

## NBT Bancorp Announces Annual Earnings of \$50.0 Million and Stock Buyback; Declares Cash Dividend

January 24, 2005

NORWICH, N.Y.--(BUSINESS WIRE)--Jan. 24, 2005--NBT Bancorp Inc. (NBT) (NASDAQ:NBTB) reported today that net income for the year ended December 31, 2004, was \$50.0 million, or \$1.51 per diluted share, up 6% compared with \$47.1 million or \$1.43 per diluted share for the same period in 2003. The increase in net income for the year ended December 31, 2004, was primarily the result of increases in net interest income of \$6.1 million and noninterest income of \$3.1 million that was partially offset by a \$5.3 million increase in noninterest expense. Return on average assets and return on average equity were 1.21% and 15.69%, respectively, for the year ended December 31, 2004, compared with 1.22% and 15.90%, respectively, for the same period in 2003.

Net income for the quarter ended December 31, 2004, was \$12.5 million, or \$0.38 per diluted share, up 6% on a per diluted share basis from \$11.9 million, or \$0.36 per diluted share for the same period a year ago. The increase in net income for the quarter ended December 31, 2004, was primarily the result of an increase in net interest income of \$1.3 million as well as decreases in the provision for loan and lease losses of \$0.6 million and income tax expense of \$1.1 million that was partially offset by a \$2.6 million increase in noninterest expense. Annualized return on average assets and return on average equity were 1.18% and 15.08%, respectively, for the quarter ended December 31, 2004, compared with 1.17% and 15.47%, respectively, for the same period in 2003.

NBT Chairman and CEO Daryl R. Forsythe stated, "With net income just over \$50 million, NBT delivered another year of solid performance in 2004. Our performance continues to be driven by strong loan growth and maintaining excellent credit quality. Our expansion efforts in the Albany and Binghamton markets helped contribute to another solid year of strong core deposit growth. As in 2004, 2005 will be a year of investment in our newer banking markets, as NBT plans to continue expansion in Albany and northeastern Pennsylvania to complement the solid foundation we have built for continuing growth while building additional shareholder value."

### Loan and Lease Quality and Provision for Loan and Lease Losses

Nonperforming loans at December 31, 2004 were \$16.2 million or 0.56% of total loans and leases compared with \$14.8 million or 0.56% of total loans and leases at December 31, 2003. The Company's allowance for loan and lease losses was 1.57% of loans and leases at December 31, 2004 compared with 1.62% at December 31, 2003. The ratio of the allowance for loan and lease losses to nonperforming loans was 277.75% at December 31, 2004 compared with 287.62% at December 31, 2003. Net charge-offs to average loans and leases for the year ended December 31, 2004 and 2003, were 0.27%, respectively.

For the year and quarter ended December 31, 2004, the provision for loan and lease losses totaled \$9.6 million and \$2.8 million, respectively, compared with the \$9.1 million and \$3.3 million for the same periods in 2003. The increase in the provision for loan and lease losses for the year ended December 31, 2004, when compared with the same period in 2003 resulted mainly from continued loan growth and a slight increase in nonperforming loans. The decrease in the provision for the quarter ended December 31, 2004, when compared with the same period in the prior year was due to a higher net charge-off rate for the quarter ended December 31, 2003, as well as a stronger loan growth rate for that same period.

### Net Interest Income

Net interest income for the year ended December 31, 2004 increased 4% to \$150.5 million from \$144.4 million in the same period for 2003. The Company's net interest margin was 4.03% for the year ended December 31, 2004 compared with 4.16% in 2003. Net interest income was up 4% to \$38.7 million for the quarter ended December 31, 2004, compared with \$37.3 million for the same period a year ago. The increase in net interest income was due primarily to a 5% increase in average earning assets offset by a slight decline in the Company's net interest margin, which was 4.03% for the quarter ended December 31, 2004, down from 4.07% for the same period in 2003. The increase in average earning assets was due primarily to loan growth, as average loans were up 9% for the quarter ended December 31, 2004, when compared with the same period in 2003. The Company's net interest margin of 4.03% for the quarter ended December 31, 2004, improved from the net interest margin for the quarter ended September 30, 2004 of 3.99%, as the Company benefited from the recent increases in the federal funds rate during the second half of 2004.

