

# Investor Presentation NBT Bancorp

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# Overview

## About NBT Bancorp

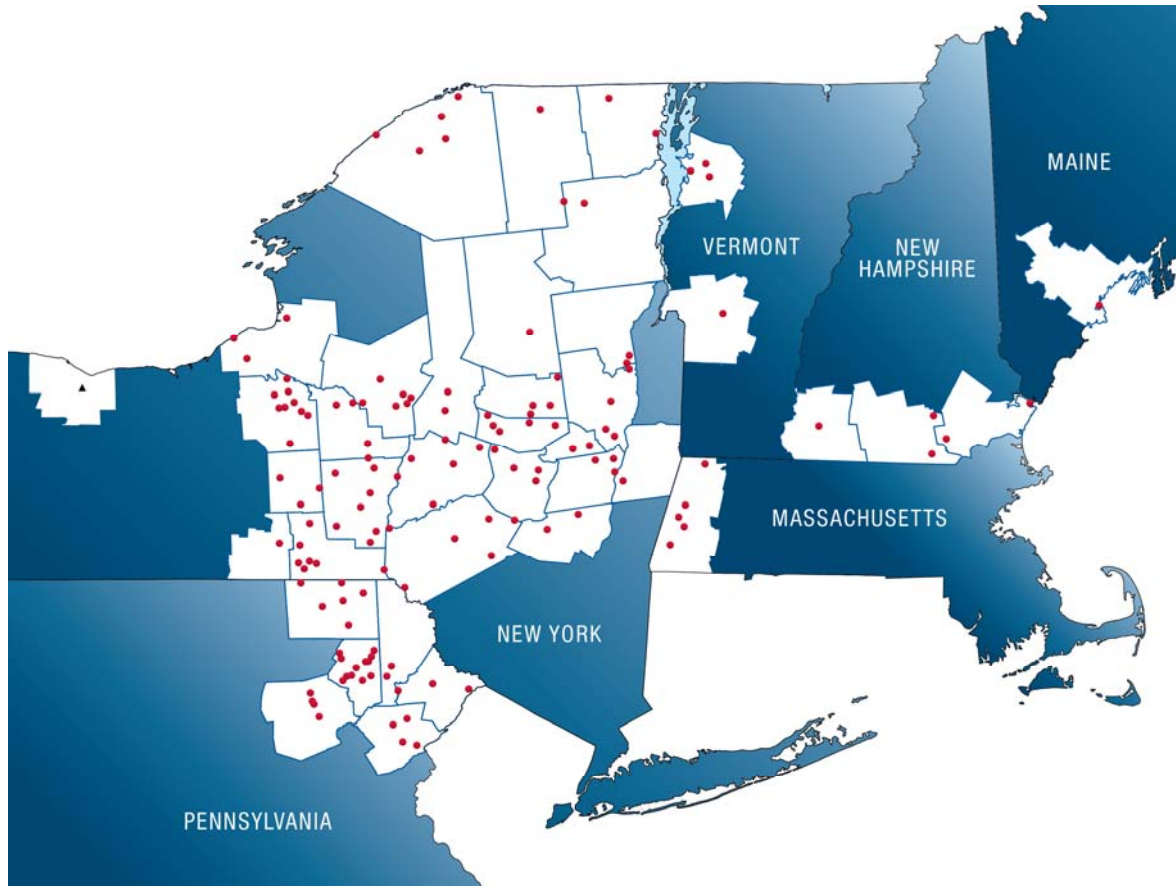
Consistent Financial Performance

Strategic Focuses

Appendix



# Company Profile



- Founded in 1856
- NASDAQ Global Select Market, Symbol: NBTB
- Assets of \$8.3 billion at 12/31/2015
- Market capitalization of \$1.16 billion as of 3/2/2016
- Operating entities:
  - NBT Bank, N.A.
  - EPIC Advisors, Inc.
  - NBT-Mang Insurance Agency

## Strategic Vision

NBT Bancorp will strive to remain an independent **community-oriented** financial services provider positioned to take advantage of **strategic growth** opportunities. **Stockholder value will be enhanced** by profitably servicing our markets and by offering our customers products and services that satisfy their changing needs while building customer loyalty through **responsive and superior customer service**.

