**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): October 22, 2012**

# NBT BANCORP INC.

**(Exact name of registrant as specified in its charter)**

| DELAWARE | 0-14703 | 16-1268674 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

**52 SOUTH BROAD STREET, NORWICH, NEW YORK 13815**
**(Address of principal executive offices)**

**Registrant's telephone number, including area code: (607) 337-2265**

**Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:**

o **Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**

o **Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)**

o **Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))**

o **Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))**

**ITEM 2.02 Results of Operations and Financial Condition**

**On October 22, 2012, NBT Bancorp Inc. issued a press release describing its results of operations for the quarter and nine months ending September 30, 2012. That press release is furnished as Exhibit 99.1 hereto.**

**ITEM 9.01 Financial Statements and Exhibits**

**(d) The following is being furnished herewith:**

| Exhibit No. | Exhibit Description |
|---|---|
| 99.1 | Press release text of NBT Bancorp Inc. dated October 22, 2012 |

**SIGNATURES**

**Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.**

**NBT BANCORP INC.**
**(Registrant)**

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

**Date: October 24, 2012**

**EXHIBIT 99.1**



**FOR IMMEDIATE RELEASE**
**ATTENTION: FINANCIAL AND BUSINESS EDITORS**

Contact: Martin A. Dietrich, CEO
Michael J. Chewens, CFO
NBT Bancorp Inc.
52 South Broad Street
Norwich, NY 13815
607-337-6119

**NBT BANCORP INC. ANNOUNCES THIRD QUARTER DILUTED EARNINGS PER SHARE OF $0.43; STRONG LOAN GROWTH**

NORWICH, NY (October 22, 2012) – NBT Bancorp Inc. (NBT) (NASDAQ: NBTB) reported today net income for the nine months ended September 30, 2012 was $41.4 million, down $2.7 million, or 6.2%, from the nine months ended September 30, 2011. Net income per diluted share for the nine months ended September 30, 2012 was $1.23 per share, down from $1.29 per diluted share for the nine months ended September 30, 2011. The Company incurred approximately $1.9 million in merger related expenses for the first nine months of 2012, as compared to $0.2 million for the same period in 2011. Merger related expenses had a negative impact on diluted earnings per share of approximately $0.04 in 2012, and a nominal impact in 2011. Annualized return on average assets and return on average equity were 0.95% and 9.97%, respectively, for the nine months ended September 30, 2012, compared with 1.09% and 10.95%, respectively, for the nine months ended September 30, 2011. Net interest margin (on a fully taxable equivalent or FTE basis) was 3.87% for the nine months ended September 30, 2012, down 26 basis points from 4.13% for the nine months ended September 30, 2011.

Net income for the three months ended September 30, 2012 was $14.5 million, down $0.7 million, or 4.5%, from the three months ended September 30, 2011. Net income per diluted share for the three months ended September 30, 2012 was $0.43 per share, down from $0.45 per diluted share for the three months ended September 30, 2011. The Company incurred approximately $0.6 million in merger related expenses for the three months ended September 30, 2012, as compared to $0.2 million for the same period in 2011. Merger related expenses had a negative impact on diluted earnings per share of approximately $0.01 for the three months ended September 30, 2012, and a nominal impact for the same period in 2011. Annualized return on average assets and return on average equity were 0.97% and 10.13%, respectively, for the three months ended September 30, 2012, compared with 1.12% and 11.21%, respectively, for the three months ended September 30, 2011. FTE net interest margin was 3.90% for the three months ended September 30, 2012, down 24 basis points from 4.14% for the three months ended September 30, 2011.

Selected highlights for the third quarter of 2012 include:

- Announced the planned acquisition of Alliance Financial Corporation, a $1.4 billion financial holding company headquartered in Syracuse, N.Y., expected to close in early 2013.

- Year to date organic loan growth of 8.3% (annualized) driven by:

  - Commercial loan growth of 12.3% (annualized)

  - Consumer loan growth of 12.0% (annualized)

- Net interest margin was 3.90% for the third quarter of 2012, up 8 basis points on a linked quarter basis.

- Annualized net charge-off ratio was 0.47% as compared to 0.55% for the same period last year.

"At NBT we continue to leverage opportunities to invest in our future success through acquisition, including our expansion in New England and our recently announced merger agreement with Alliance Financial Corporation," said NBT President and CEO Martin Dietrich. "Acquiring the Alliance franchise in the greater Syracuse market is an exciting opportunity for strategic expansion that will be a great complement to our existing footprint in central New York. In addition, we remain focused on organic growth and banking fundamentals. We are generating strong organic loan growth and maintaining a quality loan portfolio through the efforts of our customer-oriented team of community bankers. We are pleased with our results through the first three quarters of 2012, particularly in light of the pressures that the economy and regulatory environment continue to place on banks."