### Noninterest Income

Noninterest income for the year ended December 31, 2004 was \$40.9 million, up \$3.1 million or 8% from \$37.8 million for the same period in 2003. Service charges on deposit accounts for the year ended December 31, 2004, increased \$0.6 million or 4% over the same period in 2003. The increase in service charges on deposit accounts resulted primarily from higher revenue collected for overdraft fees. Revenue from trust services increased \$0.6 million or 14% for the year ended December 31, 2004, over the same period in 2003, due in part to an increase in assets under management resulting from improved stock market conditions and an increase in the number of managed asset accounts. Income from BOLI increased \$0.7 million for the year ended December 31, 2004, over the same period in the prior year resulting from the purchase of \$30 million in BOLI in June 2003. Other income increased \$1.3 million or 13% primarily from increases in revenue from ATM fees and other consumer and commercial banking fees. Noninterest income for the quarter ended December 31, 2004 was \$10.3 million, up \$0.2 million from \$10.1 million for the same period in 2003.

### Noninterest Expense

Noninterest expense for the year ended December 31, 2004, was \$109.8 million, up \$5.3 million or 5% from \$104.5 million for the same period in 2003. The increase in noninterest expense was due largely to increases in salaries and employee benefits, occupancy expense, professional fees and outside services and a \$2.0 million goodwill impairment charge partially offset by decreases in loan collection and OREO expenses and other operating expense. Salaries and employee benefits increased \$4.5 million primarily from increases in full-time-equivalent employees and merit increases as well as an increase in medical insurance costs and incentive compensation. Occupancy expense increased \$0.6 million primarily from branch expansion in the Albany and Binghamton markets. Professional fees and outside services increased \$0.7 million mainly from higher courier, legal and audit costs. The \$2.0 million goodwill impairment charge resulted from the expected sale of the Company's broker/dealer subsidiary in the first quarter of 2005. Loan collection and OREO costs decreased \$0.6 million from a decrease in OREO expenses resulting from a decline in the

number of OREO properties under management as OREO totaled \$0.4 million at December 31, 2004, compared to \$1.2 million at December 31, 2003. Other operating expense decreased \$1.3 million primarily from the reversal of a previously accrued \$1.4 million liability that was determined in the fourth quarter of 2004 to no longer be required.

Noninterest expense for the quarter ended December 31, 2004, was \$29.4 million, up \$2.6 million or 10% from \$26.8 million for the same period in 2003. The increase in noninterest expense resulted principally from increases in salaries and benefits of \$1.7 million and the previously mentioned \$2.0 million goodwill impairment charge offset by an \$0.8 million decrease in other operating expense. The increase in salaries and benefits was driven primarily by higher salaries expense resulting from an increase in full-time-equivalent employees and merit increases as well as increases in medical insurance and retirement expense. The decrease in other operating expense resulted from the previously mentioned reversal of a previously accrued \$1.4 million liability that was determined to no longer be required.

#### Income Taxes

Income tax expense for the quarter ended December 31, 2004, was \$4.4 million, down \$1.1 million from the \$5.5 million recorded during the same period in 2003. The effective rate for the quarter ended December 31, 2004, was 25.8%, down from 31.4% for the same period in 2003. The decrease in tax expense and the effective tax rate for the quarter ended December 31, 2004, was due to the reversal of a previously accrued \$0.8 million liability that was determined to no longer be required.

#### Balance Sheet

Total assets were \$4.2 billion at December 31, 2004 up \$0.2 billion from \$4.0 billion at December 31, 2003. Loans and leases increased \$0.2 billion or 9% from \$2.6 billion at December 31, 2003 to \$2.9 billion at December 31, 2004. Loan growth was driven predominantly by consumer loans and commercial loans. Total deposits were \$3.1 billion at December 31, 2004, up \$0.1 billion from \$3.0 billion at December 31, 2003. Core deposits, which include checking, savings and money market accounts increased \$0.1 billion or 3% from \$1.9 billion at December 31, 2003 to \$2.0 billion at December 31, 2004. Meanwhile, average core deposits for the year ended December 31, 2004 increased 12% to \$2.0 billion from \$1.8 billion for the same period in 2003. Stockholders' equity was \$332.2 million representing a Tier 1 leverage ratio of 7.13% at December 31, 2004 compared with \$310.0 million or a Tier 1 leverage ratio of 6.76% at December 31, 2003.

#### Dividend Declared

The NBT Board of Directors declared a quarterly cash dividend of \$0.19 per share at a meeting held today. The dividend will be paid on March 15, 2005, to shareholders of record as of March 1, 2005.