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**Consistent Financial Performance**

Strategic Focuses

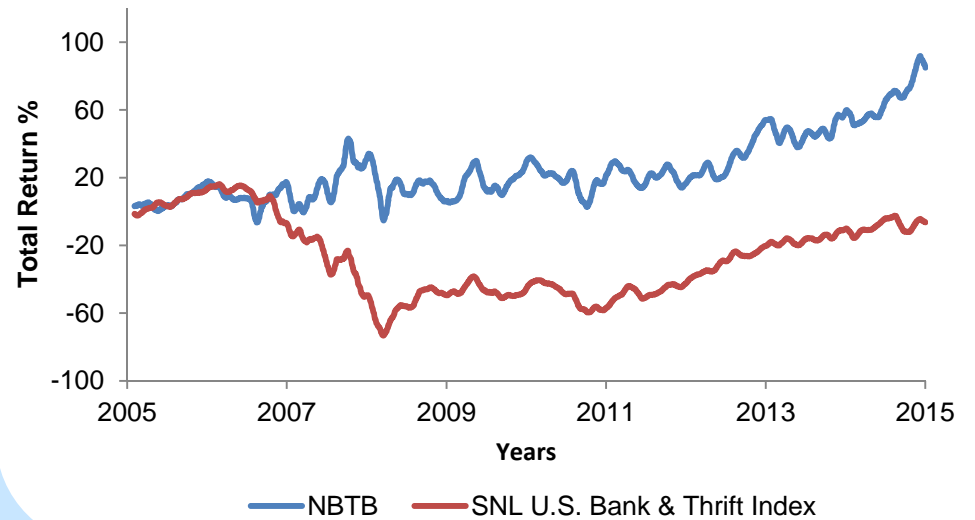
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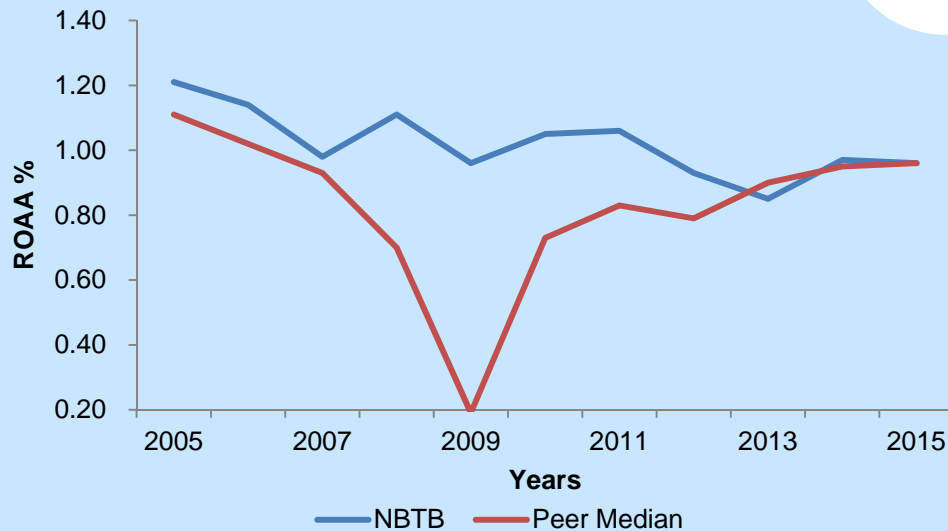
# Remarkable Historical Performance