**Loan and Lease Quality and Provision for Loan and Lease Losses**

The Company recorded a provision for loan and lease losses of $13.3 million during the nine months ended September 30, 2012, compared with $15.2 million for the nine months ended September 30, 2011. Net charge-offs were $13.9 million for the nine months ended September 30, 2012, down from $15.1 million for the same period in 2011, due primarily to the charge-off of one large commercial loan during the first quarter of 2011, as well as the general improvement in asset quality indicators in 2012. The annualized net charge-off ratio for the nine months ended September 30, 2012 was 0.47%, compared to 0.55% for the nine months ended September 30, 2011.

The Company recorded a provision for loan and lease losses of $4.8 million during the three months ended September 30, 2012, compared with $5.2 million for the three months ended September 30, 2011. Net charge-offs were $4.8 million and the annualized net charge-off ratio was 0.45% for the three months ended September 30, 2012. Net charge-offs were $4.3 million and the annualized net charge-off ratio was 0.47% for the three months ended September 30, 2011.

Past due loans as a percentage of total loans was 0.65% at September 30, 2012, up from 0.54% at June 30, 2012, and down from 0.89% at December 31, 2011. Nonperforming loans remained flat at $45.6 million September 30, 2012 compared with June 30, 2012, and up from $41.5 million at December 31, 2011.

The allowance for loan and lease losses totaled $70.7 million at September 30, 2012, compared to $71.3 million at December 31, 2011. The allowance for loan losses as a percentage of loans and leases was 1.66% at September 30, 2012, compared to 1.88% at December 31, 2011. This reduction was due primarily to acquired loans that were recorded at fair value at acquisition. As acquired loans do not have a related allowance recorded, the acquisition resulted in a decrease of 9 basis points in the allowance for loan losses as a percentage of total loans as of September 30, 2012. The balance of the reduced allowance is due to improvement in asset quality indicators throughout the year, as well as improvement in certain economic indicators.

## Net Interest Income

Net interest income was up to $151.8 million for the nine months ended September 30, 2012, compared with $149.8 million for the nine months ended September 30, 2011. The Company's FTE net interest margin was 3.87% for the nine months ended September 30, 2012, down from 4.13% for the nine months ended September 30, 2011. Average earning assets for the nine months ended September 30, 2012 was $5.3 billion, compared to $5.0 billion for the same period of 2011. This increase offset the decline in net interest margin, resulting in a $2.0 million increase in net interest income for nine months ended September 30, 2012.

While the yield on interest bearing liabilities decreased 17 basis points, the yield on interest earning assets declined 40 basis points, resulting in margin compression for the nine months ended September 30, 2012, compared to the same period for 2011. The yield on securities available for sale was 2.51% for the nine months ended September 30, 2012, compared with 3.06% for the nine months ended September 30, 2011. This decrease was due primarily to the reinvestment of cash flows from maturing securities and cash received from branch acquisitions in 2011 and the first quarter of 2012 into lower yielding securities in the current rate environment. The average balance of securities available for sale for the nine months ended September 30, 2012 was $1.2 billion, up approximately $90.6 million, or 8.2%, from the nine months ended September 30, 2011. This increase was due primarily to reinvestment of maturing held to maturity securities into available for sale securities, and investment of liquidity from branch acquisition activity and deposit growth into available for sale securities. The yield on loans and leases was 5.21% for the nine months ended September 30, 2012, compared with 5.63% for the nine months ended September 30, 2011. The average balance of loans and leases for the nine months ended September 30, 2012 was $4.0 billion, up approximately $331.8 million, or 9.1%, from the nine months ended September 30, 2011. The reduction in yields on earning assets was partially offset by a reduction in rates paid on interest bearing liabilities. The rate on time deposits was 1.50% for the nine months ended September 30, 2012, compared with 1.83% for the nine months ended September 30, 2011. The rate on money market deposit accounts was 0.20% for the nine months ended September 30, 2012, compared with 0.37% for the nine months ended September 30, 2011.

Net interest income was up to $52.6 million for the three months ended September 30, 2012, compared with $50.4 million for the three months ended September 30, 2011. The Company's FTE net interest margin was 3.90% for the three months ended September 30, 2012, down from 4.14% for the three months ended September 30, 2011. The increase in average earning assets for the three months ended September 30, 2012 as compared to the same period of 2011 offset the decline in net interest margin, resulting in the increase in net interest income over the same period last year.

