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FEBRUARY 2015

Acquisition of
Oneida Financial Corp.

CBU
Listed
NYSE
THE NEW YORK STOCK EXCHANGE

 **Community**
BANK SYSTEM, INC.

Forward-Looking Statement & Additional Information

This presentation contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about Community Bank System’s long-term goals, financial condition, results of operations, earnings, levels of net loan charge-offs and nonperforming assets, interest rate exposure and profitability. You can identify these forward-looking statements by use of such words as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect,” and other similar expressions.

Forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the following important factors that could affect the actual outcome of future events:

- risks related to credit quality, interest rate sensitivity and liquidity;
- the strength of the U.S. economy in general and the strength of the local economies where Community Bank System conducts its business;
- the effect of, and changes in, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System;
- inflation, interest rate, market and monetary fluctuations;
- the timely development of new products and services and customer perception of the overall value thereof (including, but not limited to, features, pricing and quality) compared to competing products and services;
- the success of marketing efforts in attracting or retaining customers;
- competition from providers of products and services that compete with Community Bank System’s businesses;
- changes in consumer spending, borrowing and savings habits;
- technological changes and implementation and cost/financial risks with respect to transitioning to new computer and technology based systems involving large multi-year contracts;
- any acquisitions or mergers that might be considered or consummated by Community Bank System 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;
- Community Bank System’s ability to maintain and increase market share and control expenses;
- the nature, timing and effect of changes in banking regulations or other regulatory or legislative requirements affecting Community Bank System’s respective businesses, including changes in laws and regulations concerning taxes, accounting, banking, securities and other aspects of the financial services industry, specifically the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and
- changes in Community Bank System’s organization, compensation and benefit plans and in the availability of, and compensation levels for, employees in its geographic markets.

You should refer to Community Bank System’s periodic and current reports filed with the Securities and Exchange Commission for further information on other factors that could cause actual results to be significantly different from those expressed or implied by these forward-looking statements.

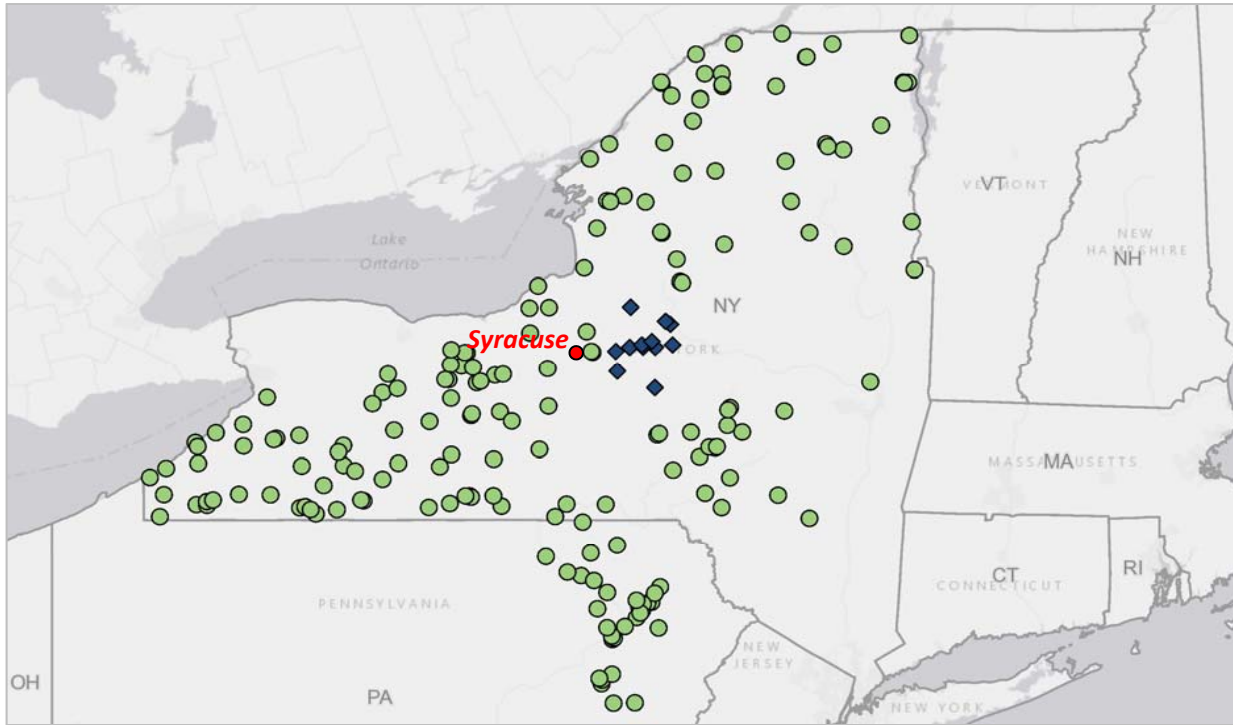
In connection with the proposed merger, Community Bank System, Inc. will file with the Securities and Exchange Commission (SEC) a Registration Statement on Form S-4 that will include a Proxy Statement of Oneida Financial Corp., as well as other relevant documents concerning the proposed transaction. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. **Stockholders of Oneida Financial Corp. are urged to read the registration statement and proxy statement/prospectus and the other relevant materials filed with the SEC when they become available because they will contain important information about the proposed transaction.**