Consistent Market Returns

## Total Return from 2005 to 2015



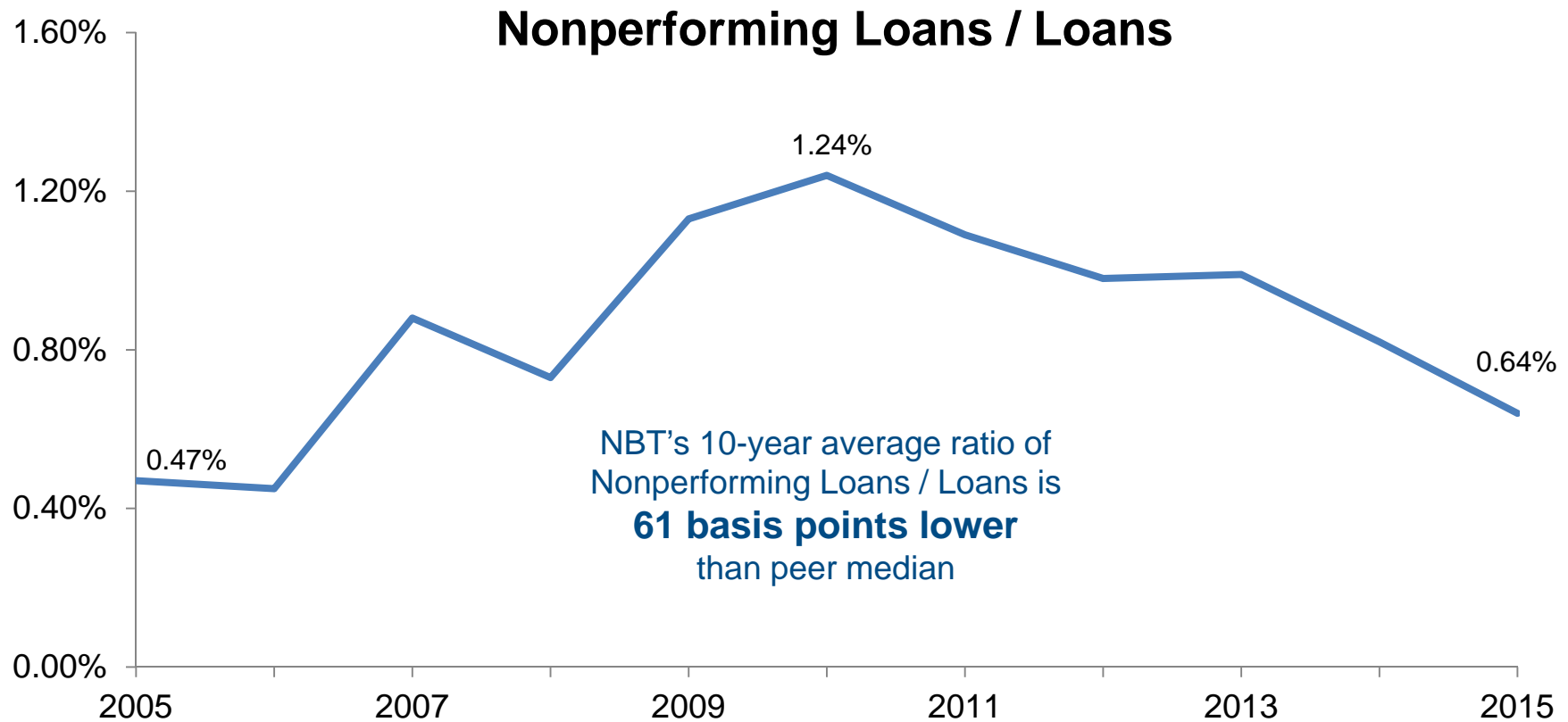
## Return on Average Assets



Driven by Solid Financial Performance

Source: SNL Financial Market

# Stable Asset Quality



## Stable asset quality trends continue

- 2015 net charge-offs to average loans at 0.38% compared to 0.41% for 2014
- Current past due ratio of 0.62% is 7 basis points lower than December 31, 2014

# Proven Acquirer and Integrator

- Completed 7 whole-bank, 7 branch and 3 non-bank business acquisitions since 2000
- Achieved targeted cost saves
- Retained key personnel
- Experienced no material run-off in loans and deposits with bank and branch deals
- Continued diversification of revenue sources through non-bank acquisitions



## Recent Acquisitions

2012



\$250 million assets

2013



\$1.4 billion assets

2015



THIRD PARTY  
ADMINISTRATORS

\$850 million in assets  
under management

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**Strategic Initiatives**

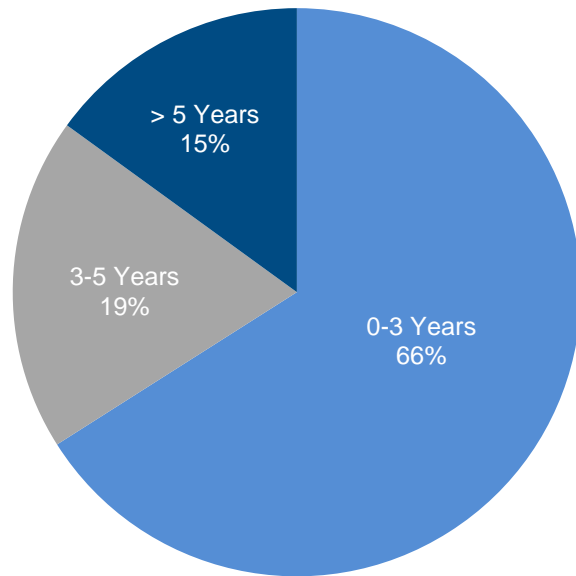
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# Maintain Well-Positioned Balance Sheet

