.1	47.1%	11.2	3.3%
Net income, GAAP	33.7	(35.8%)	131.9	(31.3%)
Net income, operating <sup>5</sup>	41.0	(21.6%)	181.3	(7.4%)
Fully diluted weighted average common shares outstanding	53.7	(1.1%)	53.9	(0.8%)
GAAP EPS (diluted)	\$0.63	(35.1%)	\$2.45	(30.7%)
Operating EPS (diluted) <sup>5</sup>	\$0.76	(20.8%)	\$3.36	(6.7%)
Adjusted PPPNR per share (diluted) <sup>3</sup>	\$1.06	(17.8%)	\$4.49	(6.1%)

**3.7% growth**  
in total operating  
revenues<sup>6</sup> in 2023  
compared to 2022

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

<sup>2</sup> Excludes acquisition related expenses, restructuring expenses, and litigation accrual

<sup>3</sup> Adjusted pre-tax, pre-provision net revenue (“PTPPNR”) and PPPNR per share are non-GAAP measures. Please see Appendix for details.

<sup>4</sup> Excludes acquisition-related provision for credit losses

<sup>5</sup> 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.

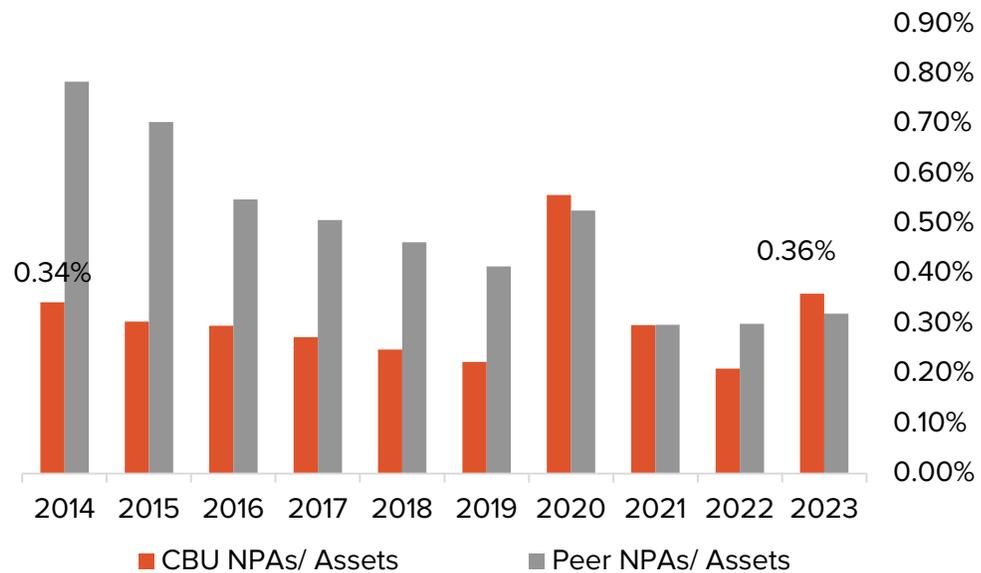
<sup>6</sup> Operating revenues, a non-GAAP measure, is defined as net interest income on a FTE basis excluding acquired non-PCD loan accretion plus noninterest revenues, excluding loss on sales of investment securities, gain on debt extinguishment and unrealized gain (loss) on equity securities. Please see Appendix for details.



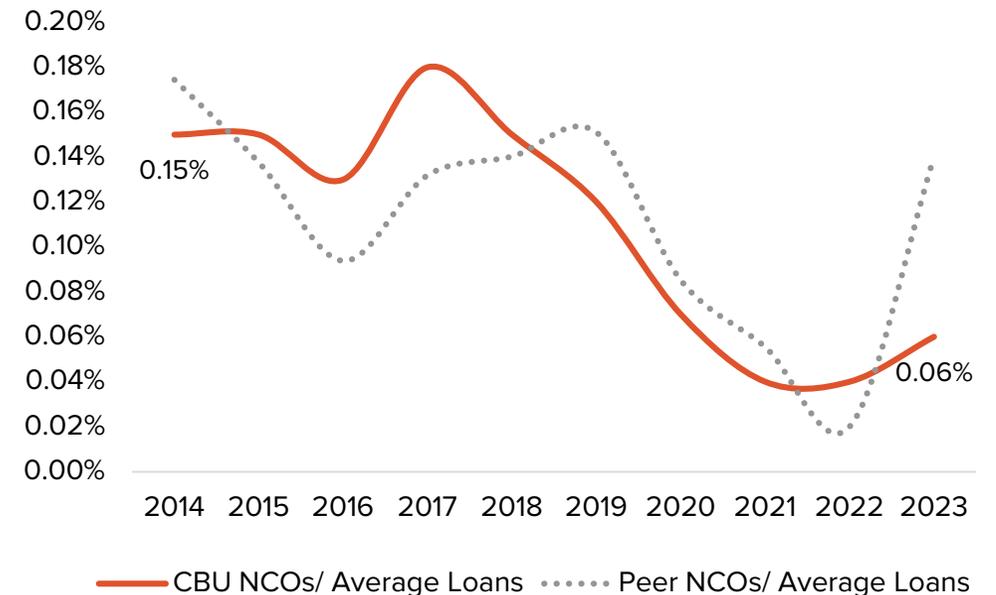
# Strong Asset Quality

## Historically Strong Asset Quality Metrics<sup>1</sup>

### Non-Performing Assets<sup>2</sup>



### Net Charge-offs (“NCOs”)



<sup>1</sup> CBU and peer data as of 12/31/2023. Peers used throughout this presentation may be found in the appendix.