#### Other Matters

NBT announced today that it has acquired EPIC Advisors, Inc. ("EPIC"), effective January 21, 2004. EPIC, located in Rochester, NY, is engaged primarily in the administration of corporate pension and 401 (k) plans. NBT President Martin A. Dietrich stated, "EPIC is a growing, well-managed firm with a great group of employees and the right customer base for us. The acquisition of EPIC will allow us to offer our Trust customers additional services from a quality firm. EPIC will play an important role in diversifying our revenue channels and strengthening our position as a full-service financial resource provider for our customers." NBT also announced today that it has entered into a definitive agreement to sell its broker-dealer subsidiary, M. Griffith, Inc. The sale is expected to be completed during the first quarter of 2005.

#### Stock Buyback

NBT announced today that the NBT Board of Directors authorized a new repurchase program whereby NBT intends to repurchase up to an additional 1,500,000 shares (approximately 5%) of its outstanding common stock from time to time as market conditions warrant in open market and privately negotiated transactions. Currently, there are 719,800 shares remaining under a previous authorization that will be superseded by the new repurchase program. Under the program no shares will knowingly be repurchased from officers and directors of NBT or from persons who hold in excess of five percent of its outstanding shares of common stock. The Company repurchased a total of 423,989 shares in the year ended December 31, 2004, at an average price of \$21.58 per share. Total cash paid for these repurchases was \$9.1 million. Total shares outstanding at December 31, 2004 were 32.9 million shares, compared to 32.8 million shares at December 31, 2003.

#### Corporate Overview

NBT is a financial services holding company headquartered in Norwich, NY, with total assets of \$4.2 billion at December 31, 2004. The Company primarily operates through NBT Bank, N.A., a full-service community bank with two divisions and through a financial services company. NBT Bank, N.A. has 114 locations, including 73 NBT Bank offices in upstate New York and 41 Pennstar Bank offices in northeastern Pennsylvania. More information about NBT and its banking divisions can be found on the Internet at [www.nbtbankcorp.com](http://www.nbtbankcorp.com), [www.nbtbank.com](http://www.nbtbank.com), and [www.pennstarbank.com](http://www.pennstarbank.com).

#### Forward-Looking Statements

This news release contains forward-looking statements. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of the management of NBT Bancorp and its subsidiaries and on the information available to management at the time that these statements were made. There are a number of factors, many of which are beyond NBT's control, that could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) competitive pressures among depository and other financial institutions may increase significantly; (2) revenues may be lower than expected; (3) changes in the interest rate environment may reduce interest margins; (4) general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit; (5) legislative or regulatory changes, including changes in accounting standards and tax laws, may adversely affect the businesses in which NBT is engaged; (6) competitors may have greater financial resources and develop products that enable such competitors to compete more successfully than NBT; and (7) adverse changes may occur in the securities markets or with respect to inflation. Forward-looking statements speak only as of the date they are made. Except as required by law, NBT does not undertake to update forward-looking statements to reflect subsequent circumstances or events.

NBT Bancorp Inc.  
SELECTED FINANCIAL HIGHLIGHTS  
(unaudited)

|   | 2004       | 2003       | Net<br>Change | Percent<br>Change |
|---|------------|------------|---------------|-------------------|
| -----   |            |            |               |                   |
| (dollars in thousands,<br>except share and per<br>share data) |            |            |               |                   |
| Three Months Ended  |            |            |               |                   |
| December 31,  |            |            |               |                   |
| Net Income  | \$12,491   | \$11,882   | \$609         | 5%                |
| Diluted Earnings  |            |            |               |                   |
| Per Share   | \$0.38     | \$0.36     | \$0.02        | 6%                |
| Weighted Average  |            |            |               |                   |
| Diluted   |            |            |               |                   |
| Common Shares   |            |            |               |                   |
| Outstanding   | 33,155,085 | 33,070,298 | 84,787        | 0%                |
| Return on Average   |            |            |               |                   |
| Assets  | 1.18%      | 1.17%      | 0.01%         | 1%                |
| Return on Average   |            |            |               |                   |
| Equity  | 15.08%     | 15.47%     | -0.39%        | -3%               |
| Net Interest  |            |            |               |                   |
| Margin  | 4.03%      | 4.07%      | -0.04%        | -1%               |
| -----   |            |            |               |                   |