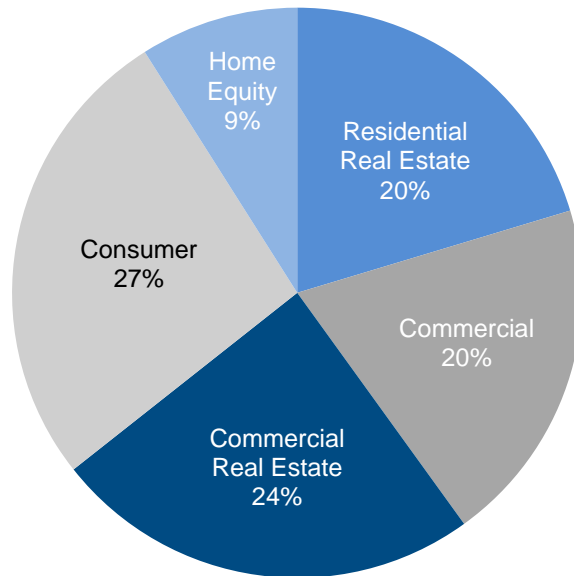
## Investment and Loan Repricing



**Favorable Interest Rate Risk Profile**

- 2015 Net Interest Margin at 3.50% vs. peer average 3.39%

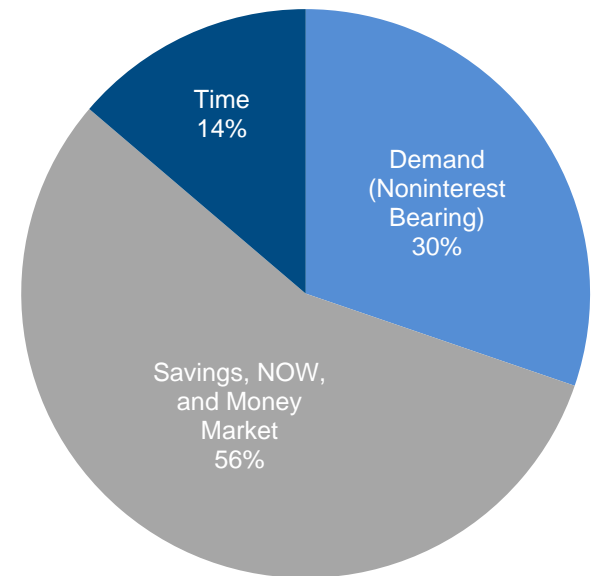
## Loan Mix



**Diversified Loan Portfolio**

- 2015 Loan growth 5.1%
- Shorter loan cash flows with disciplined pricing average yield 4.12% vs. peer average 4.16%