<sup>2</sup> 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.

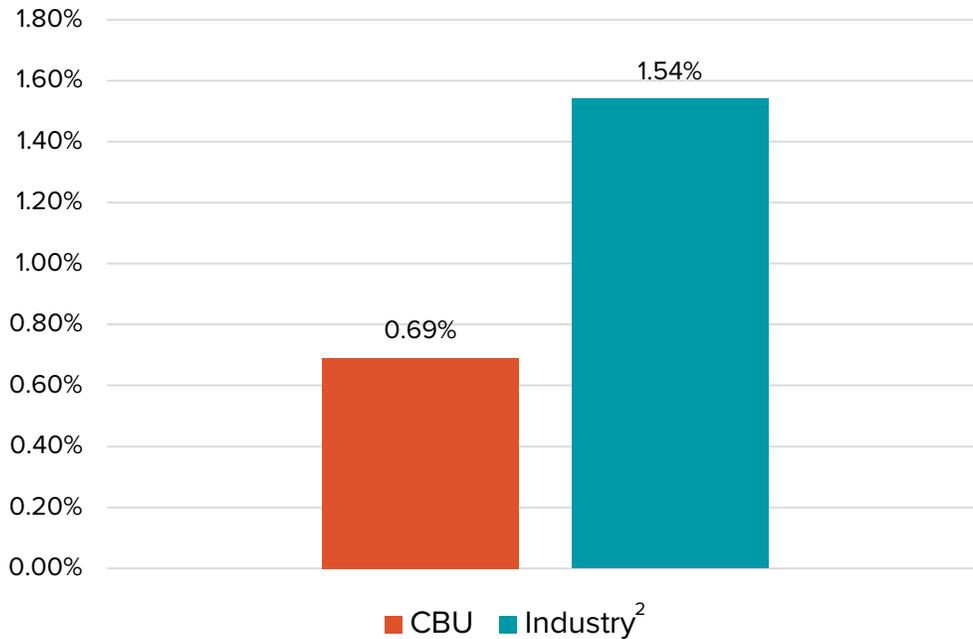
Sources: S&P Global, Company Filings



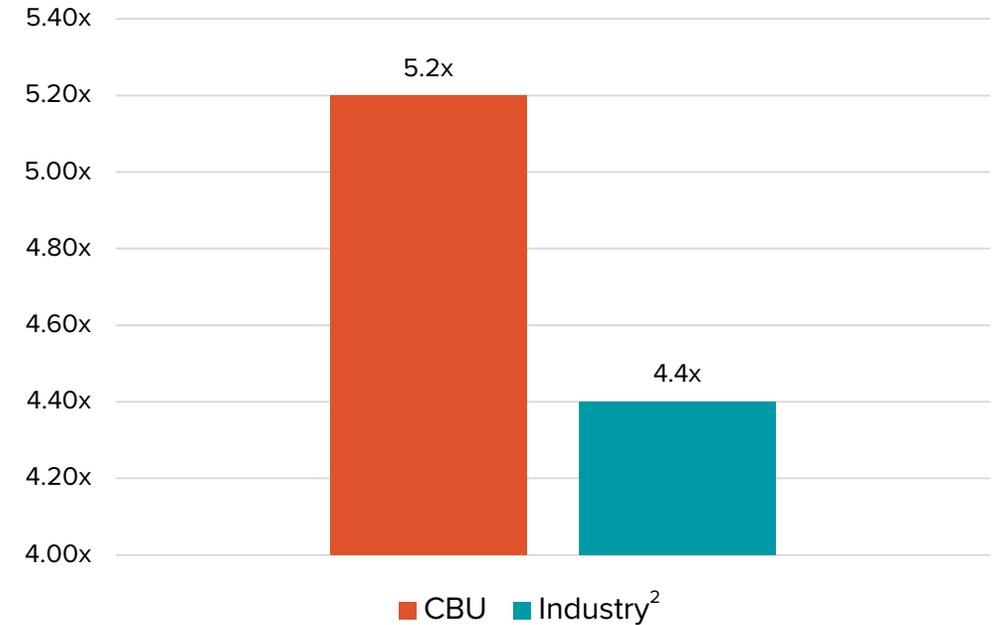
# Allowance Industry Comparison

Ample loss coverage compared to industry

### Allowance for Credit Losses (“ACL”) Ratio<sup>1</sup>



### Allowance Loss Coverage<sup>1</sup> (ACL Ratio / 10-year Average Net Charge-Off Ratio<sup>3</sup>)



<sup>1</sup> Q4 2023 ACL regulatory reporting results. Analysis excludes leases.

<sup>2</sup> Industry group is defined as U.S. Commercial Banks with assets between \$10 billion and \$50 billion.

