

# 2019 Annual Meeting of Shareholders

May 21, 2019  
Binghamton, NY



# Board of Directors

- Martin A. Dietrich, Chairman
- John H. Watt, Jr, President and CEO
- Patricia T. Civil
- Timothy E. Delaney
- James H. Douglas
- Andrew S. Kowalczyk, III
- John C. Mitchell
- V. Daniel Robinson, II
- Matthew J. Salanger
- Joseph A. Santangelo
- Lowell A. Seifter
- Robert A. Wadsworth
- Jack H. Webb

# Company Profile



# Company Profile

Founded in 1856

1,850 Employees

Total Assets of \$9.5 Billion

Over 500,000 Customers

170 Locations



**NBTB**

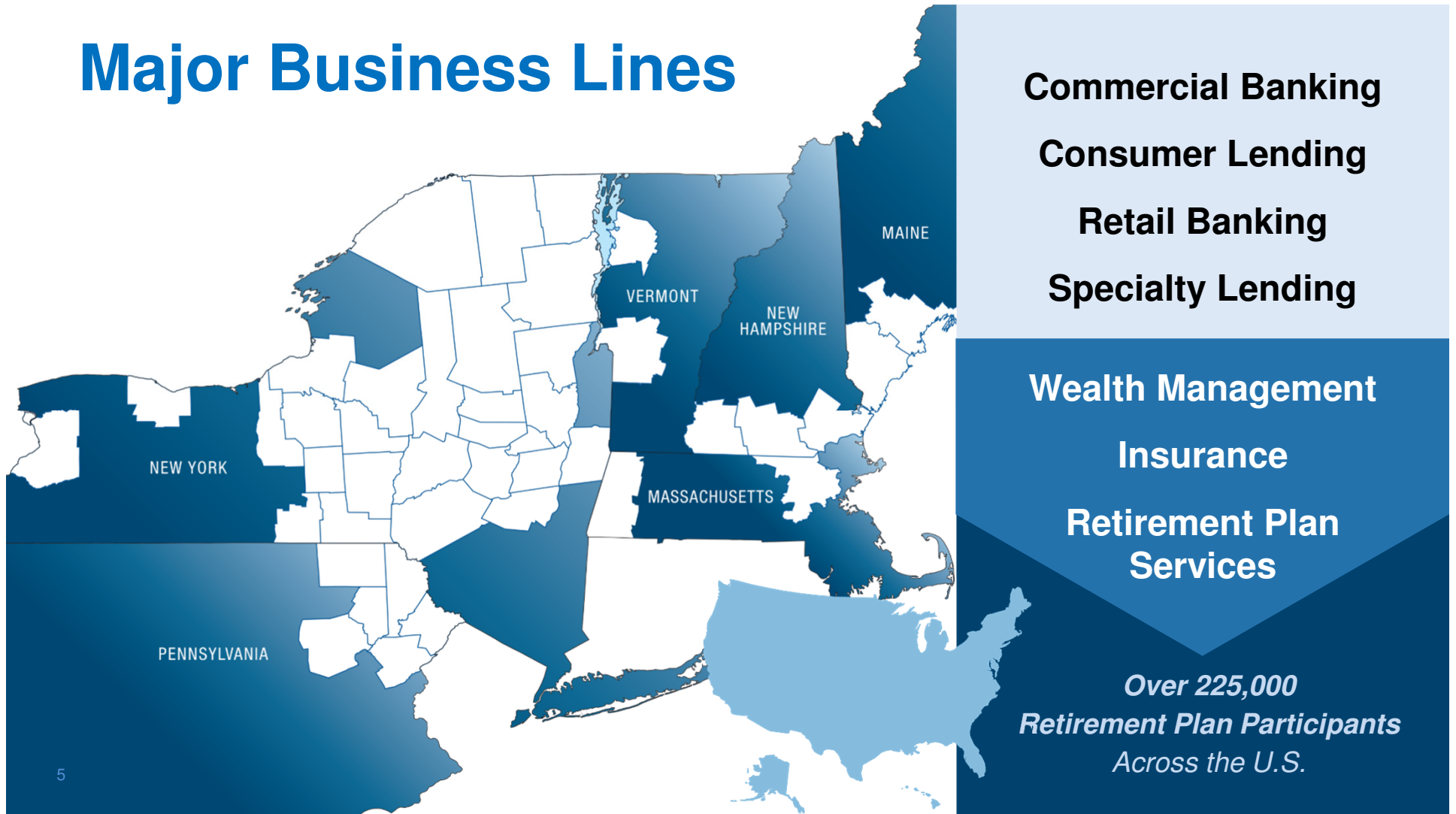
Nasdaq  
Global Select  
Market

Market  
Capitalization:  
**\$1.6 B**

Average Daily  
Volume:  