A free copy of the proxy statement/prospectus, when available, as well as other filings containing information about Oneida Financial Corp. and Community Bank System, Inc., may be obtained at the SEC’s Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, when available, free of charge from Oneida Financial Corp. at <http://www.oneidafinancial.com/> under the heading “Investor Relations” and then “Documents” or from Community Bank System, Inc. by accessing its website at www.communitybankna.com under the heading of “Investor Relations” and then “SEC Filings & Annual Report.” Copies of the proxy statement/prospectus can also be obtained, free of charge and when available, by directing a request to Oneida Financial Corp., 182 Main Street, Oneida, New York 13421, Attention: Investor Relations, Telephone: (315) 363-2000 or to Community Bank System, Inc., 5790 Widewaters Parkway, DeWitt, New York 13214, Attention: Investor Relations, Telephone: (315) 445-2282.

Oneida Financial Corp. and Community Bank System, Inc. and certain of their respective directors and executive officers may be deemed to participate in the solicitation of proxies from the stockholders of Oneida Financial in connection with the proposed merger. Information about the directors and executive officers of Oneida Financial Corp. and their ownership of Oneida Financial Corp. common stock is set forth in the proxy statement for its 2014 annual meeting of stockholders, as filed with the SEC on Schedule 14A on March 25, 2014. Information about the directors and executive officers of Community Bank System, Inc. and their ownership of Community Bank System, Inc. common stock is set forth in the proxy statement for its 2014 annual meeting of shareholders, as filed with the SEC on Schedule 14A on April 4, 2014. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the proxy statement/prospectus regarding the proposed merger when it becomes available. Free copies of this document when available may be obtained as described in the preceding paragraph.



Oneida Financial Overview

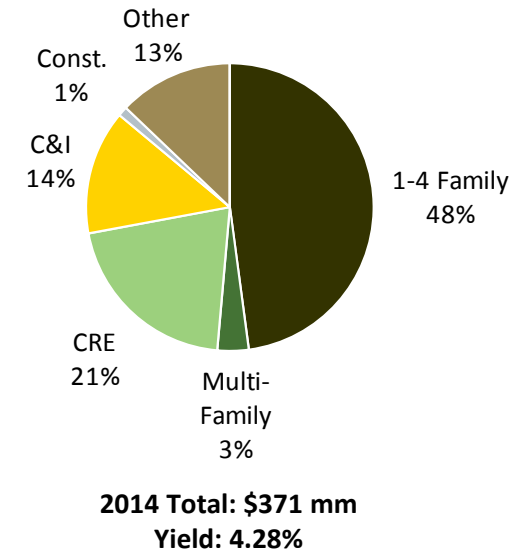


- CBU (182 branches)
- ◆ ONFC (12 branches)

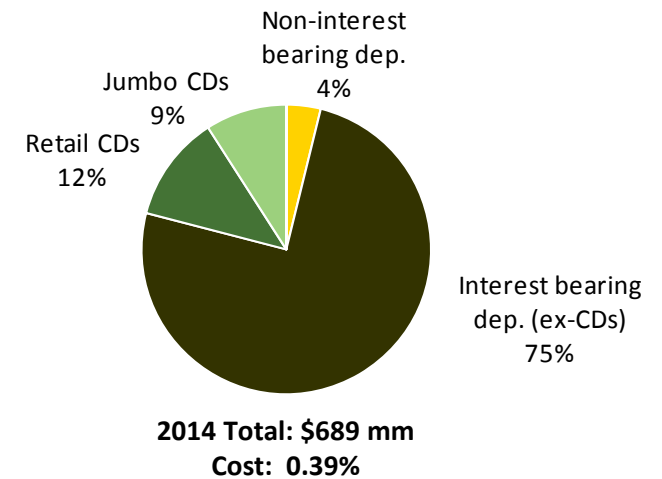
Key Statistics ⁽¹⁾

Year Founded	1866
Total Assets	\$798 million
ROAA (%)	0.66%
NPAs / Assets	0.07%
Fee Income / Revenue	62%
Average Branch Size	\$57 million

Loans



Deposits



Source: SNL Financial and company documents.
Loan and deposit composition based on regulatory data.
(1) At or for the year ended December 31, 2014.