<sup>3</sup> Average net charge-off ratio is a 10-year average from 2014 – 2023

Sources: S&P Global



# Liquidity Position & Sources

## Conservative approach

- Loan to deposit ratio of 75.1% as of December 31, 2023
- Investment portfolio consists of lower risk investments
  - 76% US Treasury Securities & Cash Equivalents at 12/31/2023
- 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 \$2.18 billion

Dollars in thousands	December 31, 2023
Cash and cash equivalents	\$190,962
FHLB borrowing availability	1,370,085
FRB borrowing capacity	1,106,806
Investments <sup>1</sup>	
US government and agency	3,139,017
MBS and CMO	421,033
Municipals	458,158
Corporate	7,766
Less: Pledged securities	(1,860,384)
Net unpledged securities	2,165,590
<b>Total liquidity sources</b>	<b>\$4,833,443</b>

<sup>1</sup> Includes \$381.8 million in net unrealized losses on AFS securities and \$50.4 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

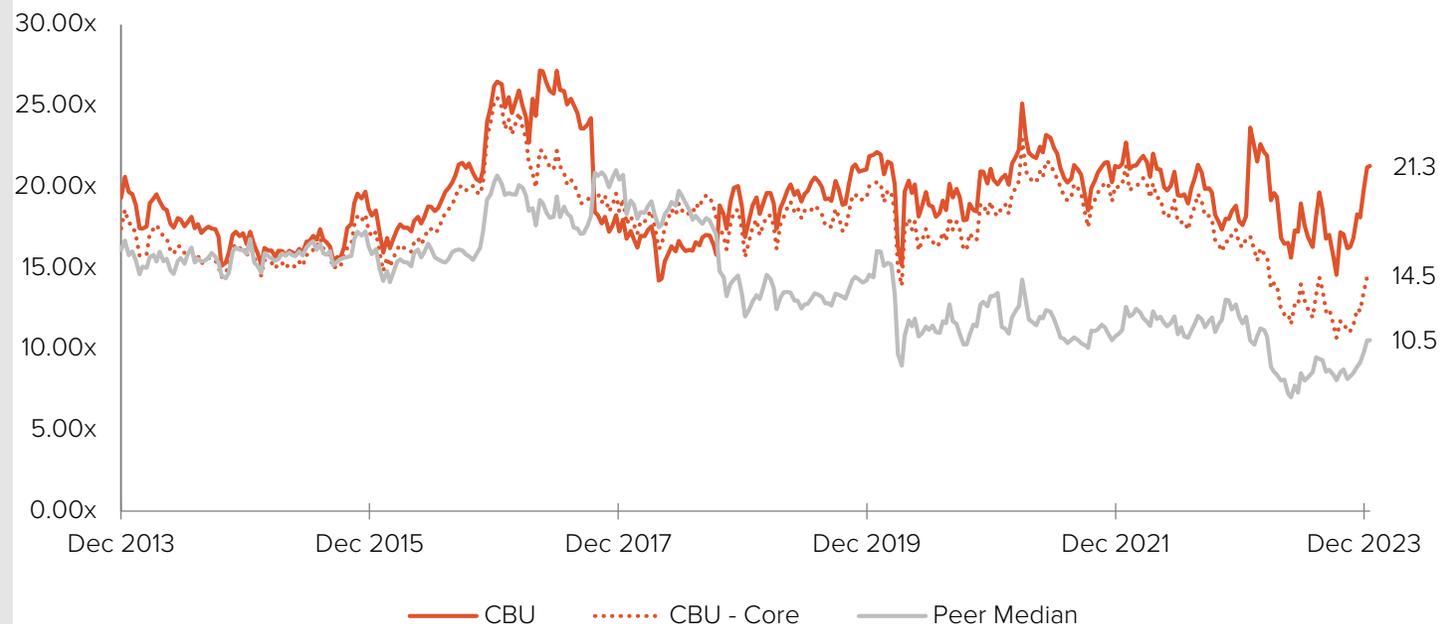
## Investment Profile As of December 31, 2023

Closing Stock Price	\$52.11
52-week High Stock Price	\$64.86
52-week Low Stock Price	\$35.38
Dividend Yield (annualized)	3.45%
3-year Beta	0.77%
Price/ TTM EPS	21.3
Price/ TTM Core EPS <sup>1</sup>	14.5
Average Daily Volume (3-month)	~283,000
Common Shares Outstanding	53.3 million
Institutional Ownership	75%

Delivering superior risk-adjusted returns

28% of operating revenues<sup>2</sup> is non-banking (2023)

Price/ TTM EPS



Source: S&P Global. Ending share prices and earnings are as of 12/31/2023.

<sup>1</sup> Core 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.