**92,000**

Institutional  
Ownership:  
**55%**

# Major Business Lines



# Record 2018 Financial Performance



# 2018 Net Income & Earnings Per Share

**NET INCOME**

**\$112.6  
million**

**Achieved Record Net Income  
for 6th Straight Year**

**EPS**

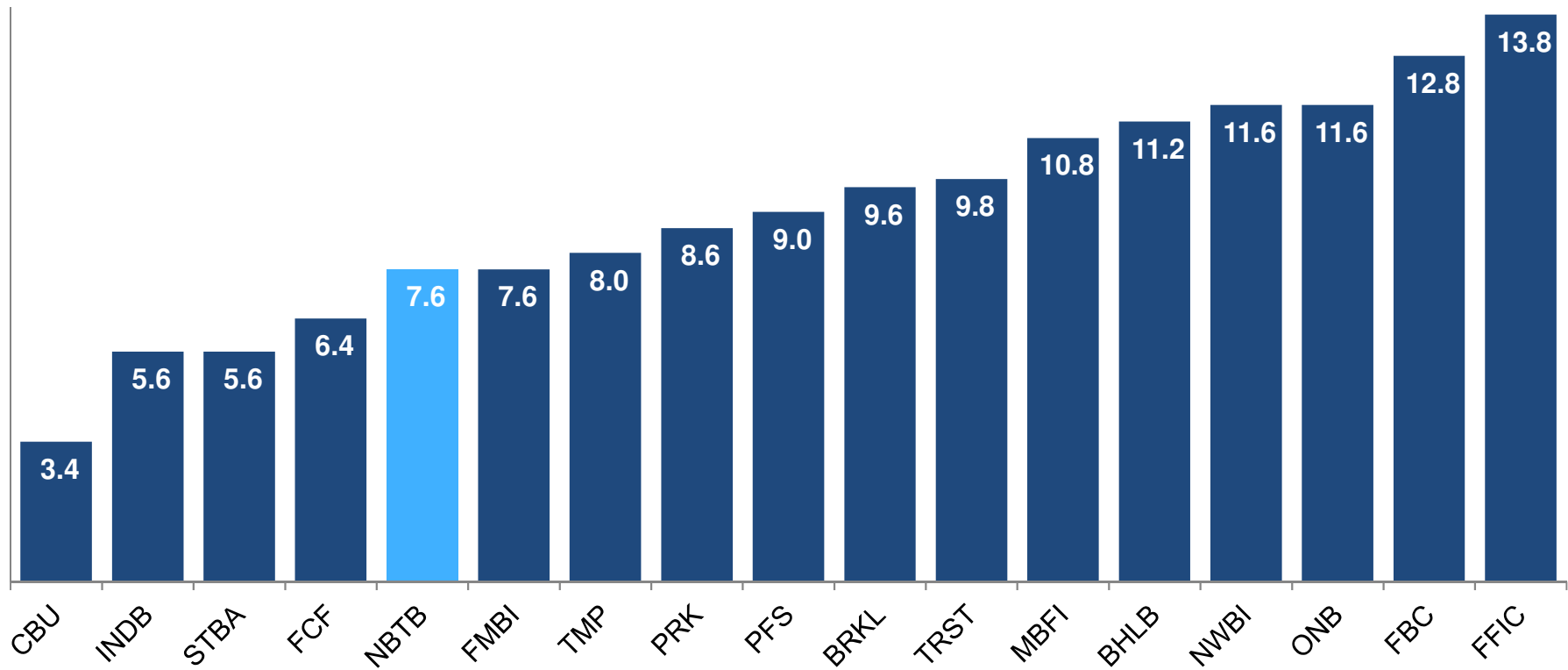
**\$2.56**

**New EPS Record  
Up 30% from Prior Year  
Operating Diluted EPS\***

## Key Metrics: Positive Trends Over 3 Years

	2018	2017*	2016
Net Interest Margin	<b>3.58%</b>	3.47%	3.43%
Return on Average Assets	<b>1.20%</b>	0.96%	0.92%
Return on Tangible Common Equity	<b>16.7%</b>	13.5%	13.1%
Net Charge-Offs to Average Loans	<b>0.38%</b>	0.42%	0.39%
Dividend Increase	<b>13%</b>	—	5%