While the yield on interest bearing liabilities decreased 16 basis points, the yield on interest earning assets declined 37 basis points, resulting in margin compression for the three months ended September 30, 2012, compared to the same period for 2011. The yield on securities available for sale was 2.39% for the three months ended September 30, 2012, as compared with 2.95% for the three months ended September 30, 2011. This decrease was due primarily to the reinvestment of cash flows from maturing securities and cash received from branch acquisitions into lower yielding securities in the current rate environment. The average balance of securities available for sale for the three months ended September 30, 2012 was $1.2 billion, up approximately $48.2 million, or 4.3%, from the three months ended September 30, 2011. This increase was due primarily to reinvestment of maturing held to maturity securities into available for sale securities, and investment of liquidity from branch acquisition activity and deposit growth into available for sale securities. The yield on loans and leases was 5.12% for the three months ended September 30, 2012, compared with 5.51% for the three months ended September 30, 2011. The average balance of loans and leases for the three months ended September 30, 2012 was $4.2 billion, up approximately $510.4 million, or 13.8%, from the three months ended September 30, 2011. The reduction in yields on earning assets was partially offset by a reduction in rates paid on interest bearing liabilities. The rate on time deposits was 1.35% for the three months ended September 30, 2012, compared with 1.75% for the three months ended September 30, 2011. The rate on money market deposit accounts was 0.18% for the three months ended September 30, 2012, compared with 0.31% for the three months ended September 30, 2011.

## Noninterest Income

Noninterest income for the nine months ended September 30, 2012 was $65.4 million, up 8.6% or $5.2 million, compared with $60.2 million for the same period in 2011. Insurance and other financial services revenue increased approximately $1.1 million for the nine months ended September 30, 2012, compared to the nine months ended September 30, 2011. This increase was due primarily to the acquisition of an insurance agency during the second quarter of 2011 as well as organic growth in commercial product lines. ATM and debit card fees increased approximately $0.7 million for the nine months ended September 30, 2012, compared to the nine months ended September 30, 2011, due primarily to an increase in card usage and customer base. Retirement plan administration fees increased approximately $0.7 million for the nine months ended September 30, 2012, compared to the nine months ended September 30, 2011, due primarily to an increase in customer base. Other noninterest income increased approximately $4.6 million for the nine months ended September 30, 2012 as compared to September 30, 2011. This increase was due primarily to a $1.1 million payoff gain on a purchased commercial real estate loan, as well as a prepayment penalty fee collected of $0.8 million during the nine months ended September 30, 2012 related to a previously disclosed loss of a retirement plan client. In addition, mortgage banking revenue increased approximately $2.0 million for the nine months ended September 30, 2012 as compared to the same period in 2011 as the Company sold certain residential mortgages as market conditions warranted. The Company sold approximately $39.3 million residential mortgages during the first nine months of 2012, as compared to no sales during the first nine months of 2011. The Company also realized net securities gains of approximately $0.6 million during the nine months ended September 30, 2012, as compared to $0.1 million for the same period in 2011. These increases were partially offset by a decrease in service charges on deposit accounts of approximately $2.5 million, or 15.7%, for the nine months ended September 30, 2012, compared with the same period in 2011 primarily due to a decrease in overdraft fee income.

Noninterest income for the three months ended September 30, 2012 was $21.6 million, up 7.1% or $1.4 million, compared with $20.2 million for the same period in 2011. Insurance and other financial services revenue increased approximately $0.5 million for the three months ended September 30, 2012, compared to the three months ended September 30, 2011. This increase was due primarily to organic growth in commercial product lines. Retirement plan administration fees increased approximately $0.4 million for the three months ended September 30, 2012, compared to the three months ended September 30, 2011, due primarily to an increase in customer base. Other noninterest income increased approximately $1.1 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This increase was due primarily to an increase in mortgage banking activity during the three months ended September 30, 2012 as compared with the three months ended September 30, 2011. The Company sold approximately $9.7 million residential mortgages during the three months ended September 30, 2012, as compared to no sales during the same period in 2011. These increases were partially offset by a decrease in service charges on deposit accounts of approximately $0.9 million, or 16.4%, for the three months ended September 30, 2012, compared with the same period in 2011 primarily due to the aforementioned decrease in overdraft fee income.

## Noninterest Expense and Income Tax Expense

Noninterest expense for the nine months ended September 30, 2012 was $145.3 million, up $12.0 million or 9.0%, for the same period in 2011. Salaries and employee benefits increased $4.3 million, or 5.7%, for the nine months ended September 30, 2012, compared with the same period in 2011. This increase was due primarily to increases in full-time-equivalent employees from acquisitions, merit increases, and increased pension expenses. Professional fees and outside services increased $1.5 million, or 23.2%, for the nine months ended September 30, 2012 as compared to the same period in 2011. Data processing and communications expenses increased approximately $1.0 million, or 10.5%, for the nine months ended September 30, 2012 as compared to the same period in 2011, due primarily to expansion into new markets. Merger related expenses totaled $1.9 million in the first nine months of 2012, as compared to $0.2 million for the same period in 2011. Other operating expenses increased $2.0 million in the first nine months of 2012 as compared with the same period in 2011. These increases were partially offset by a decrease in Federal Deposit Insurance Corporation ("FDIC") expenses of approximately $0.6 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This decrease was due to the FDIC redefining the deposit insurance assessment base effective the second quarter of 2011. Income tax expense for the nine month period ended September 30, 2012 was $17.0 million, down from $17.4 million for the same period in 2011. The effective tax rate was 29.1% for the nine months ended September 30, 2012, compared to 28.2% for the same period in 2011.