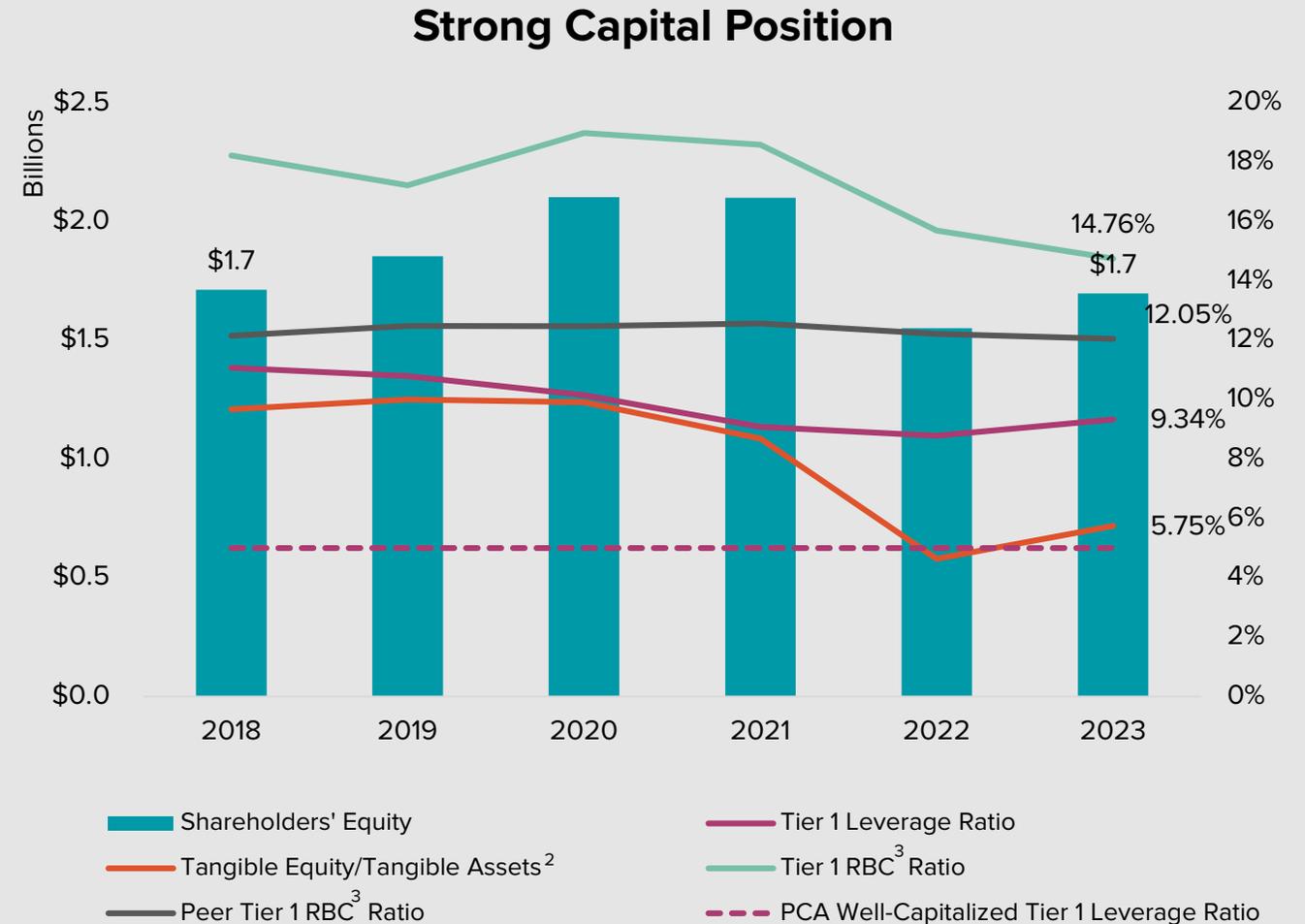
<sup>2</sup> Operating revenues, a non-GAAP measure, is defined as net interest income on a FTE basis excluding acquired non-PCD loan accretion plus noninterest revenues, excluding loss on sales of investment securities, gain on debt extinguishment and unrealized gain (loss) on equity securities. Please see Appendix for details.



# Solid Capital Position

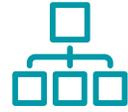
## Ready to support growth

- Tier 1 leverage ratio maintained well above PCA<sup>1</sup> 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



<sup>1</sup> Prompt Corrective Action  
<sup>2</sup> Tangible equity and tangible assets are non-GAAP measures. Please see Appendix for details.  
<sup>3</sup> 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

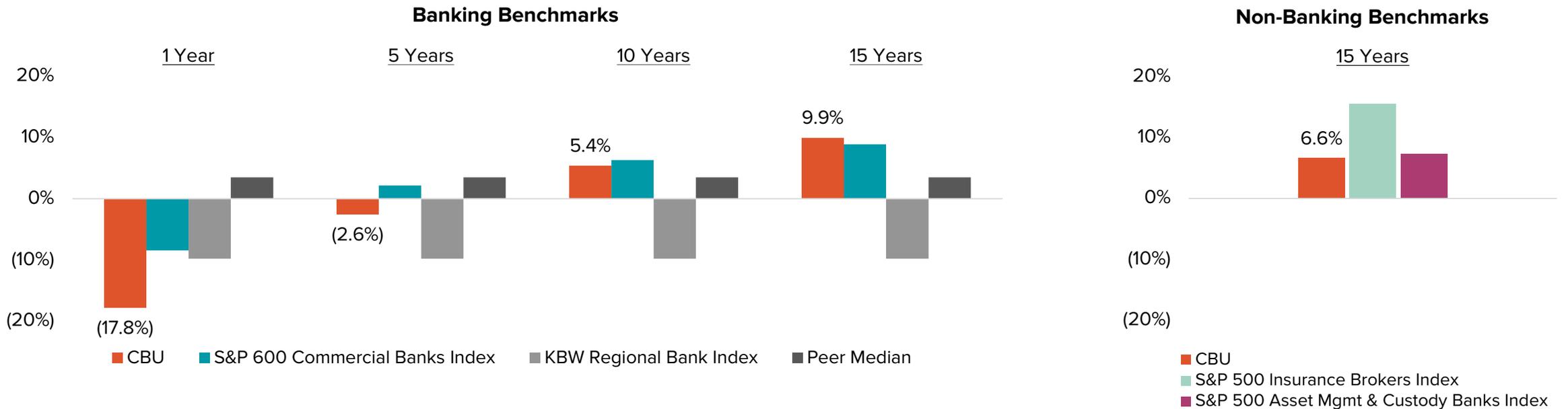


Strong fundamentals with consistent and strong asset quality and high quality, durable revenues



Long-term responsible growth focus

## Annualized Total Shareholder Returns<sup>1</sup>



<sup>1</sup> Through January 31, 2024, including reinvestment of dividends. Peers used throughout presentation may be found in the appendix.