# Peer Group Relative Average Ranking



# Tailwinds in 2018



# Diversification & A Balanced Scorecard



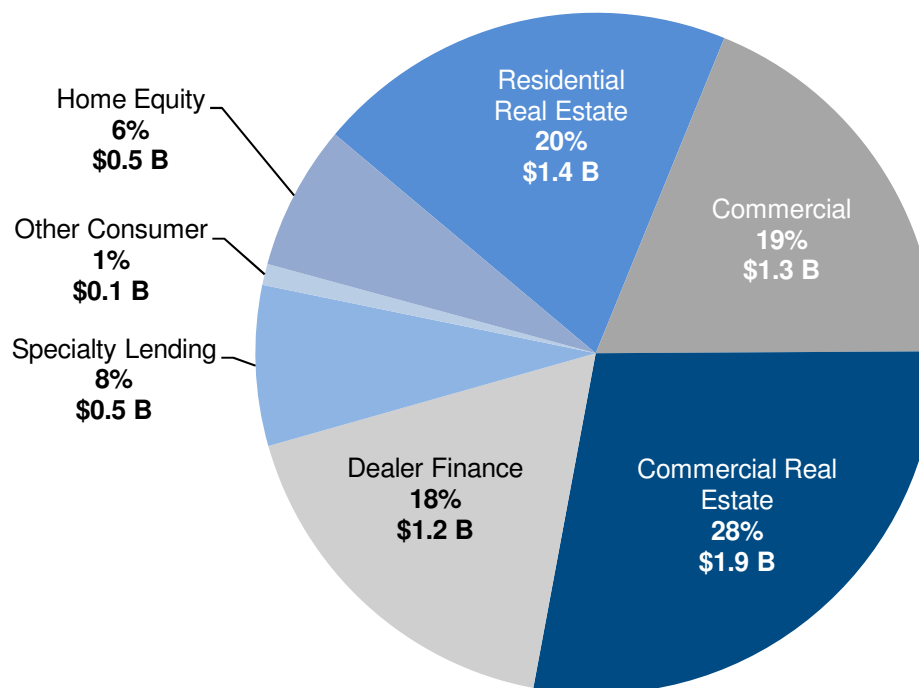
# Well-Positioned Balance Sheet

Diversified Loan Portfolio

Total Loans: \$6.9 Billion

Loan Growth in 2018: 4.6%

- Commercial Loan Growth: 6.6%
- Consumer Loan Growth: 2.3%



# Well-Positioned Balance Sheet

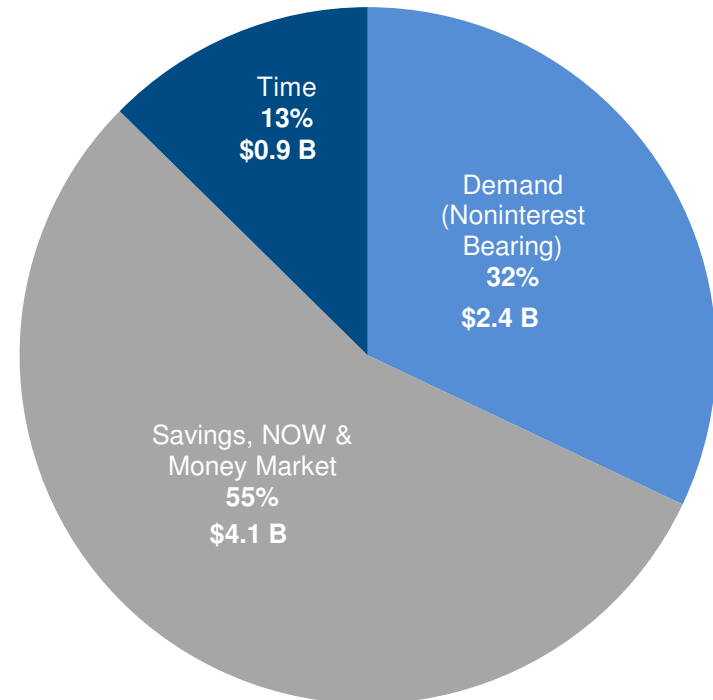