Noninterest expense for the three months ended September 30, 2012 was $49.4 million, up $4.4 million or 9.7%, for the same period in 2011. Salaries and employee benefits increased $1.6 million, or 6.3%, for the three months ended September 30, 2012, compared with the same period in 2011. This increase was due primarily to increases in full-time-equivalent employees from acquisitions, merit increases, and increased pension expenses. Occupancy expenses for the three months ended September 30, 2012 increased $0.6 million, or 14.1%, over the same period in 2011 primarily due to aforementioned expansion. Professional fees and outside services increased approximately $0.5 million, or 23.5%, for the three months ended September 30, 2012 as compared to the same period in 2011, due primarily to a nonrecurring consulting fee incurred during the period. Merger related expenses totaled $0.6 million for the three months ended September 30, 2012 as compared with $0.2 for the same period in 2011, which also contributed to the increase in noninterest expense for the period. Other operating expenses increased $0.8 million for the three months ended September 30, 2012 as compared to the same period in 2011. Income tax expense for the three month period ended September 30, 2012 was $5.5 million, up from $5.1 million for the same period in 2011. The effective tax rate was 27.5% for the three months ended September 30, 2012, compared to 25.2% for the same period in 2011.

### Balance Sheet

Total assets were $6.0 billion at September 30, 2012, up $430.5 million or 7.7% from December 31, 2011. Loans and leases were $4.3 billion at September 30, 2012, up $450.9 million from December 31, 2011. Total deposits were $4.8 billion at September 30, 2012, up $438.9 million from December 31, 2011. Stockholders' equity was $576.7 million, representing a total equity-to-total assets ratio of 9.56% at September 30, 2012, compared with $538.1 million or a total equity-to-total assets ratio of 9.61% at December 31, 2011.

## Stock Repurchase Program

Under previously disclosed stock repurchase plans, the Company purchased 769,568 shares of its common stock during the nine month period ended September 30, 2012, for a total of $15.5 million at an average price of $20.13 per share. At September 30, 2012, there were 748,013 shares available for repurchase under a previously disclosed repurchase plan, which expires on December 31, 2013.

**Dividend**

The NBT Board of Directors declared a 2012 fourth-quarter cash dividend of $0.20 per share at a meeting held today. The dividend will be paid on December 15, 2012 to shareholders of record as of December 1, 2012.

**Corporate Overview**

NBT Bancorp Inc. is a financial holding company headquartered in Norwich, N.Y., with total assets of $6.0 billion at September 30, 2012. The company primarily operates through NBT Bank, N.A., a full-service community bank with three divisions, and through two financial services companies. NBT Bank, N.A. has 137 locations, including 97 NBT Bank offices in upstate New York, northwestern Vermont and western Massachusetts, 35 Pennstar Bank offices in northeastern Pennsylvania, and 5 Hampshire First Bank offices in southern New Hampshire. EPIC Advisors, Inc., based in Rochester, N.Y., is a full-service 401(k) plan recordkeeping firm. Mang Insurance Agency, LLC, 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, www.nbtbank.com, www.pennstarbank.com, www.hampshirefirst.com, www.epic1st.com and www.manginsurance.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 update forward-looking statements to reflect subsequent circumstances or events.

**NBT Bancorp Inc. and Subsidiaries**
**SELECTED FINANCIAL HIGHLIGHTS**
**(unaudited)**

| | 2012 | 2011 | Net Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands, except per share data) | | | |
| **Three Months Ended September 30,** | | | | |
| Net Income | $ 14,535 | $ 15,217 | $ (682) | -4% |
| Diluted Earnings Per Share | $ 0.43 | $ 0.45 | $ (0.02) | -4% |
| Weighted Average Diluted Common Shares Outstanding | 33,961,375 | 33,567,564 | 393,811 | 1% |
| Return on Average Assets (1) | 0.97% | 1.12% | -15bp | -13% |
| Return on Average Equity (1) | 10.13% | 11.21% | -108bp | -10% |
| Net Interest Margin (2) | 3.90% | 4.14% | -24bp | -6% |
| **Nine Months Ended September 30,** | | | | |
| Net Income | $ 41,442 | $ 44,179 | $ (2,737) | -6% |
| Diluted Earnings Per Share | $ 1.23 | $ 1.29 | $ (0.06) | -5% |
| Weighted Average Diluted Common Shares Outstanding | 33,626,071 | 34,159,833 | (533,762) | -2% |
| Return on Average Assets (1) | 0.95% | 1.09% | -14bp | -13% |
| Return on Average Equity (1) | 9.97% | 10.95% | -98bp | -9% |
| Net Interest Margin (2) | 3.87% | 4.13% | -26bp | -6% |