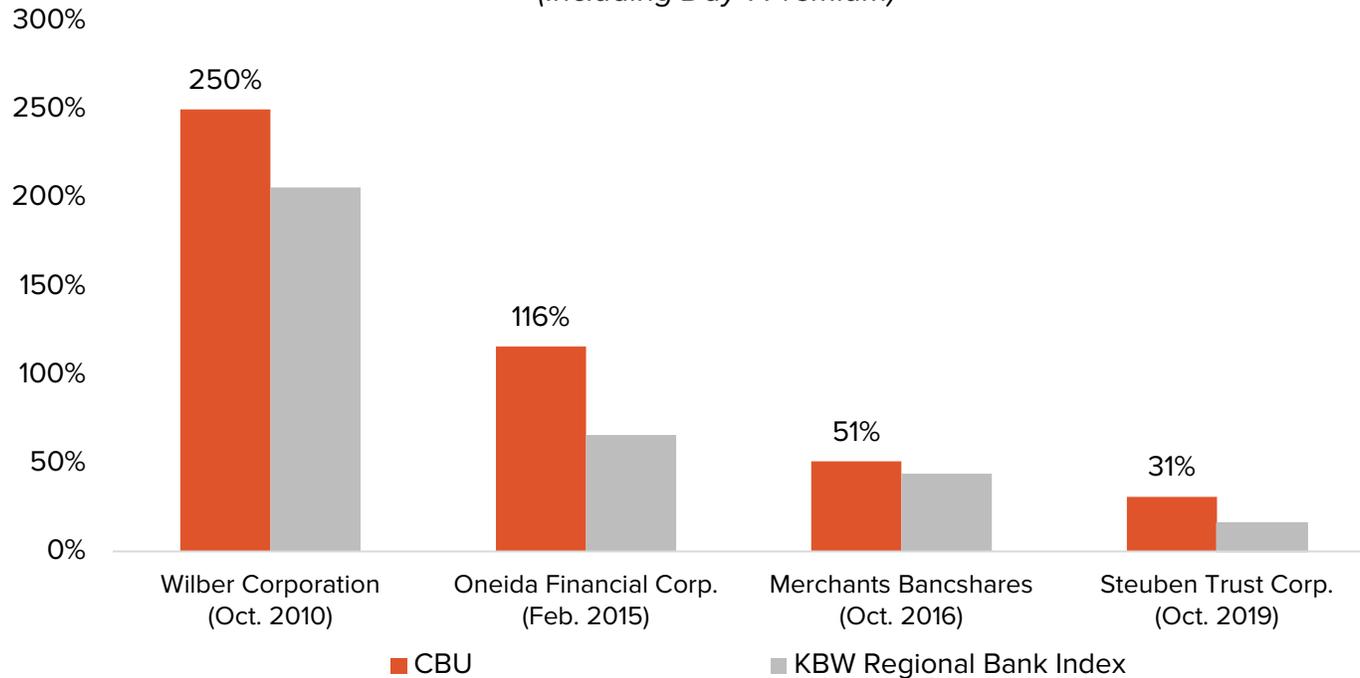
# Creating Excess Value

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 January 31, 2024



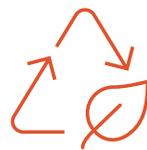
# Corporate Responsibility Initiatives

## 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 2023, the Company implemented a Corporate Responsibility Committee to facilitate our initiatives.
- Committed to strong corporate governance, with an engaged independent Chair of the Board and 12 independent directors and alignment of Executive compensation structured with shareholders' interests.
- Implemented “MyVoice” company-wide engagement program to enhance employee satisfaction and engagement as well as adherence to core values.
- Learn more about our Corporate Responsibility initiatives at <https://ir.communitybanksystem.com/corporate-overview/Community-Responsibility/default.aspx>



**36%**  
of directors identify as  
women or minorities



**100%**  
recycling rate of  
electronics

### 2023 Corporate Responsibility Initiatives

- ❑ Engaged a third party advisor to assist with the development of the Company's Corporate Responsibility roadmap
- ❑ Created Corporate Responsibility Committee
- ❑ Promoted 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
- ❑ Accelerated 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) <sup>1</sup>	Market Cap (\$M) <sup>1</sup>
Atlantic Union Bkshs Corp.	AUB	Richmond, VA	21,166,197	2,741
Berkshire Hills Bancorp Inc.	BHLB	Boston, MA	12,430,821	1,080
Eastern Bankshares Inc.	EBC	Boston, MA	21,133,278	2,505
F.N.B. Corp.	FNB	Pittsburgh, PA	46,157,693	4,941
First Busey Corp.	BUSE	Champaign, IL	12,283,415	1,371
First Commonwealth Financial	FCF	Indiana, PA	11,459,488	1,577
First Financial Bancorp.	FFBC	Cincinnati, OH	17,532,900	2,260
First Merchants Corp.	FRME	Muncie, IN	18,309,479	2,203
Fulton Financial Corp.	FULT	Lancaster, PA	27,560,704	2,696
Independent Bank Corp.	INDB	Rockland, MA	19,347,373	2,821
NBT Bancorp Inc.	NBTB	Norwich, NY	13,309,040	1,975
Northwest Bancshares, Inc.	NWBI	Columbus, OH	14,419,105	1,586
Old National Bancorp	ONB	Evansville, IN	49,089,836	4,943
Park National Corp.	PRK	Newark, OH	9,836,453	2,141
Provident Financial Services	PFS	Jersey City, NJ	14,210,810	1,362
Sandy Spring Bancorp Inc.	SASR	Olney, MD	14,028,172	1,223
United Bankshares Inc.	UBSI	Charleston, WV	29,926,482	5,067
WesBanco Inc.	WSBC	Wheeling, WV	17,712,374	1,863
WSFS Financial Corp.	WSFS	Wilmington, DE	20,594,672	2,781
	<b>Minimum</b>		<b>9,836,453</b>	<b>1,080</b>
	<b>Median</b>		<b>17,712,374</b>	<b>2,203</b>
	<b>Average</b>		<b>20,553,068</b>	<b>2,481</b>
	<b>Maximum</b>		<b>49,089,836</b>	<b>5,067</b>
<b>Community Bank System, Inc.</b>	<b>CBU</b>	<b>De Witt, NY</b>	<b>15,555,753</b>	<b>2,779</b>