## Deposit Mix

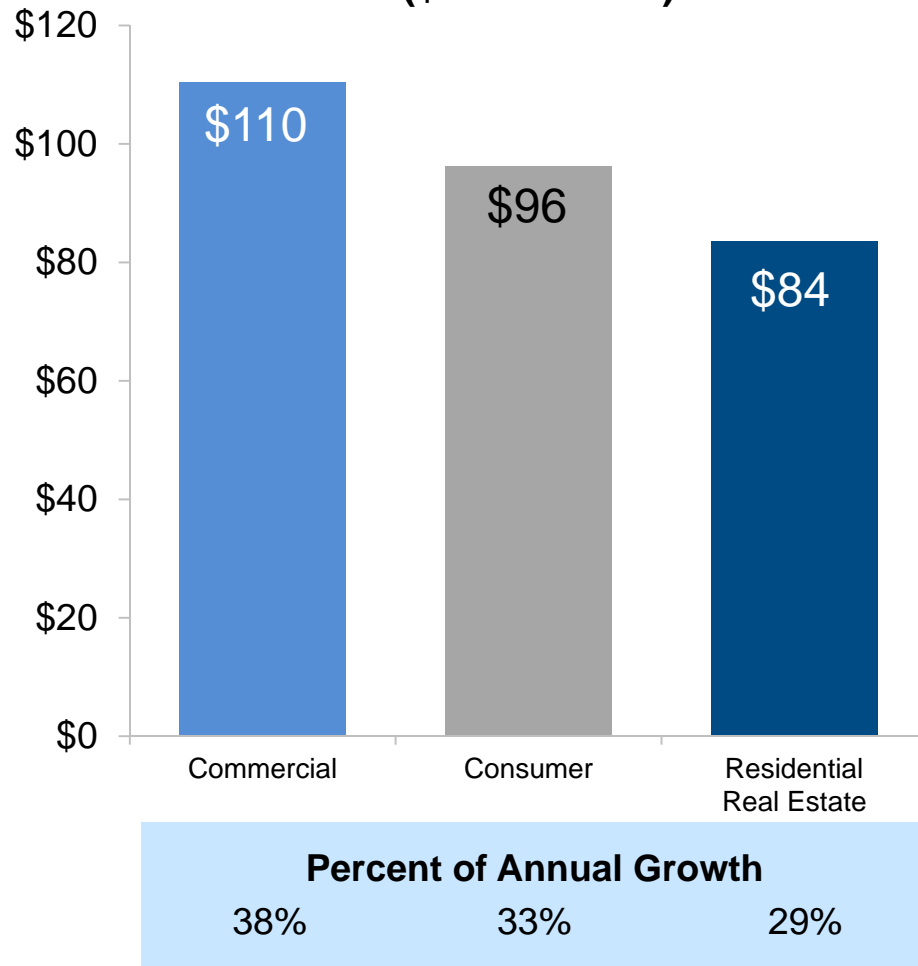


**Low Funding Costs**

- Year over year average DDA growth 11%
- Core Deposits represent 79% of total funding vs. peers 73%