| **Asset Quality** | **September 30, 2012** | December 31, 2011 |
|---|---|---|
| Nonaccrual Loans | $ 42,661 | $ 38,290 |
| 90 Days Past Due and Still Accruing | $ 2,963 | $ 3,190 |
| Total Nonperforming Loans | $ 45,624 | $ 41,480 |
| Other Real Estate Owned | $ 1,863 | $ 2,160 |
| Total Nonperforming Assets | $ 47,487 | $ 43,640 |
| Allowance for Loan and Lease Losses | $ 70,734 | $ 71,334 |
| Allowance for Loan and Lease Losses to Total Loans and Leases | 1.66% | 1.88% |
| Total Nonperforming Loans to Total Loans and Leases | 1.07% | 1.09% |
| Total Nonperforming Assets to Total Assets | 0.79% | 0.78% |
| Past Due Loans to Total Loans and Leases | 0.65% | 0.89% |
| Allowance for Loan and Lease Losses to Total Nonperforming Loans | 155.04% | 171.97% |
| Net Charge-Offs to YTD Average Loans and Leases (1) | 0.47% | 0.56% |
| **Capital** | | |
| Equity to Assets | 9.56% | 9.61% |
| Book Value Per Share | $ 17.09 | $ 16.23 |
| Tangible Book Value Per Share (3) | $ 12.06 | $ 11.70 |
| Tier 1 Leverage Ratio | 8.51% | 8.74% |
| Tier 1 Capital Ratio | 10.82% | 11.56% |
| Total Risk-Based Capital Ratio | 12.07% | 12.81% |

| **Quarterly Common Stock Price** | 2012 | | 2011 | |
|---|---|---|---|---|
| Quarter End | High | Low | High | Low |
| March 31 | $ 24.10 | $ 20.75 | $ 24.98 | $ 21.55 |
| June 30 | $ 22.50 | $ 19.19 | $ 23.32 | $ 20.62 |
| September 30 | $ 22.89 | $ 19.91 | $ 23.25 | $ 17.05 |
| December 31 | | | $ 22.63 | $ 17.47 |

(1) Annualized
(2) Calculated on a FTE basis
(3) Tangible equity (total equity minus intangible assets) divided by common shares outstanding

**NBT Bancorp Inc. and Subsidiaries**
**Consolidated Balance Sheets (unaudited)**

| (in thousands) | September 30, 2012 | December 31, 2011 |
| --- | --- | --- |
| **ASSETS** | | |
| Cash and due from banks | $ 137,747 | $ 128,517 |
| Short term interest bearing accounts | 2,693 | 864 |
| Securities available for sale, at fair value | 1,191,107 | 1,244,619 |
| Securities held to maturity (fair value of $62,401 and $72,198 at September 30, 2012 and December 31, 2011, respectively) | 61,302 | 70,811 |
| Trading securities | 3,851 | 3,062 |
| Federal Reserve and Federal Home Loan Bank stock | 28,706 | 27,020 |
| Loans and leases | 4,251,119 | 3,800,203 |
| Less allowance for loan and lease losses | 70,734 | 71,334 |
| Net loans and leases | 4,180,385 | 3,728,869 |
| Premises and equipment, net | 77,326 | 74,541 |
| Goodwill | 152,251 | 132,029 |
| Intangible assets, net | 17,346 | 18,194 |
| Bank owned life insurance | 79,854 | 77,626 |
| Other assets | 96,348 | 92,254 |
| **TOTAL ASSETS** | $ 6,028,916 | $ 5,598,406 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Deposits: | | |
| Demand (noninterest bearing) | $ 1,187,502 | $ 1,052,906 |
| Savings, NOW, and money market | 2,599,556 | 2,381,116 |
| Time | 1,018,957 | 933,127 |
| Total deposits | 4,806,015 | 4,367,149 |
| Short-term borrowings | 137,365 | 181,592 |
| Long-term debt | 367,144 | 370,344 |
| Trust preferred debentures | 75,422 | 75,422 |
| Other liabilities | 66,309 | 65,789 |
| Total liabilities | 5,452,255 | 5,060,296 |
| | | |
| Total stockholders' equity | 576,661 | 538,110 |
| | | |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 6,028,916 | $ 5,598,406 |