<sup>1</sup>As of December 31, 2023



# Reconciliation of GAAP and Non-GAAP

Community Bank System's management uses the term "non-GAAP" financial measures in their analysis of the Company's performance and operations. Management believes that these non-GAAP financial measures helps investors and analysts measure underlying core performance and improves comparability to other organizations that have not engaged in acquisitions. These disclosures should not be viewed as a substitute for financial measures determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP financial measures that may be presented by other companies. The types of non-GAAP financial measures used in this presentation include:

- Tangible equity, tangible common equity, tangible assets and tangible book value are non-GAAP financial measures which Community Bank System's management uses to assess the quality of capital and believes that investors may find useful in their analysis, although these metrics are not necessarily comparable to similar non-GAAP financial measures used by other companies. Tangible equity is calculated by excluding the balance of goodwill and other intangible assets from the calculation of total equity and adding back the amount of the deferred tax liability related to tax deductible goodwill and other intangible assets. Tangible common equity is calculated by excluding the balance of goodwill and other intangible assets from the calculation of stockholders' equity and adding back the amount of the deferred tax liability related to tax deductible goodwill and other intangible assets. Tangible assets is calculated by excluding the balance of goodwill and other intangible assets from the calculation of total assets and adding back the amount of the deferred tax liability related to tax deductible goodwill and other intangible assets. Tangible book value per share is calculated by dividing tangible common equity by the number of shares outstanding at a point of time.
- Operating earnings is a non-GAAP financial measure which Community Bank System believes investors may find useful in their analysis. Operating earnings is calculated by excluding the one-time deferred tax expense benefits of the Tax Cuts and Jobs Act recorded in the fourth quarter of 2017, as well as net of tax effect 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, restructuring expenses 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, gain on debt extinguishment, restructuring expenses, and litigation accrual 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 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."



# Equity-to-Assets

Dollars in thousands

	2017	2018	2019	2020	2021	2022	2023
<b>Total assets</b>							
Total assets (GAAP)	\$10,746,198	\$10,607,295	\$11,410,295	\$13,931,094	\$15,552,657	\$15,835,651	<b>\$15,555,753</b>
Goodwill and other intangible assets, net	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	(902,837)	<b>(897,987)</b>
Deferred taxes on goodwill and other intangible assets, net	48,419	46,370	44,742	44,370	44,160	46,130	<b>45,198</b>
Total tangible assets (non-GAAP)	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	14,978,944	<b>14,702,964</b>
<b>Total common equity</b>							
Shareholders' Equity (GAAP)	\$1,635,315	\$1,713,783	\$1,855,234	\$2,104,107	\$2,100,807	\$1,551,705	<b>\$1,697,937</b>
Goodwill and other intangible assets, net	(825,088)	(807,349)	(836,923)	(846,648)	(864,335)	(902,837)	<b>(897,987)</b>
Deferred taxes on goodwill and other intangible assets, net	48,419	46,370	44,742	44,370	44,160	46,130	<b>45,198</b>
Total tangible common equity (non-GAAP)	858,646	952,804	1,063,053	1,301,829	1,280,632	694,998	<b>845,148</b>
<b>Shareholders' equity-to-assets ratio</b>							
Total tangible common equity (GAAP) – numerator	\$1,635,315	\$1,713,783	\$1,855,234	\$2,104,107	\$2,100,807	\$1,551,705	<b>\$1,697,937</b>
Total tangible assets (GAAP) – denominator	10,746,198	10,607,295	11,410,295	13,931,094	15,552,657	15,835,651	<b>15,555,753</b>
<b>Shareholders' equity-to-assets ratio (GAAP)</b>	<b>15.22%</b>	<b>16.16%</b>	<b>16.26%</b>	<b>15.10%</b>	<b>13.51%</b>	<b>9.80%</b>	<b>10.92%</b>
<b>Tangible equity-to-assets ratio</b>							
Total tangible common equity (non-GAAP) – numerator	\$858,646	\$952,804	\$1,063,053	\$1,301,829	\$1,280,632	\$694,998	<b>\$845,148</b>
Total tangible assets (non-GAAP) – denominator	9,969,529	9,846,316	10,618,114	13,128,816	14,732,482	14,978,944	<b>14,702,964</b>
<b>Tangible equity-to-assets ratio (non-GAAP)</b>	<b>8.61%</b>	<b>9.68%</b>	<b>10.01%</b>	<b>9.92%</b>	<b>8.69%</b>	<b>4.64%</b>	<b>5.75%</b>