Total Deposits: \$7.4 Billion

Core Deposits to Total Funding: 78%

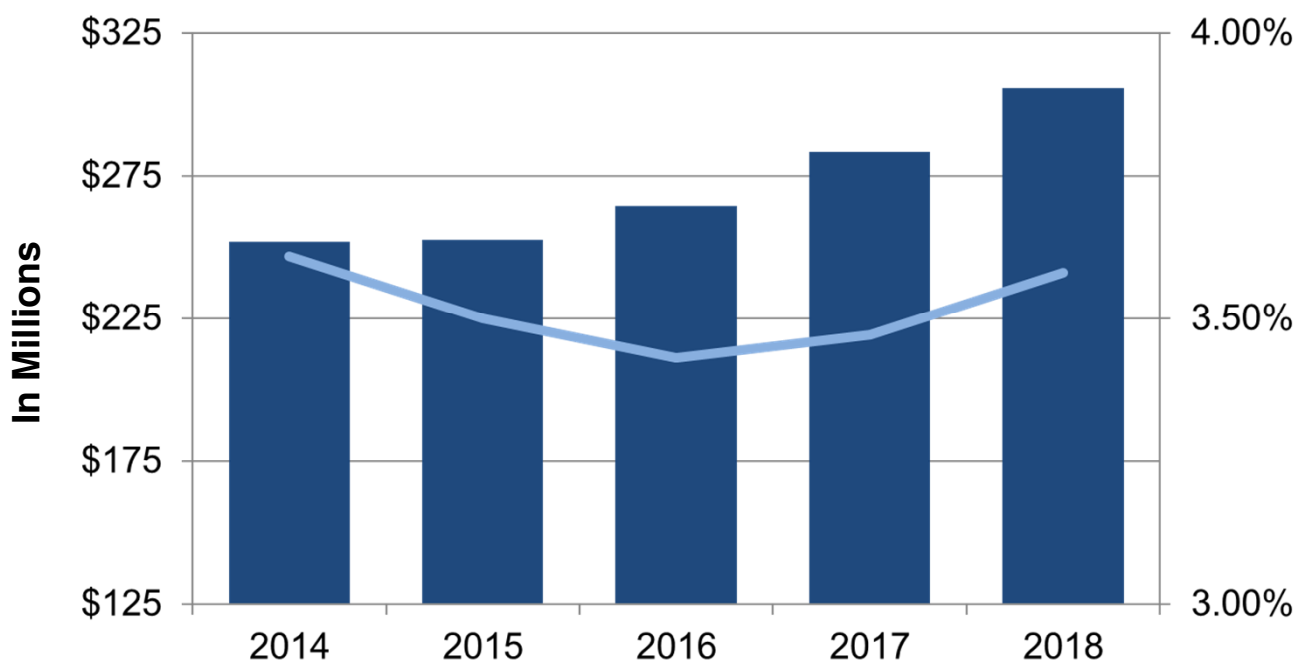
Demand Deposit Growth: 4.7%

Low Cost of Deposits: 0.30%

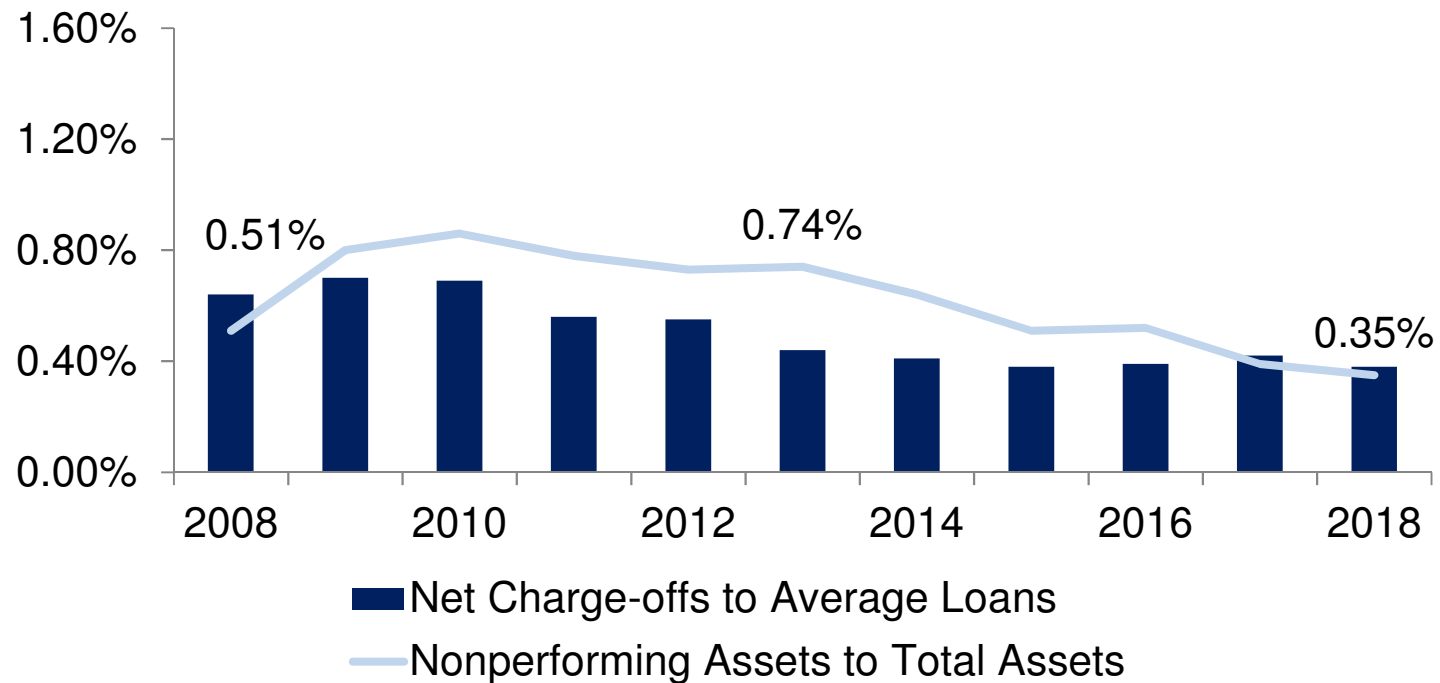
## Deposit Mix



# Net Interest Income & Net Interest Margin

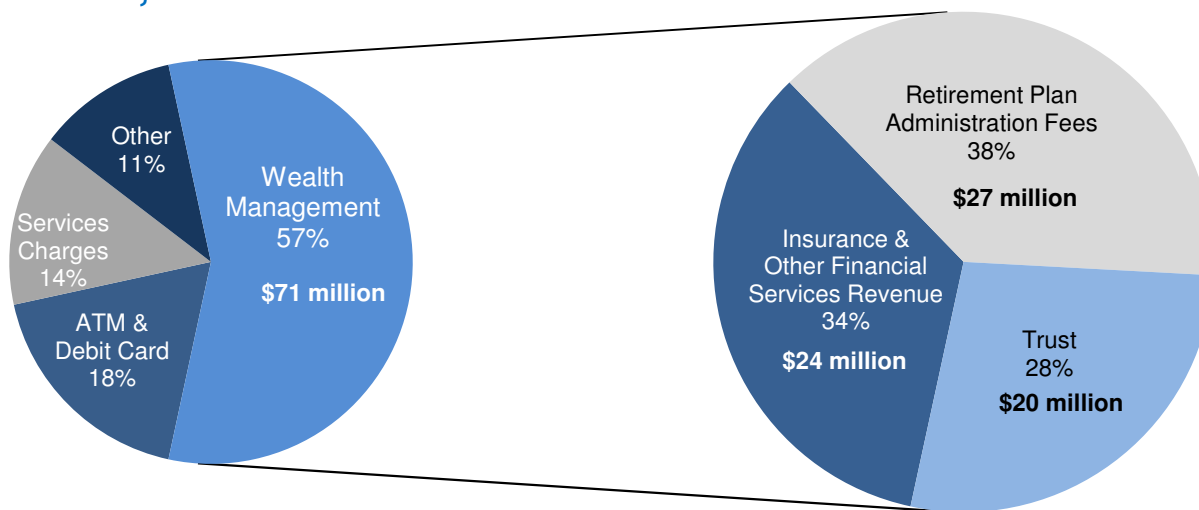