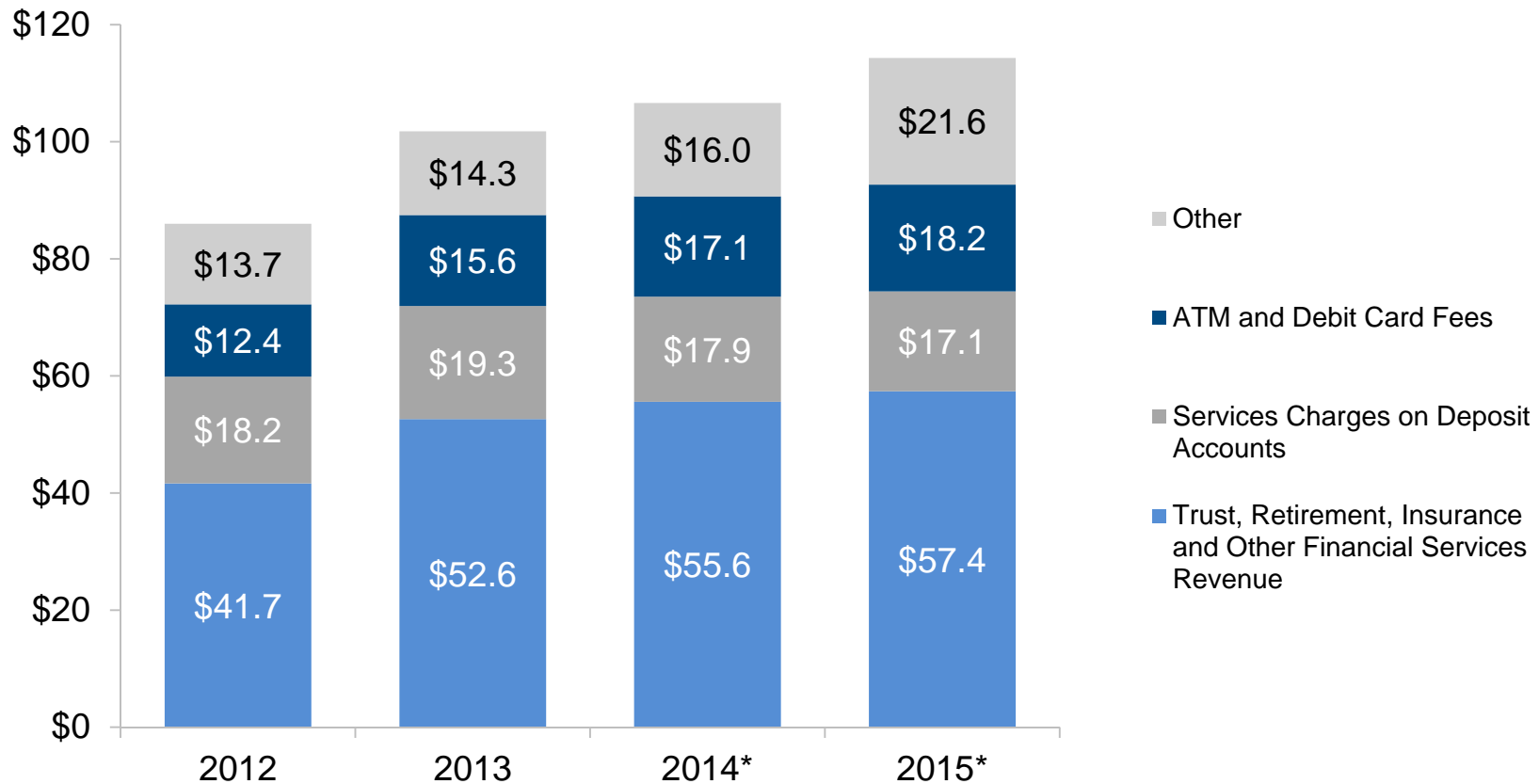
# Balanced Loan Growth

## Annual Growth (\$ in millions)



- 5.5% 5-Year Organic Growth Rate
- 5.1% Annual Growth
  - 4.5% commercial growth
  - 4.8% consumer growth
  - 7.5% residential real estate growth
- New England Growth
  - \$107 million
  - 37% of total loan growth
  - 14.5% annual growth

# Diversification of Noninterest Income (\$ in millions)

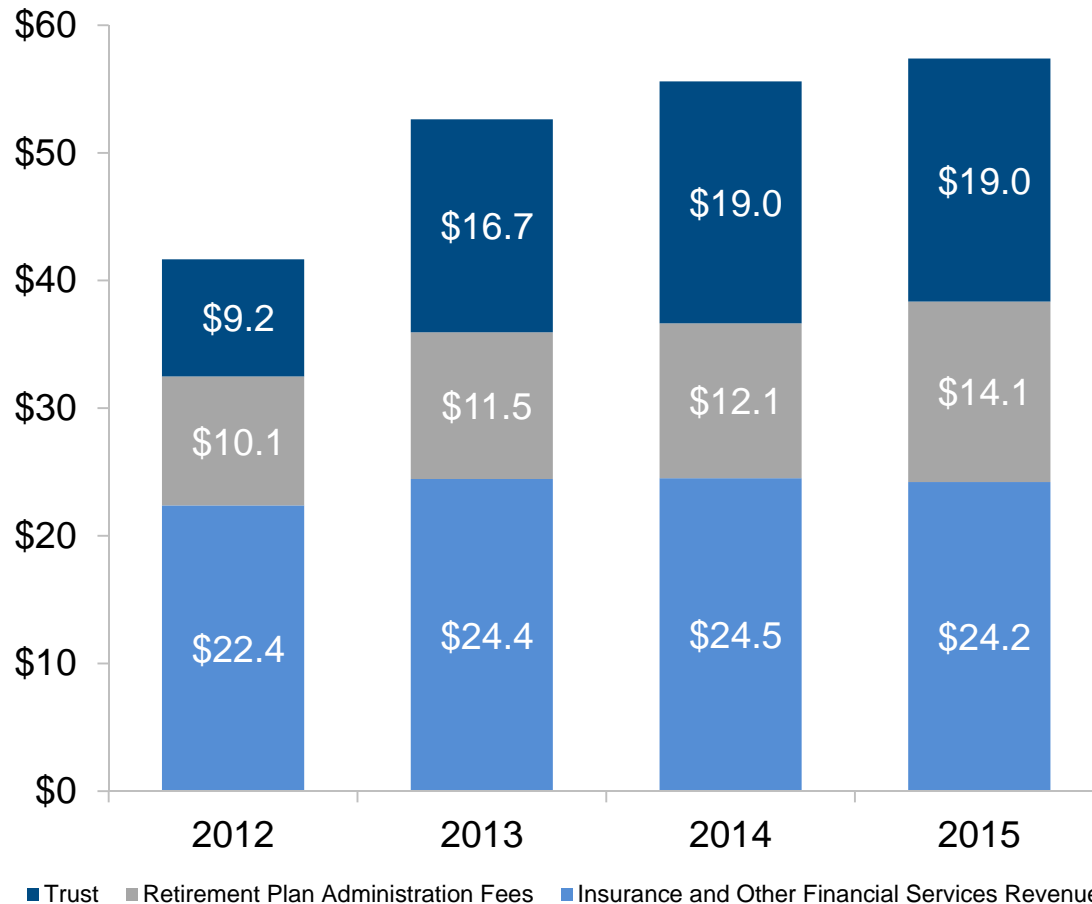


Noninterest Income / Revenue increased from 30.0% in 2012 to 31.2% in 2015

Service charges as a percentage of average transaction deposit accounts have decreased 37 basis points since 2012

\*Excludes gains from sale of Springstone LLC of \$19.4 million in 2014 and \$4.2 million in 2015