Strategic Rationale

1

Significantly enhances CBU's presence in the Syracuse and Utica-Rome MSAs via natural expansion into Madison and Oneida counties

2

Complementary and additive fee income profile

3

Excellent cultural fit

- Long history of strong community focus

4

Financially attractive deployment of shareholder capital

- Approximately 7 cents 2016 GAAP EPS accretion and 11 cents 2016 cash EPS accretion projected

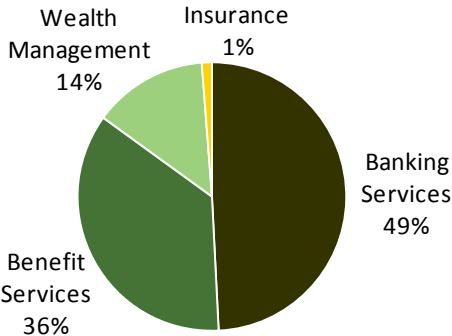


#4 Bank in the Syracuse, NY MSA

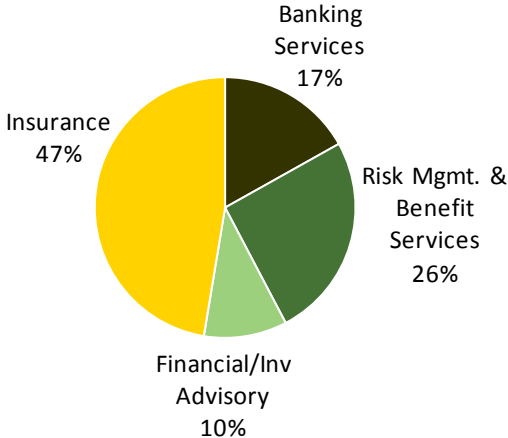
Rank	Institution	Number of Branches	Deposits (\$mm)	Market Share
1	M&T Bank Corp.	30	\$2,714.1	24.0%
2	KeyCorp	26	1,739.4	15.4
3	Bank of America Corp.	12	963.7	8.5
	Community Bank System + Oneida Financial	16	\$914.5	8.1%
4	JPMorgan Chase & Co.	13	862.7	7.6
5	First Niagara Finl Group	14	802.2	7.1
6	NBT Bancorp Inc.	21	724.0	6.4
7	Oneida Financial Corp.	8	\$722.0	6.4%
8	Solvay Bank Corp.	9	660.2	5.8
9	Pathfinder Bancorp Inc.	17	531.2	4.7
10	Geddes FS&LA	2	413.5	3.7
11	Berkshire Hills Bancorp Inc.	2	317.9	2.8
12	Royal Bank of Scotland Group	9	292.4	2.6
13	Fulton Savings Bank	7	238.6	2.1
14	Community Bank System Inc.	8	\$192.5	1.7%
15	Seneca FS&LA	3	104.0	0.9



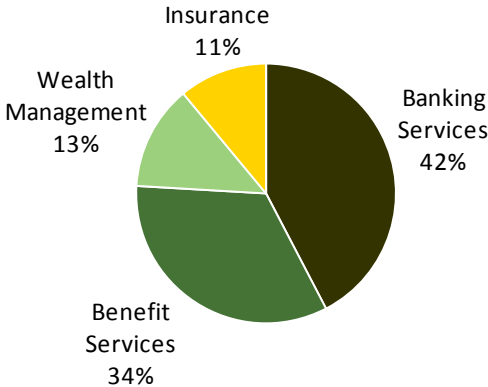
Complementary & Additive Fee Income Profile



2014 Fee Income: \$119.0mm
Fee Income / Revenue: 32.7%



2014 Fee Income: \$32.1mm
Fee Income / Revenue: 61.7%



2014 Fee Income: \$151.1mm
Fee Income / Revenue: 36.4%



Transaction Overview & Impact

Merger Consideration:

- Oneida shareholders have the right to receive 0.5635x CBU shares or \$20.00 in cash
 - Approximately \$20.00 per share ⁽¹⁾ or ~\$142 million in aggregate
 - Stock / cash election subject to overall ~60% stock / 40% cash split

Due Diligence:

- Completed detailed due diligence across all business lines

Board Representation:

- Michael Kallet and Eric Stickels to join CBU Board of Directors

Required Approvals:

- Oneida Financial Corp. shareholder approval
- Customary regulatory approvals

Expected Closing:

- Third quarter of 2015

Key Financial Assumptions:

- Cost savings of approximately \$8.0 million in 2016 (~16%)
- Gross loan mark of \$5.3 million equal to 150% of loan loss reserves
- Pre-tax restructuring charge of \$12 million
- CDI of \$5.6 million amortized over 10 years
- Additional customer intangibles of \$16.0 million, amortized over 10 years
- Further potential synergies identified but not included in financial analysis

Pricing Metrics:

- P / LTM EPS: 20.6x / 12.3x with fully phased-in cost saves ⁽²⁾
- P / Stated TBV: 2.00x
 - Oneida's Insurance, Benefits & Wealth Management businesses are significant revenue generators with virtually no tangible capital requirement

Financial Impact:

- Approximately 7 cents GAAP EPS accretive starting in 2016
- Approximately 11 cents cash EPS accretive in 2016
- TBV earnback of approximately five years