# Strong Asset Quality Trends



# Emphasis on Fee-Based Businesses

As of December 31, 2018



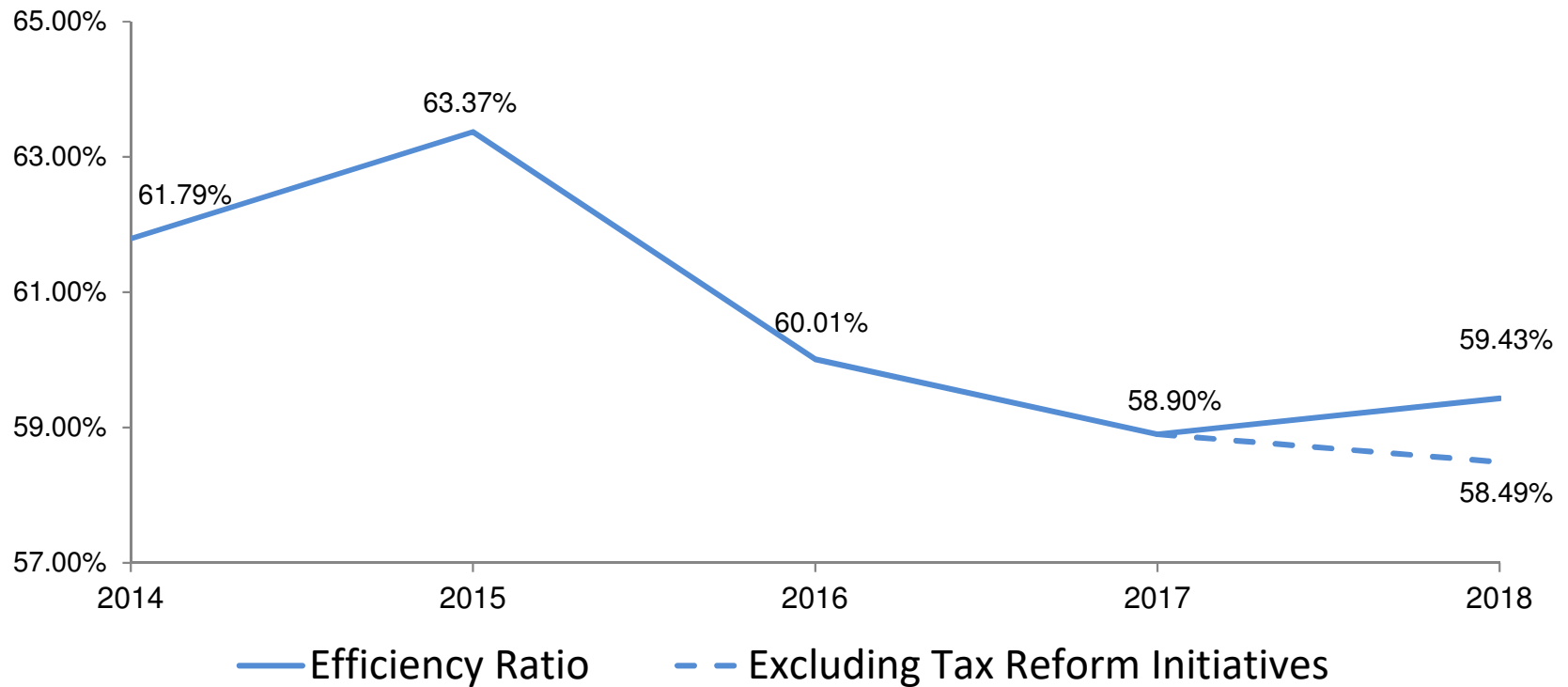
**\$125 million**

Total Noninterest Income\*

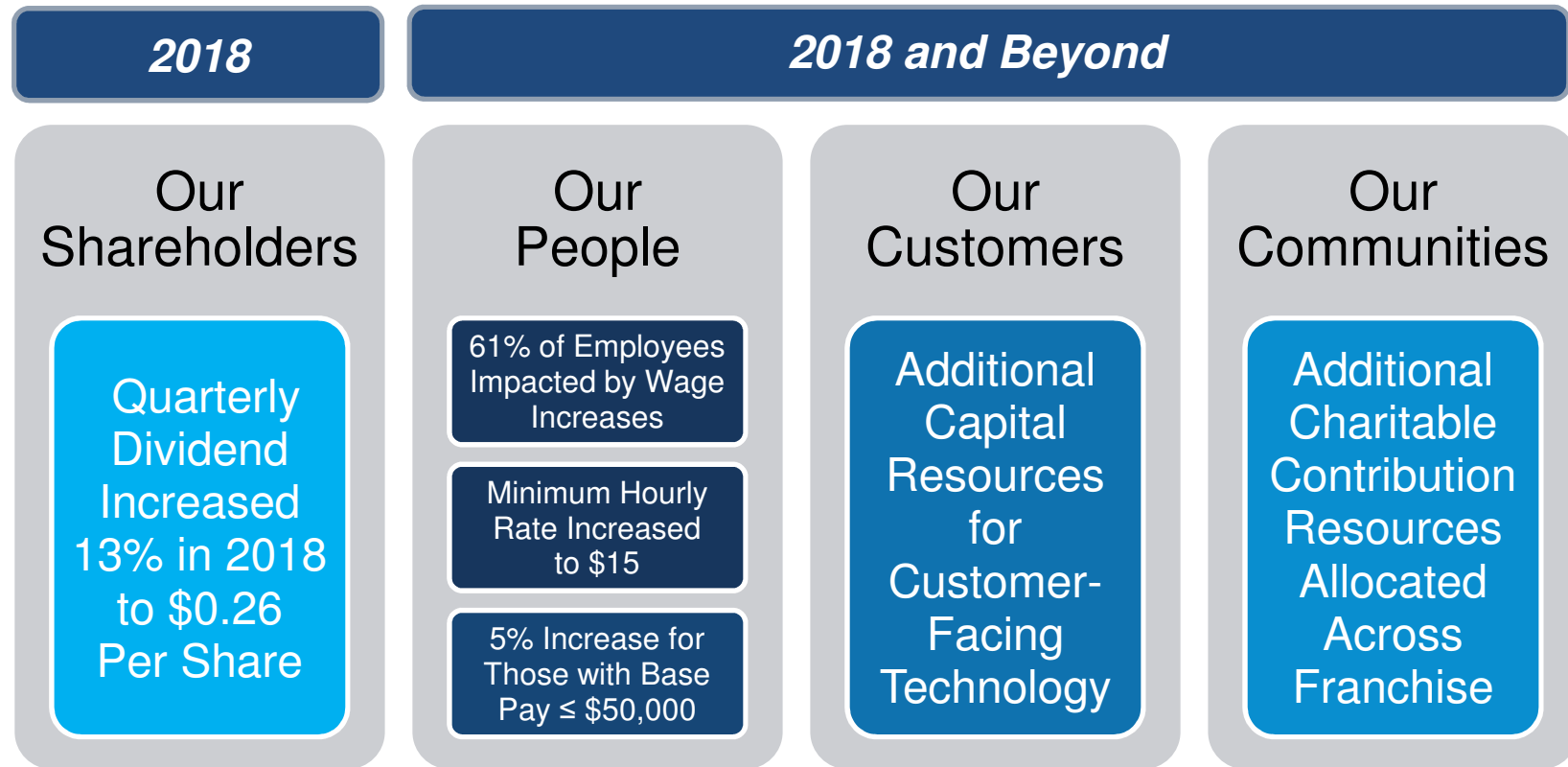
**31%**

Noninterest Income\*  
to Total Revenue

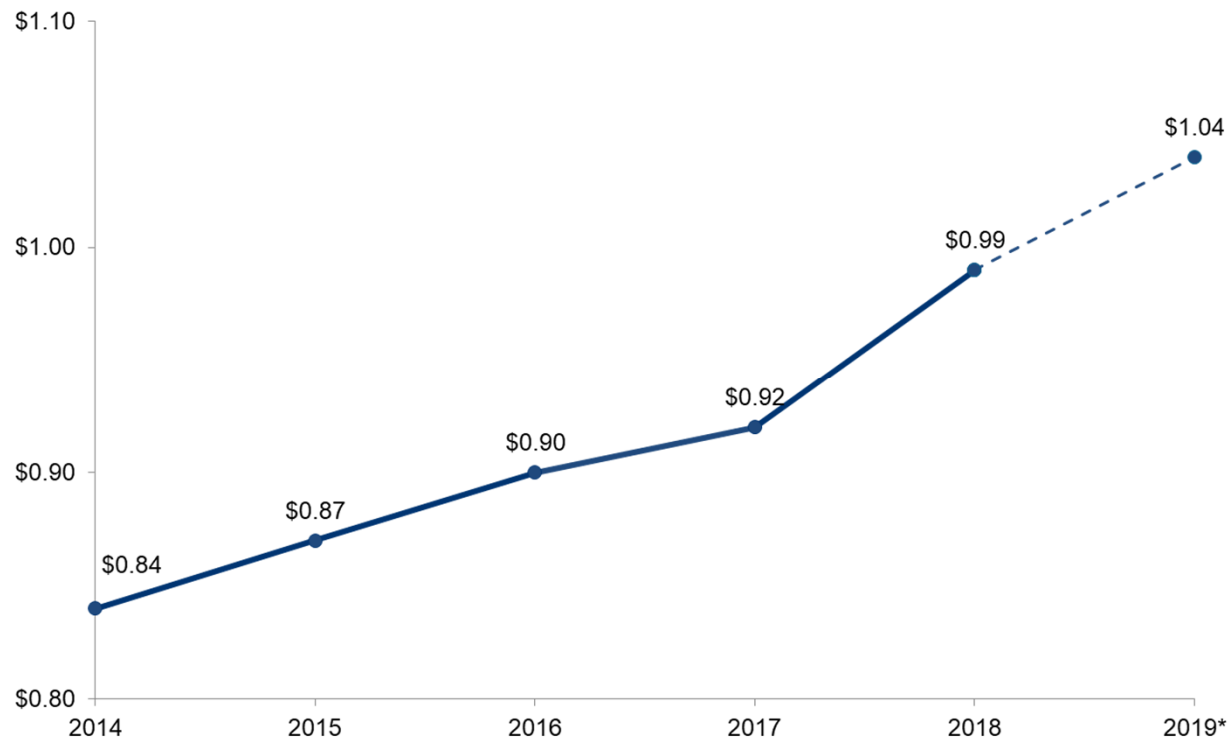
# Efficiency Ratio



# Investment Enabled by Tax Reform



# Dividend Growth



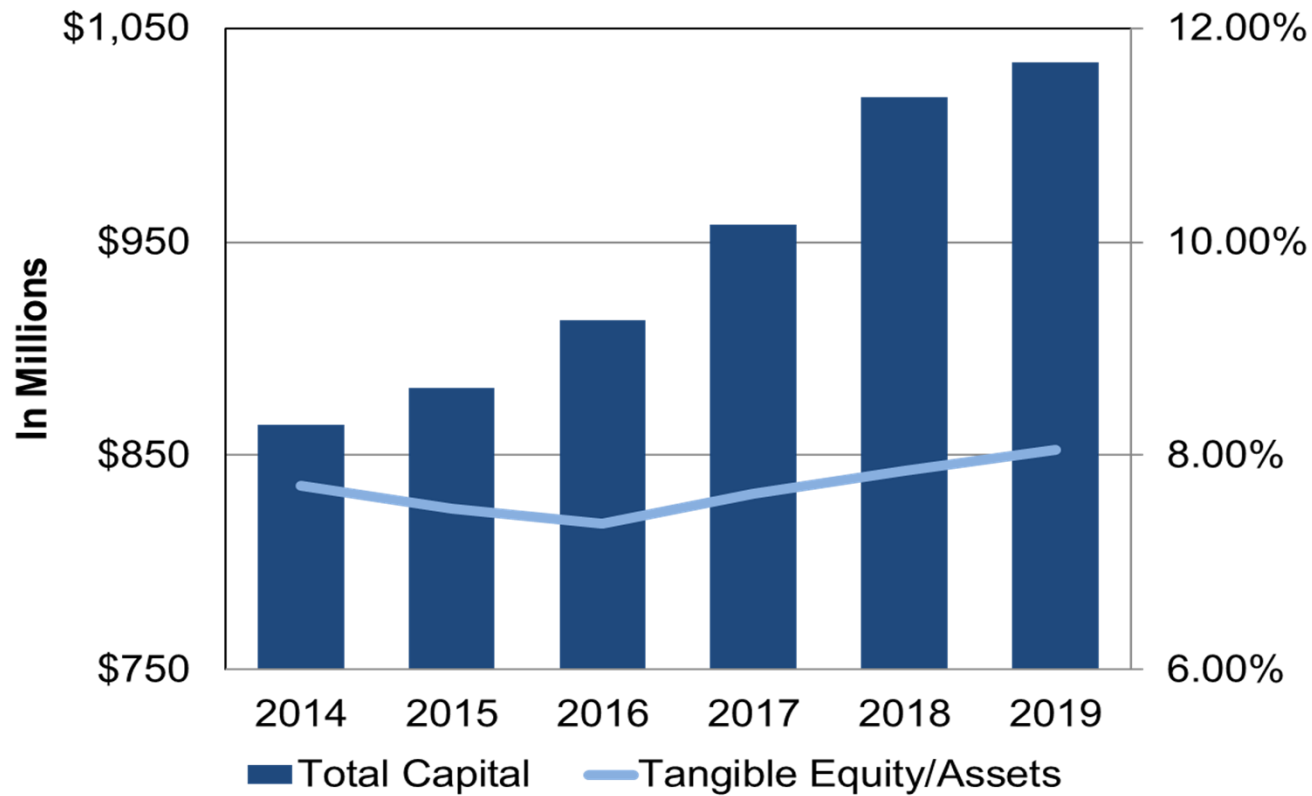