| **NBT Bancorp Inc. and Subsidiaries**<br>**Consolidated Statements of Income (unaudited)** | Three Months Ended September 30, **2012** | 2011 | Nine Months Ended September 30, **2012** | 2011 |
|---|---|---|---|---|
| (in thousands, except per share data) | | | | |
| **Interest, fee and dividend income:** | | | | |
| Loans and leases | **$ 53,817** | $ 50,991 | **$ 154,534** | $ 152,977 |
| Securities available for sale | **6,550** | 7,771 | **21,024** | 23,622 |
| Securities held to maturity | **572** | 680 | **1,829** | 2,225 |
| Other | **348** | 342 | **1,153** | 1,275 |
| Total interest, fee and dividend income | **61,287** | 59,784 | **178,540** | 180,099 |
| **Interest expense:** | | | | |
| Deposits | **4,544** | 5,352 | **14,521** | 17,690 |
| Short-term borrowings | **60** | 56 | **149** | 166 |
| Long-term debt | **3,640** | 3,621 | **10,801** | 10,783 |
| Trust preferred debentures | **436** | 394 | **1,319** | 1,683 |
| Total interest expense | **8,680** | 9,423 | **26,790** | 30,322 |
| Net interest income | **52,607** | 50,361 | **151,750** | 149,777 |
| Provision for loan and lease losses | **4,755** | 5,175 | **13,329** | 15,161 |
| Net interest income after provision for loan and lease losses | **47,852** | 45,186 | **138,421** | 134,616 |
| **Noninterest income:** | | | | |
| Insurance and other financial services revenue | **5,591** | 5,127 | **17,024** | 15,925 |
| Service charges on deposit accounts | **4,626** | 5,532 | **13,538** | 16,059 |
| ATM and debit card fees | **3,378** | 3,135 | **9,403** | 8,731 |
| Retirement plan administration fees | **2,718** | 2,295 | **7,462** | 6,734 |
| Trust | **2,242** | 2,090 | **6,683** | 6,384 |
| Bank owned life insurance income | **639** | 674 | **2,228** | 2,369 |
| Net securities gains | **26** | 12 | **578** | 98 |
| Other | **2,407** | 1,329 | **8,449** | 3,881 |
| Total noninterest income | **21,627** | 20,194 | **65,365** | 60,181 |
| **Noninterest expense:** | | | | |
| Salaries and employee benefits | **26,641** | 25,068 | **78,358** | 74,107 |
| Occupancy | **4,437** | 3,887 | **13,150** | 12,396 |
| Data processing and communications | **3,352** | 3,054 | **10,041** | 9,085 |
| Professional fees and outside services | **2,735** | 2,215 | **7,848** | 6,369 |
| Equipment | **2,435** | 2,288 | **7,224** | 6,658 |
| Office supplies and postage | **1,597** | 1,531 | **4,842** | 4,418 |
| FDIC expenses | **939** | 920 | **2,812** | 3,381 |
| Advertising | **701** | 685 | **2,308** | 2,286 |
| Amortization of intangible assets | **870** | 782 | **2,530** | 2,286 |
| Loan collection and other real estate owned | **614** | 676 | **2,051** | 1,838 |
| Merger | **558** | 155 | **1,895** | 155 |
| Other operating | **4,552** | 3,785 | **12,236** | 10,285 |
| Total noninterest expense | **49,431** | 45,046 | **145,295** | 133,264 |
| Income before income taxes | **20,048** | 20,334 | **58,491** | 61,533 |
| Income taxes | **5,513** | 5,117 | **17,049** | 17,354 |
| **Net income** | **$ 14,535** | $ 15,217 | **$ 41,442** | $ 44,179 |
| Earnings Per Share: | | | | |
| Basic | **$ 0.43** | $ 0.46 | **$ 1.24** | $ 1.30 |
| Diluted | **$ 0.43** | $ 0.45 | **$ 1.23** | $ 1.29 |