## Emphasis on Non-Banking Sources (\$ in millions)

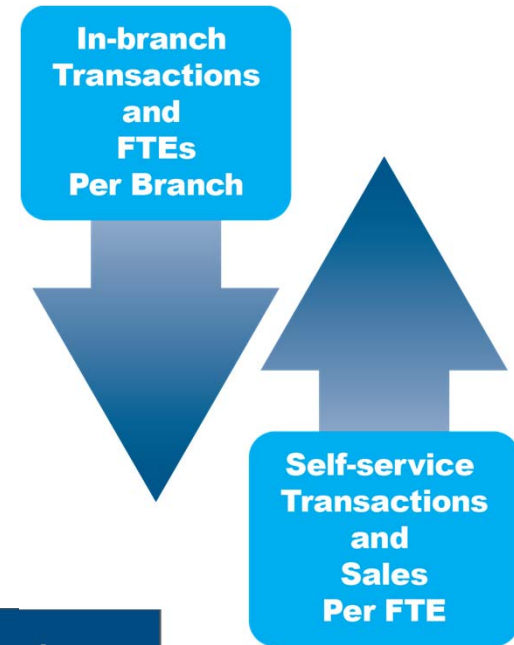


- Trust
  - Personal, Retirement and Institutional
- Retirement Plan Business
  - EPIC and TPA
  - Revenue Growth  
5-year CAGR 7.6%
- Insurance and Other Financial Services Revenue
  - “Financial Institution of the Year” Award from LPL



# Adapting to Customer Preferences and Branch Optimization

- **Responsive to Industry Trends**
  - In-branch transactions are down and self-service transactions are on the rise
  - FTEs per branch are down, but Sales per FTE continue to grow
- **Enhancing Access Points**
  - Online and mobile banking upgrades
  - Online loan origination
  - Deposit automation ATMs
  - New digital branch concept



# Adapting to Customer Preferences and Branch Optimization

## Branch Consolidations and Space Reductions

- 14 branch consolidations since 2011
- Decreased space by 65,000 sq. ft. since 2011
- Opportunities identified to reduce space by an additional 11,800 sq. ft.