4.4%

5-Year  
Compound  
Annual Growth  
Rate

13%

Quarterly  
dividend  
increased to  
\$0.26 per share  
in 2018

# Capital Growth and Stability



# First Quarter 2019 Highlights

**\$29 Million**

Earnings Up  
12% from  
Prior Year

**\$0.66**

Earnings Per  
Share Up 12%  
from Prior Year

**3.64%**

Net Interest  
Margin Expanded  
7 Basis Points  
from Q1 2018

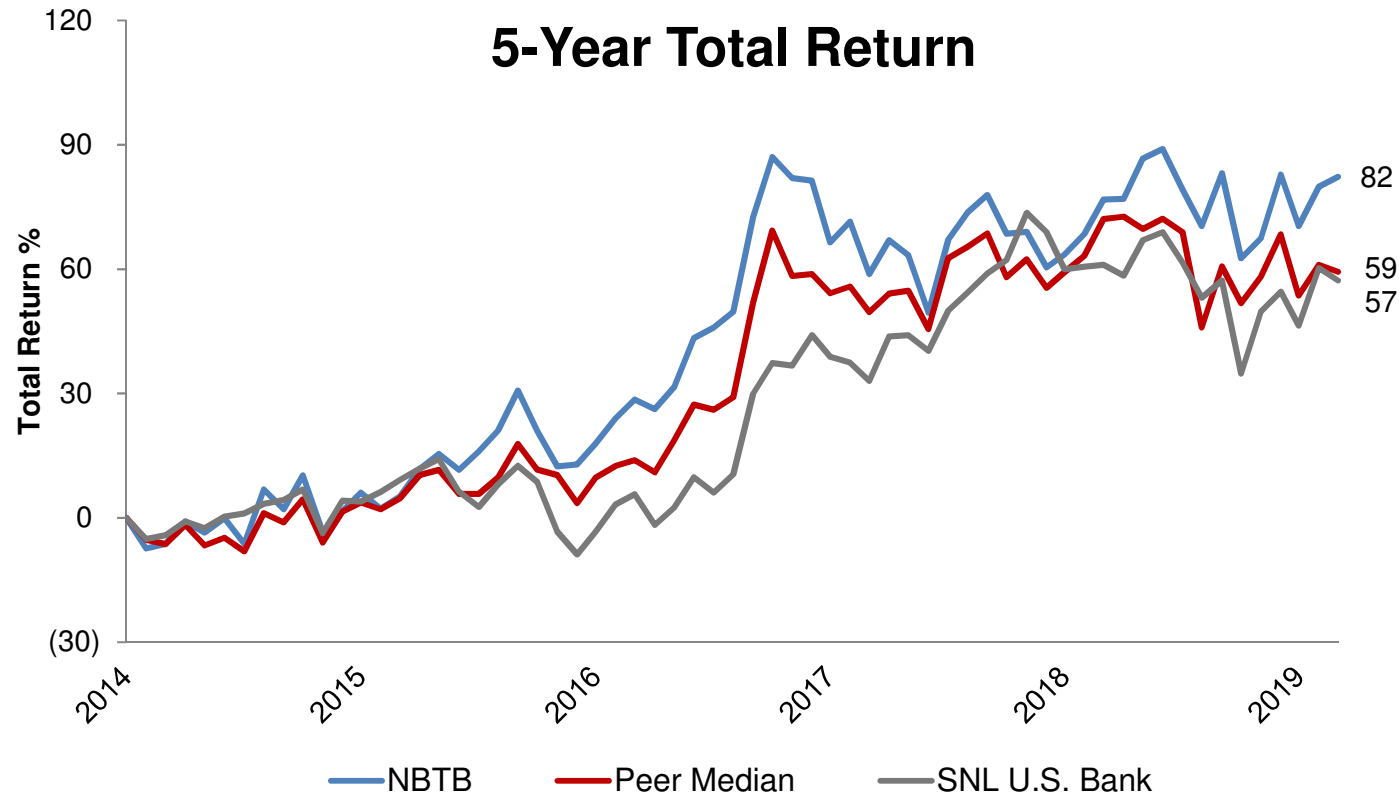
**8.06%**

Tangible Equity  
Ratio Up  
54 Basis Points  
from Q1 2018

# Stock Performance

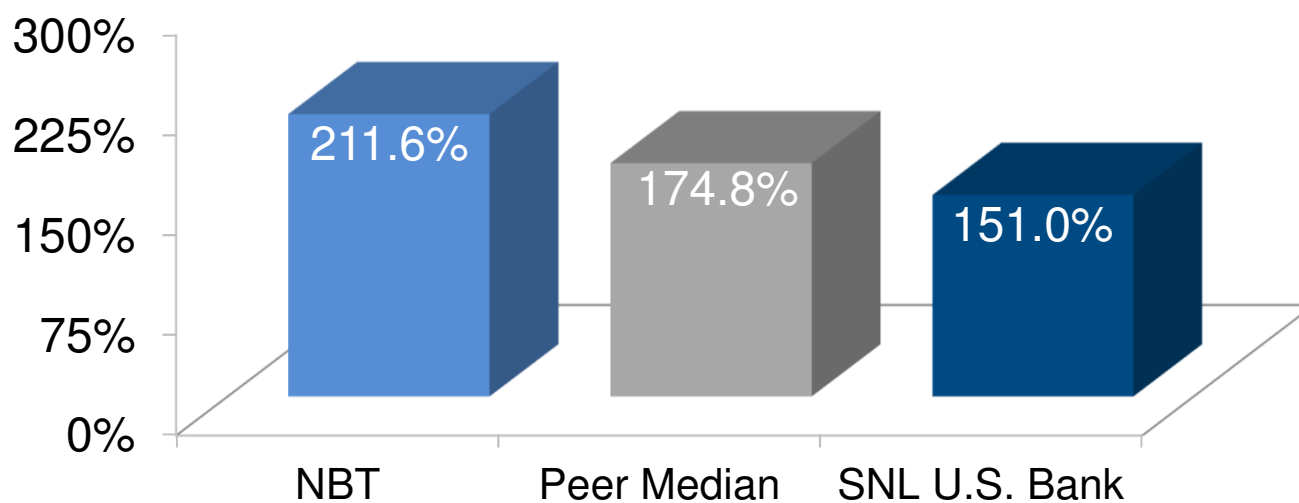


# History of Superior Performance



# Premium Valuation

**Price to Tangible Book Value  
as of March 31, 2019**



NBT's Price to Tangible Book Value Ranged from 207.6% to 242.5% in 2018.