| NBT Bancorp Inc. and Subsidiaries<br>Quarterly Consolidated Statements of Income (unaudited) | 3Q 2012 | 2Q 2012 | 1Q 2012 | 4Q 2011 | 3Q 2011 |
|---|---|---|---|---|---|
| (in thousands, except per share data) | | | | | |
| **Interest, fee and dividend income:** | | | | | |
| Loans and leases | $ 53,817 | $ 50,509 | $ 50,208 | $ 51,393 | $ 50,991 |
| Securities available for sale | 6,550 | 7,108 | 7,366 | 7,461 | 7,771 |
| Securities held to maturity | 572 | 617 | 640 | 661 | 680 |
| Other | 348 | 413 | 392 | 383 | 342 |
| Total interest, fee and dividend income | 61,287 | 58,647 | 58,606 | 59,898 | 59,784 |
| **Interest expense:** | | | | | |
| Deposits | 4,544 | 4,834 | 5,143 | 5,330 | 5,352 |
| Short-term borrowings | 60 | 48 | 41 | 39 | 56 |
| Long-term debt | 3,640 | 3,580 | 3,581 | 3,621 | 3,621 |
| Trust preferred debentures | 436 | 434 | 449 | 409 | 394 |
| Total interest expense | 8,680 | 8,896 | 9,214 | 9,399 | 9,423 |
| Net interest income | 52,607 | 49,751 | 49,392 | 50,499 | 50,361 |
| Provision for loan and lease losses | 4,755 | 4,103 | 4,471 | 5,576 | 5,175 |
| Net interest income after provision for loan and lease losses | 47,852 | 45,648 | 44,921 | 44,923 | 45,186 |
| **Noninterest income:** | | | | | |
| Insurance and other financial services revenue | 5,591 | 5,279 | 6,154 | 4,918 | 5,127 |
| Service charges on deposit accounts | 4,626 | 4,571 | 4,341 | 5,405 | 5,532 |
| ATM and debit card fees | 3,378 | 3,063 | 2,962 | 2,911 | 3,135 |
| Retirement plan administration fees | 2,718 | 2,411 | 2,333 | 2,184 | 2,295 |
| Trust | 2,242 | 2,312 | 2,129 | 2,480 | 2,090 |
| Bank owned life insurance income | 639 | 618 | 971 | 716 | 674 |
| Net securities gains | 26 | 97 | 455 | 52 | 12 |
| Other | 2,407 | 2,331 | 3,711 | 1,464 | 1,329 |
| Total noninterest income | 21,627 | 20,682 | 23,056 | 20,130 | 20,194 |
| **Noninterest expense:** | | | | | |
| Salaries and employee benefits | 26,641 | 24,992 | 26,725 | 25,105 | 25,068 |
| Occupancy | 4,437 | 4,222 | 4,491 | 3,967 | 3,887 |
| Data processing and communications | 3,352 | 3,431 | 3,258 | 3,186 | 3,054 |
| Professional fees and outside services | 2,735 | 2,388 | 2,725 | 2,552 | 2,215 |
| Equipment | 2,435 | 2,409 | 2,380 | 2,206 | 2,288 |
| Office supplies and postage | 1,597 | 1,574 | 1,671 | 1,655 | 1,531 |
| FDIC expenses | 939 | 942 | 931 | 886 | 920 |
| Advertising | 701 | 805 | 802 | 1,174 | 685 |
| Amortization of intangible assets | 870 | 841 | 819 | 760 | 782 |
| Loan collection and other real estate owned | 614 | 799 | 638 | 793 | 676 |
| Merger | 558 | 826 | 511 | 649 | 155 |
| Other operating | 4,552 | 4,161 | 3,523 | 4,479 | 3,785 |
| Total noninterest expense | 49,431 | 47,390 | 48,474 | 47,412 | 45,046 |
| Income before income taxes | 20,048 | 18,940 | 19,503 | 17,641 | 20,334 |
| Income taxes | 5,513 | 5,683 | 5,853 | 3,919 | 5,117 |
| **Net income** | $ 14,535 | $ 13,257 | $ 13,650 | $ 13,722 | $ 15,217 |
| Earnings per share: | | | | | |
| Basic | $ 0.43 | $ 0.40 | $ 0.41 | $ 0.42 | $ 0.46 |
| Diluted | $ 0.43 | $ 0.40 | $ 0.41 | $ 0.41 | $ 0.45 |

**Three Months ended September 30,**

| (dollars in thousands) | 2012 Average Balance | 2012 Interest | 2012 Yield/ Rates | 2011 Average Balance | 2011 Interest | 2011 Yield/ Rates |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Short-term interest bearing accounts | $ 10,392 | $ 11 | 0.43% | $ 25,088 | $ 11 | 0.17% |
| Securities available for sale (1)(excluding unrealized gains or losses) | 1,168,326 | 7,023 | 2.39% | 1,120,083 | 8,317 | 2.95% |
| Securities held to maturity (1) | 62,746 | 861 | 5.46% | 74,482 | 1,026 | 5.46% |
| Investment in FRB and FHLB Banks | 28,706 | 337 | 4.67% | 27,022 | 329 | 4.84% |
| Loans and leases (2) | 4,197,046 | 54,046 | 5.12% | 3,686,693 | 51,227 | 5.51% |
| Total interest earning assets | $ 5,467,216 | $ 62,278 | 4.53% | $ 4,933,368 | $ 60,910 | 4.90% |
| Other assets | 504,194 | | | 442,275 | | |
| Total assets | $ 5,971,410 | | | $ 5,375,643 | | |
| | | | | | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | |
| Money market deposit accounts | $ 1,111,624 | $ 495 | 0.18% | $ 1,036,572 | $ 811 | 0.31% |
| NOW deposit accounts | 686,768 | 377 | 0.22% | 631,284 | 483 | 0.30% |
| Savings deposits | 706,927 | 149 | 0.08% | 615,168 | 170 | 0.11% |
| Time deposits | 1,035,868 | 3,523 | 1.35% | 882,896 | 3,888 | 1.75% |
| Total interest bearing deposits | $ 3,541,187 | $ 4,544 | 0.51% | $ 3,165,920 | $ 5,352 | 0.67% |
| Short-term borrowings | 178,277 | 60 | 0.13% | 172,370 | 56 | 0.13% |
| Trust preferred debentures | 75,422 | 436 | 2.30% | 75,422 | 394 | 2.07% |
| Long-term debt | 367,146 | 3,640 | 3.94% | 370,349 | 3,621 | 3.88% |
| Total interest bearing liabilities | $ 4,162,032 | $ 8,680 | 0.83% | $ 3,784,061 | $ 9,423 | 0.99% |
| Demand deposits | 1,173,638 | | | 983,318 | | |
| Other liabilities | 64,860 | | | 69,860 | | |
| Stockholders' equity | 570,880 | | | 538,404 | | |
| Total liabilities and stockholders' equity | $ 5,971,410 | | | $ 5,375,643 | | |
| Net interest income (FTE) | | 53,598 | | | 51,487 | |
| Interest rate spread | | | 3.70% | | | 3.91% |
| Net interest margin | | | 3.90% | | | 4.14% |
| Taxable equivalent adjustment | | 991 | | | 1,126 | |
| Net interest income | | $ 52,607 | | | $ 50,361 | |