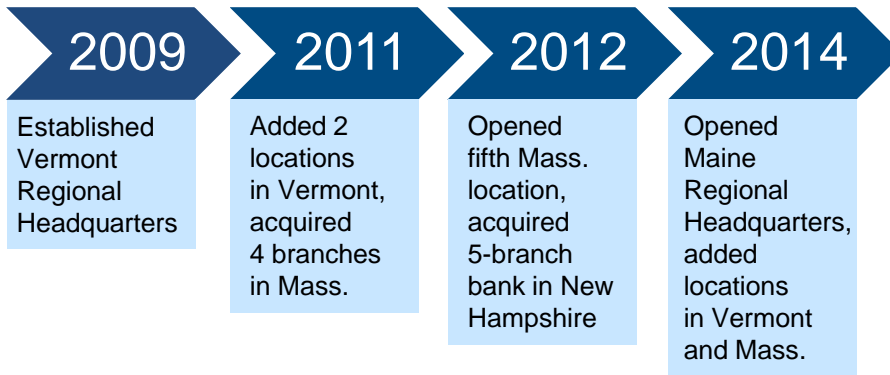


## Workforce Management

- Leveraging state-of-the-art system to optimize hours and staffing

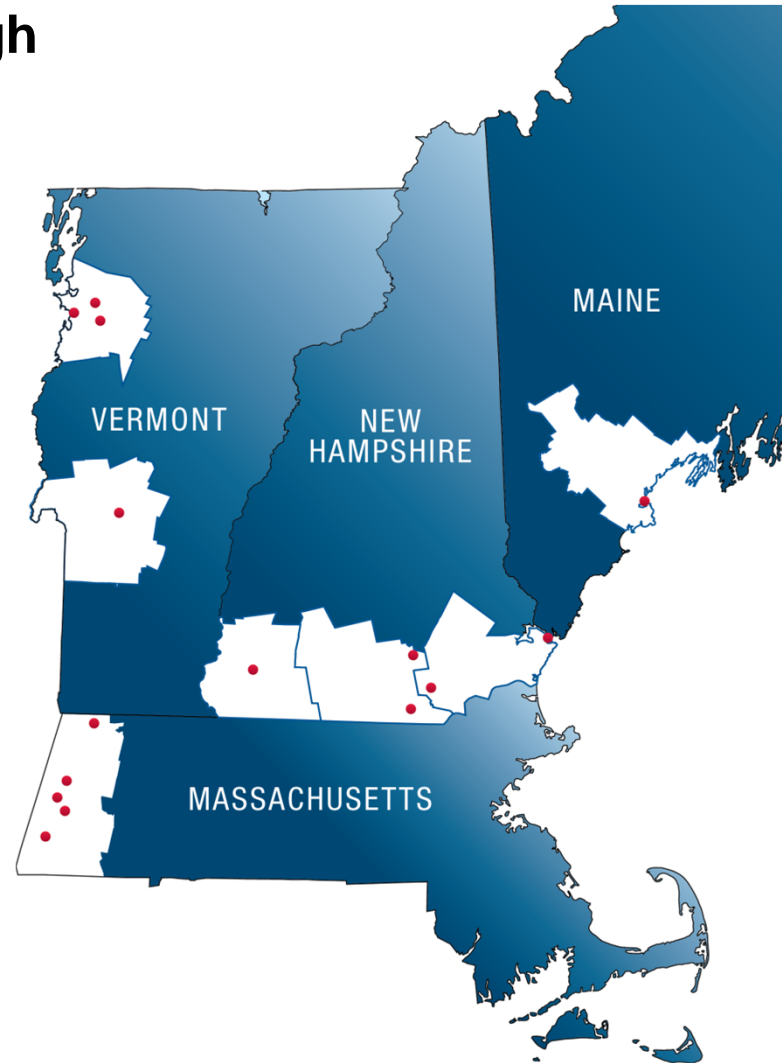
# NBT in New England

**Quickly established presence through organic growth and acquisitions**



**2015**

- 16 locations in 4 states
- 114 employees
- Almost \$1 billion in outstanding and committed loans



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**Appendix**





# Forward-Looking Statements

This presentation may contain forward-looking statements regarding NBT Bancorp Inc. These statements constitute forward-looking information within the definition of the Private Securities Litigation Reform Act of 1995.

Actual results may differ materially from any forward-looking statements expressed in this presentation, since forward-looking information involves significant known and unknown risks, uncertainties and other factors.

For a discussion of the factors that might cause such differences, please refer to NBT Bancorp's public filings with the Securities and Exchange Commission. These are available online at <http://www.sec.gov>. NBT Bancorp does not undertake to update any forward-looking statements made in this presentation to reflect new information, future events or otherwise.

# About NBT Bancorp

**NBT Bancorp Inc.** is a financial holding company headquartered in Norwich, N.Y., with total assets of \$8.3 billion at December 31, 2015. The company primarily operates through NBT Bank, N.A., a full-service community bank, and through two financial services companies. **NBT Bank, N.A.** has 155 banking locations with offices in New York, Pennsylvania, Vermont, Massachusetts, New Hampshire and Maine.

**EPIC Advisors, Inc.**, based in Rochester, N.Y., is a full-service 401(k) plan recordkeeping firm. **NBT-Mang Insurance Agency**, based in Norwich, N.Y., is a full-service insurance agency. More information about NBT and its divisions can be found on the Internet at: [www.nbtbancorp.com](http://www.nbtbancorp.com), [www.nbtbank.com](http://www.nbtbank.com), [www.epic1st.com](http://www.epic1st.com) and [www.nbtmang.com](http://www.nbtmang.com).

# Peer Group

NAME	HQ CITY	STATE	TICKER
Berkshire Hills Bancorp, Inc.	Pittsfield	MA	BHLB
Brookline Bancorp Inc.	Boston	MA	BRKL
Community Bank System, Inc.	Dewitt	NY	CBU
Flagstar Bancorp Inc.	Troy	MI	FBC
First Commonwealth Financial Corporation	Indiana	PA	FCF
Flushing Financial Corp.	Lake Success	NY	FFIC
First Midwest Bancorp Inc.	Itasca	IL	FMBI
Independent Bank Corp.	Rockland	MA	INDB
MB Financial Inc.	Chicago	IL	MBFI
National Penn Bancshares, Inc.	Boyertown	PA	NPBC
Northwest Bancorp, Inc.	Warren	PA	NWBI
Old National Bancorp	Evansville	IN	ONB
Provident Financial Services	Jersey City	NJ	PFS
Park National Corp.	Newark	OH	PRK
PrivateBancorp, Inc.	Chicago	IL	PVTB
S&T Bancorp, Inc.	Indiana	PA	STBA
Tompkins Financial Corporation	Ithaca	NY	TMP
TrustCo Bank Corp NY	Glenville	NY	TRST