# Free Cash Flow

Dollars in thousands, except per share data

	2018	2019	2020	2021	2022	2023	Q4 2023
Diluted Earnings per Share (GAAP)	\$3.24	\$3.23	\$3.08	\$3.48	\$3.46	<b>\$2.45</b>	<b>\$0.63</b>
Operating Diluted Earnings per Share (non-GAAP)	\$3.23	\$3.29	\$3.24	\$3.49	\$3.58	<b>\$3.36</b>	<b>\$0.76</b>
Net income (GAAP)	\$168,641	\$169,063	\$164,676	\$189,694	\$188,081	<b>\$131,924</b>	<b>\$33,706</b>
Acquisition expenses, net of tax effect	(609)	6,952	3,942	551	3,933	<b>50</b>	<b>6</b>
Acquisition-related contingent consideration adjustment, net of tax effect	-	-	-	157	(232)	<b>2,591</b>	<b>1,757</b>
(Gain) loss on sale of investments, net of tax effect	-	(3,943)	-	-	-	<b>41,340</b>	-
Unrealized (gain) loss on equity securities, net of tax effect	(520)	(15)	5	(13)	34	<b>37</b>	<b>(42)</b>
Loss (gain) on debt extinguishment, net of tax effect	252	-	(336)	-	-	<b>(191)</b>	-
Acquisition-related provision for credit losses, net of tax effect	-	-	2,446	-	3,079	-	-
Restructuring expenses, net of tax effect	-	-	-	-	-	<b>919</b>	<b>929</b>
Litigation accrual, net of tax effect	-	-	2,357	(79)	-	<b>4,582</b>	<b>4,632</b>
Operating Net Income (non-GAAP)	167,764	172,057	173,090	190,310	194,895	<b>181,252</b>	<b>40,988</b>
Amortization of intangible assets, net of tax effect	14,375	12,886	11,425	11,044	11,909	<b>11,464</b>	<b>2,845</b>
Subtotal (non-GAAP)	182,139	184,943	184,515	201,354	206,804	<b>192,716</b>	<b>43,833</b>
Acquired non-PCD loan accretion, net of tax effect	(6,272)	(4,981)	(4,388)	(3,135)	(3,357)	<b>(2,955)</b>	<b>(661)</b>
Adjusted Net Income (non-GAAP)	175,867	179,962	180,127	198,219	203,447	<b>189,761</b>	<b>43,172</b>
Cash Dividends Paid	71,495	80,241	87,131	91,051	93,387	<b>95,102</b>	<b>24,054</b>
<b>Cash Dividend % of Adjusted Net Income</b>	<b>40.7%</b>	<b>44.6%</b>	<b>48.4%</b>	<b>45.9%</b>	<b>45.9%</b>	<b>50.1%</b>	<b>55.7%</b>



# Return on Assets

Dollars in thousands

	2018	2019	2020	2021	2022	2023	Q4 2023
Average Total Assets	\$10,665,209	\$11,043,173	\$12,896,499	\$14,835,025	\$15,567,139	<b>\$15,242,884</b>	<b>\$15,333,131</b>
Net income (GAAP)	\$168,641	\$169,063	\$164,676	\$189,694	\$188,081	<b>\$131,924</b>	<b>\$33,706</b>
<b>Return on Assets (GAAP)</b>	<b>1.58%</b>	<b>1.53%</b>	<b>1.28%</b>	<b>1.28%</b>	<b>1.21%</b>	<b>0.87%</b>	<b>0.87%</b>
Operating Net Income (non-GAAP)	167,764	172,057	173,090	190,310	194,884	<b>181,252</b>	<b>40,988</b>
<b>Operating Return on Assets (non-GAAP)</b>	<b>1.57%</b>	<b>1.56%</b>	<b>1.34%</b>	<b>1.28%</b>	<b>1.25%</b>	<b>1.19%</b>	<b>1.06%</b>
Adjusted Net Income (non-GAAP)	175,867	179,962	180,127	198,219	203,447	<b>189,761</b>	<b>43,172</b>
<b>Adjusted Return on Assets (non-GAAP)</b>	<b>1.65%</b>	<b>1.63%</b>	<b>1.40%</b>	<b>1.34%</b>	<b>1.31%</b>	<b>1.24%</b>	<b>1.12%</b>



# Net Interest Margin

Dollars in thousands

	2018	2019	2020	2021	2022	2023	Q4 2023
<b>Net interest margin</b>							
Net interest income	\$345,055	\$359,174	\$368,403	\$374,412	\$420,630	<b>\$437,285</b>	<b>\$109,190</b>
Total average interest-earning assets	9,368,198	9,663,634	11,358,162	13,393,383	14,548,665	<b>14,078,061</b>	<b>14,222,287</b>
<b>Net interest margin (GAAP)</b>	<b>3.68%</b>	<b>3.72%</b>	<b>3.24%</b>	<b>2.80%</b>	<b>2.89%</b>	<b>3.11%</b>	<b>3.05%</b>
<b>Net interest margin (FTE)</b>							
Net interest income	\$345,055	\$359,174	\$368,403	\$374,412	\$420,630	<b>\$437,285</b>	<b>\$109,190</b>
Fully tax-equivalent adjustment	4,345	4,009	3,939	3,393	4,074	<b>4,242</b>	<b>1,037</b>
Full tax-equivalent net interest income	349,400	363,183	372,342	377,805	424,704	<b>441,527</b>	<b>110,227</b>
Total average interest-earning assets	9,368,198	9,663,634	11,358,162	13,393,383	14,548,665	<b>14,078,061</b>	<b>14,222,287</b>
<b>Net interest margin (FTE) (non-GAAP)</b>	<b>3.73%</b>	<b>3.76%</b>	<b>3.28%</b>	<b>2.82%</b>	<b>2.92%</b>	<b>3.14%</b>	<b>3.07%</b>