(1) Securities are shown at average amortized cost

(2) For purposes of these computations, nonaccrual loans are included in the average loan balances outstanding

**Nine Months ended September 30,**

| (dollars in thousands) | 2012 Average Balance | 2012 Interest | 2012 Yield/ Rates | 2011 Average Balance | 2011 Interest | 2011 Yield/ Rates |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Short-term interest bearing accounts | $ 64,040 | $ 131 | 0.27% | $ 97,973 | $ 191 | 0.26% |
| Securities available for sale (1)(excluding unrealized gains or losses) | 1,196,389 | 22,483 | 2.51% | 1,105,777 | 25,330 | 3.06% |
| Securities held to maturity (1) | 67,237 | 2,757 | 5.48% | 84,660 | 3,353 | 5.29% |
| Investment in FRB and FHLB Banks | 27,874 | 1,022 | 4.90% | 27,112 | 1,084 | 5.34% |
| Loans and leases (2) | 3,982,486 | 155,230 | 5.21% | 3,650,667 | 153,678 | 5.63% |
| Total interest earning assets | $ 5,338,026 | $ 181,623 | 4.54% | $ 4,966,189 | $ 183,636 | 4.94% |
| Other assets | 476,575 | | | 428,959 | | |
| Total assets | $ 5,814,601 | | | $ 5,395,148 | | |
| | | | | | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | |
| Money market deposit accounts | $ 1,105,616 | $ 1,646 | 0.20% | $ 1,070,971 | $ 2,937 | 0.37% |
| NOW deposit accounts | 695,502 | 1,387 | 0.27% | 667,012 | 1,745 | 0.35% |
| Savings deposits | 675,346 | 391 | 0.08% | 599,173 | 517 | 0.12% |
| Time deposits | 988,596 | 11,097 | 1.50% | 911,161 | 12,491 | 1.83% |
| Total interest bearing deposits | $ 3,465,060 | $ 14,521 | 0.56% | $ 3,248,317 | $ 17,690 | 0.73% |
| Short-term borrowings | 170,903 | 149 | 0.12% | 153,857 | 166 | 0.14% |
| Trust preferred debentures | 75,422 | 1,319 | 2.34% | 75,422 | 1,683 | 2.98% |
| Long-term debt | 368,592 | 10,801 | 3.91% | 369,930 | 10,783 | 3.90% |
| Total interest bearing liabilities | $ 4,079,977 | $ 26,790 | 0.88% | $ 3,847,526 | $ 30,322 | 1.05% |
| Demand deposits | 1,116,210 | | | 940,332 | | |
| Other liabilities | 63,232 | | | 67,968 | | |
| Stockholders' equity | 555,182 | | | 539,322 | | |
| Total liabilities and stockholders' equity | $ 5,814,601 | | | $ 5,395,148 | | |
| Net interest income (FTE) | | 154,833 | | | 153,314 | |
| Interest rate spread | | | 3.67% | | | 3.89% |
| Net interest margin | | | 3.87% | | | 4.13% |
| Taxable equivalent adjustment | | 3,083 | | | 3,537 | |
| Net interest income | | $ 151,750 | | | $ 149,777 | |

(1) Securities are shown at average amortized cost

(2) For purposes of these computations, nonaccrual loans are included in the average loan balances outstanding

**NBT Bancorp Inc. and Subsidiaries**
**Loans and Leases (Unaudited)**

| *(In thousands)* | September 30, 2012 | December 31, 2011 |
|---|---|---|
| Residential real estate mortgages | $ 650,448 | $ 581,511 |
| Commercial | 697,213 | 611,298 |
| Commercial real estate mortgages | 1,083,675 | 888,879 |
| Real estate construction and development | 99,181 | 93,977 |
| Agricultural and agricultural real estate mortgages | 112,822 | 108,423 |
| Consumer | 1,031,572 | 946,470 |
| Home equity | 576,208 | 569,645 |
| Total loans and leases | $ 4,251,119 | $ 3,800,203 |