# Outlook & Key Business Strategies



# Three Key Business Strategies for 2019

Optimization Strategy

New England Expansion

Digital Initiatives

# Strategy #1: Optimization Strategy

Yield  
Curve

Optimization  
to Enhance  
Yield

Loan  
Growth

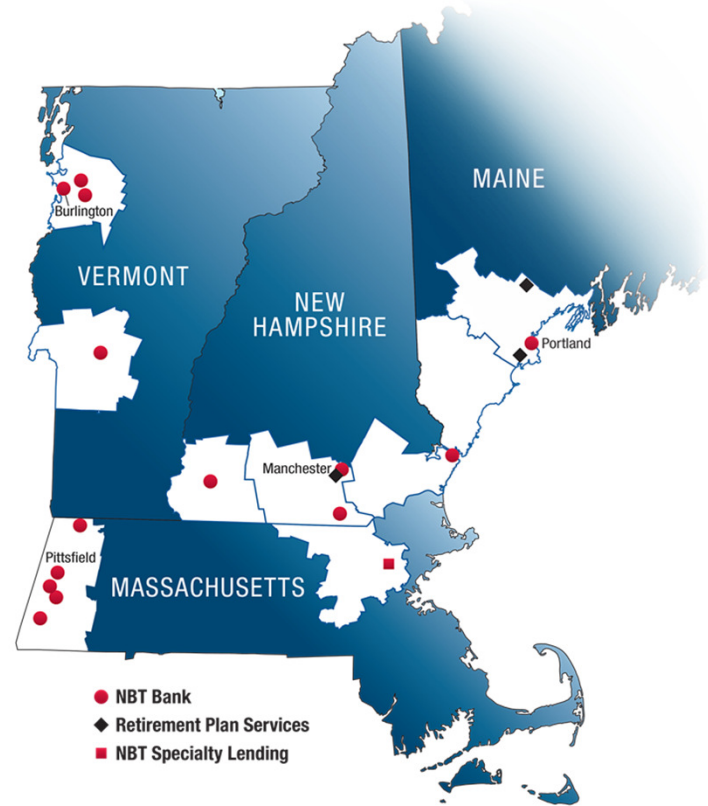
Deposit  
Growth

Asset  
Quality

Efficiency  
Focus

## Strategy #2: New England Expansion

- 19 locations in 4 states
- 160 employees
- 2018 Year-Over-Year Growth
  - 16% growth in total outstanding loans
  - 25% growth in deposits



# Strategy #3: Technology & Digitization

## Aggressive Technology Roadmap



### Customer Experience

- More accessible
- Increased speed to market
- Positioned to compete with nonbank providers



### Process Improvement

- Driving efficiency and enhanced productivity

# Operational Excellence & Growth

Road  
Through  
\$10 Billion

CECL  
Current  
Expected  
Credit Loss

# Forbes 2019 World's Best Banks

**#1** in NY, VT,  
NH and ME

**#14** of 60  
US banks  
on the list



# Our People



# Executive Management Team

**John H. Watt, Jr.**, President and Chief Executive Officer

**Michael J. Chewens**, Senior EVP and Chief Financial Officer

**Timothy L. Brenner**, EVP and President of Wealth Management

**Matthew K. Durkee**, EVP and President of New England Region

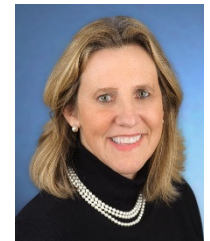
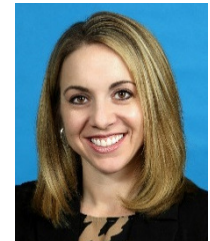
**Sarah A. Halliday**, EVP and President of Commercial Banking

**Shauna M. Hyle**, EVP, Consumer Lending

**Catherine M. Scarlett**, EVP and Chief Human Resources/Ethics Officer

**Joseph R. Stagliano**, EVP and President of Retail Community Banking

**Amy Wiles**, EVP and Chief Credit/Risk Officer



# CFO Retirement and Transition



**Michael J. Chewens**  
Senior Executive Vice President  
and Chief Financial Officer

- 25-year career with NBT
- Joined Executive Team in 1995
- Named CFO in 1999
- Promoted to Senior EVP in 2002
- Served as Corporate Secretary from 2000 to 2010
- Stepping down as CFO at Year-End, Retiring March 31, 2020

# 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.

# Reconciliation to 2017 Reported Results

The following table reconciles 2017 reported net income to adjusted net income and related performance ratios to exclude the one-time noncash charge associated with the Tax Cuts and Jobs Act ("TCJA").

Dollars in Millions Except Per Share Data	Reported Year Ended December 31, 2017	Add Back TCJA charge	Adjusted Year Ended December 31, 2017
Net Income	\$ 82.2	\$4.4	\$ 86.6
Earnings Per Share	\$ 1.87	\$0.10	\$ 1.97
Return on Average Assets	0.91%	0.05%	0.96%
Return on Average Tangible Common Equity	12.82%	0.66%	13.48%

## Efficiency Ratio Calculation (Dollars in thousands)

Efficiency ratio (non-GAAP)	2018	2017	2016	2015	2014
Net interest income (FTE)	\$ 307,636	\$ 287,292	\$ 267,990	\$ 255,900	\$ 255,310
Noninterest income	124,762	121,304	115,713	118,481	126,027
Less: Net securities losses (gains)	(6,341)	1,867	(644)	3,087	92
Less: Gain on the sale of equity investment	-	818	900	4,179	19,401
<b>Recurring Revenue (non-GAAP)</b>	<b>\$ 438,739</b>	<b>\$ 405,911</b>	<b>\$ 383,447</b>	<b>\$ 367,115</b>	<b>\$ 361,844</b>
Noninterest expense	\$ 264,561	\$ 245,648	\$ 235,922	\$ 236,176	\$ 246,063
Less: Amortization of intangibles and goodwill impairment	4,042	3,960	3,928	4,864	5,047
Less: Prepayment penalties on long term debt	-	-	-	-	17,902
Add: Net gains on sales and writedown of OREO	230	221	687	1,337	459
Less: Intangible asset and equity security writedowns	-	2,842	2,565	-	-
<b>Recurring Expense (non-GAAP)</b>	<b>\$ 260,749</b>	<b>\$ 239,067</b>	<b>\$ 230,116</b>	<b>\$ 232,649</b>	<b>\$ 223,573</b>
<b>Efficiency Ratio (non-GAAP)</b>	<b>59.43%</b>	<b>58.90%</b>	<b>60.01%</b>	<b>63.37%</b>	<b>61.79%</b>

# 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
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
S&T Bancorp, Inc.	Indiana	PA	STBA
Tompkins Financial Corporation	Ithaca	NY	TMP
TrustCo Bank Corp NY	Glenville	NY	TRST