|                     |            |            |         |     |
|---------------------|------------|------------|---------|-----|
| Twelve Months Ended |            |            |         |     |
| December 31,        |            |            |         |     |
| Net Income          | \$50,047   | \$47,104   | \$2,943 | 6%  |
| Diluted Earnings    |            |            |         |     |
| Per Share           | \$1.51     | \$1.43     | \$0.08  | 6%  |
| Weighted Average    |            |            |         |     |
| Diluted             |            |            |         |     |
| Common Shares       |            |            |         |     |
| Outstanding         | 33,086,716 | 32,843,582 | 243,134 | 1%  |
| Return on Average   |            |            |         |     |
| Assets              | 1.21%      | 1.22%      | -0.01%  | -1% |
| Return on Average   |            |            |         |     |
| Equity              | 15.69%     | 15.90%     | -0.21%  | -1% |
| Net Interest        |            |            |         |     |
| Margin              | 4.03%      | 4.16%      | -0.13%  | -3% |
| -----               |            |            |         |     |

| Asset Quality                 | December 31,<br>2004 | December 31,<br>2003 |
|-------------------------------|----------------------|----------------------|
| -----                         |                      |                      |
| Nonaccrual Loans              | \$14,991             | \$13,861             |
| 90 Days Past Due<br>and Still |                      |                      |
| Accruing                      | \$1,186              | \$968                |
| Total                         |                      |                      |
| Nonperforming                 |                      |                      |
| Loans                         | \$16,177             | \$14,829             |
| Other Real Estate             |                      |                      |
| Owned (OREO)                  | \$428                | \$1,157              |
| Total                         |                      |                      |
| Nonperforming                 |                      |                      |
| Loans and OREO                | \$16,605             | \$15,986             |
| Nonperforming                 |                      |                      |
| Securities                    | \$0                  | \$395                |
| Total                         |                      |                      |
| Nonperforming                 |                      |                      |
| Assets                        | \$16,605             | \$16,381             |

|  |          |          |
|--|----------|----------|
| Allowance for Loan<br>and Lease Losses                                 | \$44,932 | \$42,651 |
| Year-to-Date (YTD)   |          |          |
| Net Charge-Offs  | \$7,334  | \$6,627  |
| Allowance to Loans<br>and Leases                                       | 1.57%    | 1.62%    |
| Total  |          |          |
| Nonperforming<br>Loans to Loans<br>and Leases                          | 0.56%    | 0.56%    |
| Total  |          |          |
| Nonperforming<br>Assets to Assets                                      | 0.39%    | 0.40%    |
| Allowance to<br>Nonperforming<br>Loans                                 | 277.75%  | 287.62%  |
| Annualized Net<br>Charge-Offs to<br>YTD Average<br>Loans and<br>Leases | 0.27%    | 0.27%    |

|                                   |         |        |
|-----------------------------------|---------|--------|
| Capital                           |         |        |
| Equity to Assets                  | 7.89%   | 7.66%  |
| Book Value Per<br>Share           | \$10.11 | \$9.46 |
| Tangible Book<br>Value Per Share  | \$8.66  | \$7.94 |
| Tier 1 Leverage<br>Ratio          | 7.13%   | 6.76%  |
| Tier 1 Capital<br>Ratio           | 9.78%   | 9.96%  |
| Total Risk-Based<br>Capital Ratio | 11.04%  | 11.21% |

|                                 |         |         |         |         |         |         |
|---------------------------------|---------|---------|---------|---------|---------|---------|
| Quarterly Common<br>Stock Price | 2004    |         | 2003    |         | 2002    |         |
| Quarter End                     | High    | Low     | High    | Low     | High    | Low     |
| March 31                        | \$23.00 | \$21.21 | \$18.60 | \$16.76 | \$15.15 | \$13.15 |
| June 30                         | \$23.18 | \$19.92 | 19.94   | 17.37   | 19.32   | 14.00   |
| September 30                    | \$24.34 | \$21.02 | 21.76   | 19.24   | 18.50   | 16.36   |
| December 31                     | \$26.84 | \$21.94 | 22.78   | 19.50   | 18.60   | 14.76   |