# Operating Revenues

Dollars in thousands

	2018	2019	2020	2021	2022	2023	Q4 2023
<b>Noninterest revenues/ total revenues (GAAP)</b>							
Noninterest revenues	224,059	230,619	228,419	246,235	258,725	214,834	67,769
Total revenues	569,114	589,793	596,822	620,647	679,355	652,119	176,959
<b>Noninterest revenues/ total revenues (GAAP)</b>	<b>39.4%</b>	<b>39.1%</b>	<b>38.3%</b>	<b>39.7%</b>	<b>38.1%</b>	<b>32.9%</b>	<b>38.3%</b>
<b>Operating revenues (FTE) (non-GAAP)</b>							
Full tax-equivalent net interest income	349,400	363,183	372,342	377,805	424,704	441,527	110,227
Noninterest revenues	224,059	230,619	228,419	246,235	258,725	214,834	67,769
Acquired non-PCD loan accretion	(7,921)	(6,167)	(5,491)	(3,989)	(4,292)	(3,741)	(828)
Unrealized (gain) loss on equity securities	(657)	(19)	6	(17)	44	47	(52)
(Gain) loss on sales of investment securities	-	(4,882)	-	-	-	52,329	-
Loss (gain) on debt extinguishment	318	-	(421)	-	-	(242)	-
<b>Operating revenues (FTE) (non-GAAP)</b>	<b>565,199</b>	<b>582,735</b>	<b>594,855</b>	<b>620,034</b>	<b>679,181</b>	<b>704,754</b>	<b>177,116</b>
<b>Noninterest revenues/ operating revenues (FTE) (non-GAAP)</b>							
Noninterest revenues <sup>1</sup>	224,059	225,718	228,004	246,218	258,769	266,968	67,717
Operating revenues (FTE) (non-GAAP)	565,199	582,735	594,855	620,034	679,181	704,754	177,116
<b>Noninterest revenues<sup>1</sup>/ operating revenues (FTE) (non-GAAP)</b>	<b>39.6%</b>	<b>38.7%</b>	<b>38.3%</b>	<b>39.7%</b>	<b>38.1%</b>	<b>37.9%</b>	<b>38.2%</b>

<sup>1</sup>For purposes of this ratio noninterest revenues excludes gains and 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	2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
<b>Pre-tax, pre-provision net revenue</b>							
Net income (GAAP)	\$131,924	\$188,081	\$52,530	\$5,798	\$48,291	\$44,129	\$33,706
Income taxes	36,307	52,233	14,779	1,175	13,182	11,861	10,089
Income before income taxes	168,231	240,314	67,309	6,973	61,473	55,990	43,795
Provision for credit losses	11,203	14,773	2,768	3,500	752	2,878	4,073
Pre-tax, pre-provision net revenue (non-GAAP)	179,434	255,087	70,077	10,473	62,225	58,868	47,868
Acquisition expenses	63	5,021	353	57	(1)	-	7
Acquisition-related contingent consideration adjustment	3,280	(300)	(700)	-	1,000	80	2,200
Restructuring expenses	1,163	-	-	-	-	-	1,163
Litigation accrual	5,800	-	-	-	-	-	5,800
Loss on sales of investment securities	52,329	-	-	52,329	-	-	-
Unrealized (gain) loss on equity securities	47	44	20	-	50	49	(52)
Gain on debt extinguishment	(242)	-	-	(242)	-	-	-
<b>Adjusted pre-tax, pre-provision net revenue (non-GAAP)</b>	<b>\$241,874</b>	<b>\$259,852</b>	<b>\$69,750</b>	<b>\$62,617</b>	<b>\$63,274</b>	<b>\$58,997</b>	<b>\$56,986</b>
<b>Pre-tax, pre-provision net revenue per share</b>							
Diluted earnings per share (GAAP)	\$2.45	\$3.46	\$0.97	\$0.11	\$0.89	\$0.82	\$0.63
Income taxes	0.67	0.93	0.27	0.02	0.25	0.22	0.19
Income before income taxes	3.12	4.42	1.24	0.13	1.14	1.04	0.82
Provision for credit losses	0.21	0.27	0.06	0.07	0.01	0.06	0.07
Pre-tax, pre-provision net revenue per share (non-GAAP)	3.33	4.69	1.30	0.20	1.15	1.10	0.89
Acquisition expenses	-	0.09	-	-	-	-	-
Acquisition-related contingent consideration adjustment	0.06	-	(0.01)	-	0.02	-	0.04
Restructuring expenses	0.02	-	-	-	-	-	0.02
Litigation accrual	0.11	-	-	-	-	-	0.11
Loss on sales of investment securities	0.97	-	-	0.96	-	-	-
Unrealized (gain) loss on equity securities	-	-	-	-	-	-	-
Gain on debt extinguishment	-	-	-	-	-	-	-
<b>Adjusted pre-tax, pre-provision net revenue per share (non-GAAP)</b>	<b>\$4.49</b>	<b>\$4.78</b>	<b>\$1.29</b>	<b>\$1.16</b>	<b>\$1.17</b>	<b>\$1.10</b>	<b>\$1.06</b>



# Thank you!

## INVESTOR RELATIONS CONTACT

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