NBT Bancorp Inc.  
SELECTED FINANCIAL HIGHLIGHTS  
(unaudited)

|   | 2004        | 2003        | Net<br>Change | Percent<br>Change |
|---|-------------|-------------|---------------|-------------------|
| (dollars in thousands,<br>except share and per<br>share data) |             |             |               |                   |
| Balance Sheet as<br>of December 31,                           |             |             |               |                   |
| Loans   | \$2,869,921 | \$2,639,976 | \$229,945     | 9%                |
| Earning Assets  | \$3,940,565 | \$3,741,131 | \$199,434     | 5%                |
| Total Assets  | \$4,212,304 | \$4,046,885 | \$165,419     | 4%                |
| Deposits  | \$3,073,838 | \$3,001,351 | \$72,487      | 2%                |
| Stockholders'<br>Equity                                       | \$332,233   | \$310,034   | \$22,199      | 7%                |

|                   |             |             |            |      |
|-------------------|-------------|-------------|------------|------|
| -----             |             |             |            |      |
| Average Balances  |             |             |            |      |
| Quarter Ended     |             |             |            |      |
| December 31,      |             |             |            |      |
| Loans             | \$2,843,841 | \$2,597,259 | \$246,582  | 9%   |
| Securities AFS    |             |             |            |      |
| (excluding        |             |             |            |      |
| unrealized gains  |             |             |            |      |
| or losses)        | \$956,183   | \$1,018,157 | (\$61,974) | -6%  |
| Securities HTM    | \$81,152    | \$95,581    | (\$14,429) | -15% |
| Regulatory Equity |             |             |            |      |
| Investment        | \$34,920    | \$35,383    | (\$463)    | -1%  |
| Short-Term        |             |             |            |      |
| Interest Bearing  |             |             |            |      |
| Accounts          | \$7,419     | \$2,321     | \$5,098    | 220% |
| Total Earning     |             |             |            |      |
| Assets            | \$3,923,514 | \$3,748,701 | \$174,813  | 5%   |
| Total Assets      | \$4,206,900 | \$4,032,250 | \$174,650  | 4%   |
| Interest Bearing  |             |             |            |      |
| Deposits          | \$2,593,393 | \$2,485,494 | \$107,899  | 4%   |
| Non-Interest      |             |             |            |      |
| Bearing Deposits  | \$513,795   | \$480,141   | \$33,654   | 7%   |
| Short-Term        |             |             |            |      |
| Borrowings        | \$299,372   | \$324,737   | (\$25,365) | -8%  |
| Long-Term         |             |             |            |      |
| Borrowings        | \$413,255   | \$369,712   | \$43,543   | 12%  |
| Total Interest    |             |             |            |      |
| Bearing           |             |             |            |      |
| Liabilities       | \$3,306,021 | \$3,179,943 | \$126,078  | 4%   |
| Stockholders'     |             |             |            |      |
| Equity            | \$329,543   | \$304,915   | \$24,628   | 8%   |
| -----             |             |             |            |      |

|                   |             |             |            |      |
|-------------------|-------------|-------------|------------|------|
| Average Balances  |             |             |            |      |
| Year Ended        |             |             |            |      |
| December 31,      |             |             |            |      |
| Loans             | \$2,743,753 | \$2,474,899 | \$268,854  | 11%  |
| Securities AFS    |             |             |            |      |
| (excluding        |             |             |            |      |
| unrealized        |             |             |            |      |
| gains or losses)  | \$970,024   | \$984,620   | (\$14,596) | -1%  |
| Securities HTM    | \$85,771    | \$90,601    | (\$4,830)  | -5%  |
| Regulatory Equity |             |             |            |      |
| Investment        | \$34,813    | \$28,117    | \$6,696    | 24%  |
| Short-Term        |             |             |            |      |
| Interest Bearing  |             |             |            |      |
| Accounts          | \$7,538     | \$3,358     | \$4,180    | 124% |
| Total Earning     |             |             |            |      |
| Assets            | \$3,841,944 | \$3,581,595 | \$260,349  | 7%   |
| Total Assets      | \$4,120,547 | \$3,852,523 | \$268,024  | 7%   |
| Interest Bearing  |             |             |            |      |
| Deposits          | \$2,555,384 | \$2,483,026 | \$72,358   | 3%   |
| Non-Interest      |             |             |            |      |
| Bearing Deposits  | \$492,746   | \$457,238   | \$35,508   | 8%   |
| Short-Term        |             |             |            |      |
| Borrowings        | \$302,276   | \$190,332   | \$111,944  | 59%  |
| Long-Term         |             |             |            |      |
| Borrowings        | \$400,053   | \$360,928   | \$39,125   | 11%  |
| Total Interest    |             |             |            |      |
| Bearing           |             |             |            |      |
| Liabilities       | \$3,257,713 | \$3,034,286 | \$223,427  | 7%   |
| Stockholders'     |             |             |            |      |
| Equity            | \$318,901   | \$296,276   | \$22,625   | 8%   |
| -----             |             |             |            |      |

|  |                      |                      |
|--|----------------------|----------------------|
| NBT Bancorp Inc. and Subsidiaries<br>Consolidated Balance Sheets | December 31,<br>2004 | December 31,<br>2003 |
|--|----------------------|----------------------|

(in thousands)

(Unaudited)

ASSETS

|   |           |            |
|---|-----------|------------|
| Cash and due from banks   | \$ 98,437 | \$ 125,590 |
| Short term interest bearing accounts  | 8,286     | 2,502      |
| Securities available for sale, at fair value  | 952,542   | 980,961    |
| Securities held to maturity (fair value of \$82,712 and \$98,576 at December 31, 2004 and December 31, 2003 respectively) | 81,782    | 97,204     |
| Federal Reserve and Federal Home Loan Bank stock  | 36,842    | 34,043     |
| Loans and leases  | 2,869,921 | 2,639,976  |
| Less allowance for loan and lease losses  | 44,932    | 42,651     |

|                             |           |           |
|-----------------------------|-----------|-----------|
| Net loans and leases        | 2,824,989 | 2,597,325 |
| Premises and equipment, net | 63,743    | 62,443    |
| Goodwill                    | 45,570    | 47,521    |
| Intangible assets, net      | 2,013     | 2,331     |
| Bank owned life insurance   | 32,302    | 30,815    |
| Other assets                | 65,798    | 66,150    |

|              |              |              |
|--------------|--------------|--------------|
| TOTAL ASSETS | \$ 4,212,304 | \$ 4,046,885 |
|--------------|--------------|--------------|

LIABILITIES, GUARANTEED PREFERRED BENEFICIAL  
INTERESTS IN COMPANY'S JUNIOR SUBORDINATE  
DEBENTURES AND CAPITAL

Deposits:

|                                |            |            |
|--------------------------------|------------|------------|
| Demand (noninterest bearing)   | \$ 520,218 | \$ 500,303 |
| Savings, NOW, and money market | 1,435,561  | 1,401,825  |
| Time                           | 1,118,059  | 1,099,223  |

|                            |           |           |
|----------------------------|-----------|-----------|
| Total deposits             | 3,073,838 | 3,001,351 |
| Short-term borrowings      | 338,823   | 302,931   |
| Long-term debt             | 394,523   | 369,700   |
| Trust preferred debentures | 18,720    | -         |
| Other liabilities          | 54,167    | 45,869    |

|                   |           |           |
|-------------------|-----------|-----------|
| Total liabilities | 3,880,071 | 3,719,851 |
|-------------------|-----------|-----------|

Guaranteed preferred beneficial  
interests in  
Company's junior subordinated  
debentures

|   |        |
|---|--------|
| - | 17,000 |
|---|--------|

|                            |         |         |
|----------------------------|---------|---------|
| Total stockholders' equity | 332,233 | 310,034 |
|----------------------------|---------|---------|

|   |              |              |
|---|--------------|--------------|
| TOTAL LIABILITIES, GUARANTEED PREFERRED<br>BENEFICIAL INTERESTS IN COMPANY'S JUNIOR<br>SUBORDINATE DEBENTURES AND CAPITAL | \$ 4,212,304 | \$ 4,046,885 |
|---|--------------|--------------|

NBT Bancorp Inc. and  
Subsidiaries

Consolidated Statements of  
Income

|  |      |   |      |
|--|------|---|------|
| Three months ended<br>December 31,<br>2004 | 2003 | Twelve months ended<br>December 31,<br>2004 | 2003 |
|--|------|---|------|

(in thousands, except per  
share data)

(Unaudited)

Interest, fee and dividend  
income:

|                               |          |          |           |           |
|-------------------------------|----------|----------|-----------|-----------|
| Loans and leases              | \$42,983 | \$40,082 | \$163,795 | \$159,118 |
| Securities available for sale | 10,398   | 11,311   | 42,264    | 43,851    |
| Securities held to maturity   | 761      | 805      | 3,044     | 3,391     |
| Other                         | 279      | 84       | 1,076     | 938       |

Total interest, fee and  
dividend income

|        |        |         |         |
|--------|--------|---------|---------|
| 54,421 | 52,282 | 210,179 | 207,298 |
|--------|--------|---------|---------|

Interest expense:

|                            |        |        |        |        |
|----------------------------|--------|--------|--------|--------|
| Deposits                   | 10,299 | 10,369 | 39,761 | 45,941 |
| Short-term borrowings      | 1,307  | 808    | 4,086  | 2,171  |
| Long-term debt             | 3,919  | 3,780  | 15,022 | 14,762 |
| Trust preferred debentures | 235    | -      | 823    | -      |

Total interest expense

|        |        |        |        |
|--------|--------|--------|--------|
| 15,760 | 14,957 | 59,692 | 62,874 |
|--------|--------|--------|--------|

Net interest income

|        |        |         |         |
|--------|--------|---------|---------|
| 38,661 | 37,325 | 150,487 | 144,424 |
|--------|--------|---------|---------|

Provision for loan and lease  
losses

|       |       |       |       |
|-------|-------|-------|-------|
| 2,750 | 3,322 | 9,615 | 9,111 |
|-------|-------|-------|-------|

Net interest income after  
provision for loan and lease  
losses

|        |        |         |         |
|--------|--------|---------|---------|
| 35,911 | 34,003 | 140,872 | 135,313 |
|--------|--------|---------|---------|

Noninterest income:

|  |       |       |        |        |
|--|-------|-------|--------|--------|
| Trust                                  | 1,174 | 1,075 | 4,605  | 4,041  |
| Service charges on deposit<br>accounts | 4,184 | 4,302 | 16,470 | 15,833 |
| Broker/dealer and insurance<br>revenue | 1,572 | 1,964 | 6,782  | 6,869  |
| Net securities gains                   | 160   | 92    | 216    | 175    |
| Bank owned life insurance<br>income    | 345   | 403   | 1,487  | 815    |
| Other                                  | 2,905 | 2,288 | 11,329 | 10,045 |

Total noninterest income

|        |        |        |        |
|--------|--------|--------|--------|
| 10,340 | 10,124 | 40,889 | 37,778 |
|--------|--------|--------|--------|

Noninterest expense:

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| Salaries and employee<br>benefits              | 14,063 | 12,355 | 54,063 | 49,560 |
| Office supplies and postage                    | 1,118  | 1,028  | 4,459  | 4,216  |
| Occupancy                                      | 2,416  | 2,477  | 9,905  | 9,328  |
| Equipment                                      | 1,998  | 2,008  | 7,573  | 7,627  |
| Professional fees and outside<br>services      | 1,583  | 1,470  | 6,175  | 5,433  |
| Data processing and<br>communications          | 2,740  | 2,671  | 10,972 | 10,752 |
| Capital securities                             | -      | 181    | -      | 732    |
| Amortization of intangible<br>assets           | 71     | 145    | 284    | 620    |
| Loan collection and other<br>real estate owned | 431    | 636    | 1,241  | 1,840  |
| Goodwill impairment                            | 1,950  | -      | 1,950  | -      |
| Other operating                                | 3,037  | 3,823  | 13,155 | 14,409 |

Total noninterest expense

|        |        |         |         |
|--------|--------|---------|---------|
| 29,407 | 26,794 | 109,777 | 104,517 |
|--------|--------|---------|---------|

Income before income taxes

|        |        |        |        |
|--------|--------|--------|--------|
| 16,844 | 17,333 | 71,984 | 68,574 |
|--------|--------|--------|--------|

Income taxes

|       |       |        |        |
|-------|-------|--------|--------|
| 4,353 | 5,451 | 21,937 | 21,470 |
|-------|-------|--------|--------|

|   |            |            |             |            |            |
|---|------------|------------|-------------|------------|------------|
| Net income  | \$12,491   | \$11,882   | \$ 50,047   | \$ 47,104  |            |
| Earnings Per Share:   |            |            |             |            |            |
| Basic   | \$ 0.38    | \$ 0.36    | \$ 1.53     | \$ 1.45    |            |
| Diluted   | \$ 0.38    | \$ 0.36    | \$ 1.51     | \$ 1.43    |            |
| NBT Bancorp Inc. and<br>Subsidiaries                                |            |            |             |            |            |
| Quarterly Consolidated<br>Statements of Income                      | 4Q<br>2004 | 3Q<br>2004 | 2Q<br>2004  | 1Q<br>2004 | 4Q<br>2003 |
| (in thousands, except<br>per share data)                            |            |            | (Unaudited) |            |            |
| Interest, fee and<br>dividend income:                               |            |            |             |            |            |
| Loans   | \$ 42,983  | \$41,283   | \$39,635    | \$39,894   | \$40,082   |
| Securities available for<br>sale                                    | 10,398     | 10,784     | 10,313      | 10,769     | 11,311     |
| Securities held to<br>maturity                                      | 761        | 731        | 755         | 797        | 805        |
| Other   | 279        | 295        | 235         | 267        | 84         |
| Total interest, fee<br>and dividend income                          | 54,421     | 53,093     | 50,938      | 51,727     | 52,282     |
| Interest expense:   |            |            |             |            |            |
| Deposits  | 10,299     | 9,743      | 9,674       | 10,045     | 10,369     |
| Short-term borrowings   | 1,307      | 1,192      | 794         | 793        | 808        |
| Long-term debt  | 3,919      | 3,861      | 3,627       | 3,615      | 3,780      |
| Trust preferred<br>debentures                                       | 235        | 245        | 163         | 180        | -          |
| Total interest expense  | 15,760     | 15,041     | 14,258      | 14,633     | 14,957     |
| Net interest income   | 38,661     | 38,052     | 36,680      | 37,094     | 37,325     |
| Provision for loan and<br>lease losses                              | 2,750      | 2,313      | 2,428       | 2,124      | 3,322      |
| Net interest income<br>after provision for<br>loan and lease losses | 35,911     | 35,739     | 34,252      | 34,970     | 34,003     |
| Noninterest income:   |            |            |             |            |            |
| Trust   | 1,174      | 1,182      | 1,142       | 1,107      | 1,075      |
| Service charges on<br>deposit accounts                              | 4,184      | 4,159      | 4,090       | 4,037      | 4,302      |
| Broker/dealer and<br>insurance fees                                 | 1,572      | 1,696      | 1,783       | 1,731      | 1,964      |
| Net securities gains  | 160        | 18         | 29          | 9          | 92         |
| Bank owned life<br>insurance income                                 | 345        | 348        | 409         | 385        | 403        |
| Other   | 2,905      | 2,714      | 2,536       | 3,174      | 2,288      |
| Total noninterest<br>income   | 10,340     | 10,117     | 9,989       | 10,443     | 10,124     |
| Noninterest expense:  |            |            |             |            |            |
| Salaries and employee<br>benefits                                   | 14,063     | 13,345     | 12,542      | 14,113     | 12,355     |
| Office supplies and<br>postage                                      | 1,118      | 1,167      | 1,143       | 1,031      | 1,028      |
| Occupancy   | 2,416      | 2,445      | 2,446       | 2,598      | 2,477      |
| Equipment   | 1,998      | 1,941      | 1,781       | 1,853      | 2,008      |



|   |           |          |          |          |          |
|---|-----------|----------|----------|----------|----------|
| Professional fees and outside services      | 1,583     | 1,536    | 1,424    | 1,632    | 1,470    |
| Data processing and communications          | 2,740     | 2,688    | 2,852    | 2,692    | 2,671    |
| Capital securities                          | -         | -        | -        | -        | 181      |
| Amortization of intangible assets           | 71        | 71       | 71       | 71       | 145      |
| Loan collection and other real estate owned | 431       | 339      | 99       | 372      | 636      |
| Goodwill impairment                         | 1,950     | -        | -        | -        | -        |
| Other operating                             | 3,037     | 3,773    | 3,505    | 2,840    | 3,823    |
| -----                                       |           |          |          |          |          |
| Total noninterest expense                   | 29,407    | 27,305   | 25,863   | 27,202   | 26,794   |
| -----                                       |           |          |          |          |          |
| Income before income taxes                  | 16,844    | 18,551   | 18,378   | 18,211   | 17,333   |
| Income taxes                                | 4,353     | 5,934    | 5,810    | 5,840    | 5,451    |
| -----                                       |           |          |          |          |          |
| Net income                                  | \$ 12,491 | \$12,617 | \$12,568 | \$12,371 | \$11,882 |
| -----                                       |           |          |          |          |          |
| Earnings per share:                         |           |          |          |          |          |
| Basic                                       | \$ 0.38   | \$ 0.38  | \$ 0.38  | \$ 0.38  | \$ 0.36  |
| Diluted                                     | \$ 0.38   | \$ 0.38  | \$ 0.38  | \$ 0.37  | \$ 0.36  |
| -----                                       |           |          |          |          |          |

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SOURCE: NBT Bancorp Inc.