

# 2018 Annual Meeting of Shareholders

May 22, 2018  
Binghamton, NY



# Executive Management Team



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

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

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

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

**John H. Watt, Jr.**  
President and CEO

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

**Joseph R. Stagliano**  
EVP, Operations and Retail Banking

**F. Sheldon Prentice**  
EVP, General Counsel and Corporate Secretary

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

# Company Profile



# Company Profile

Total Assets of \$9.2 Billion

1,875 Employees

Over 500,000 Customers



NBTB

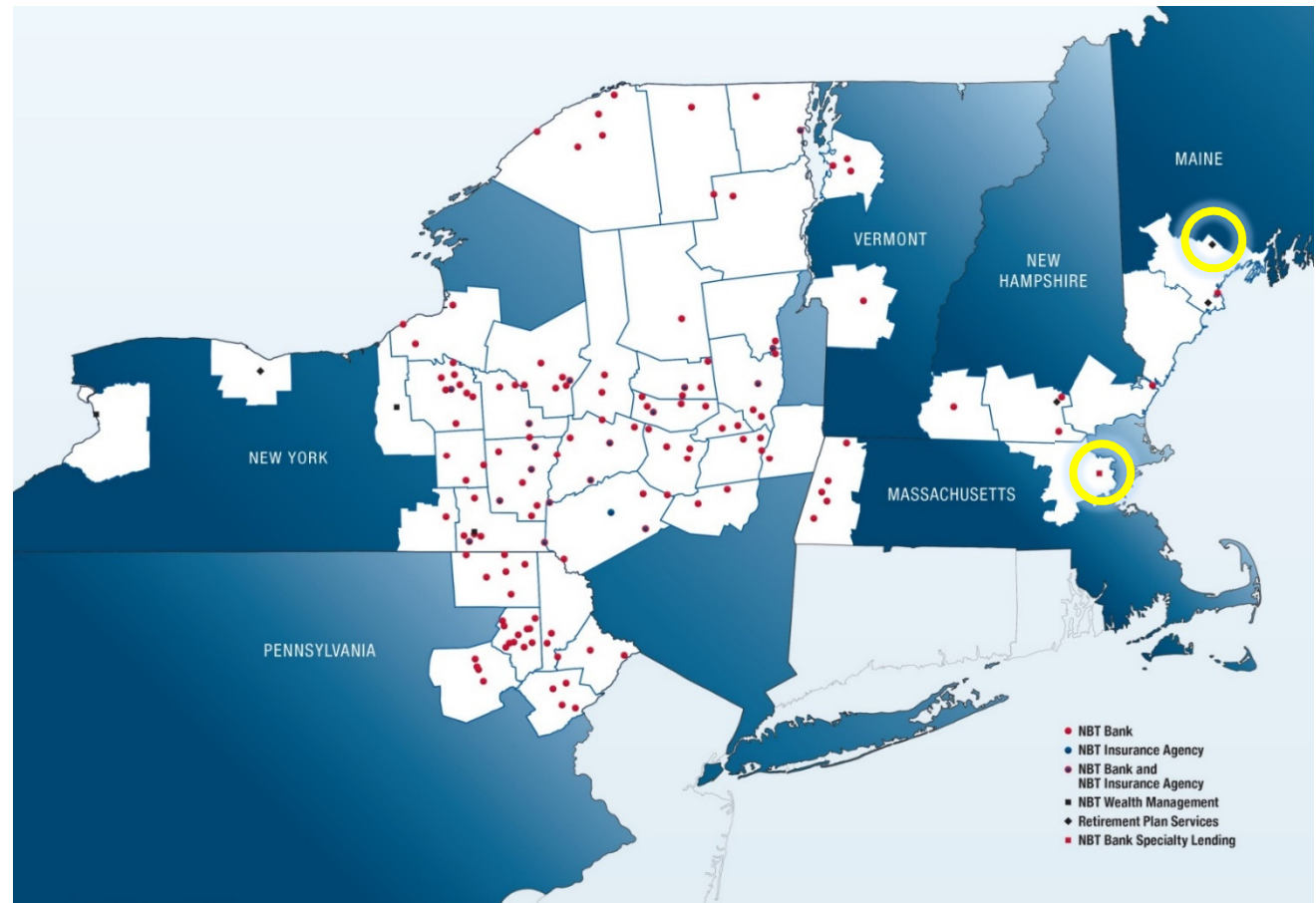
Nasdaq  
Global Select  
Market

Market  
Capitalization:  
\$1.6 Billion

Average Daily  
Volume:  
120,000

Institutional  
Ownership:  
52%

# NBT Footprint



# Record 2017 Financial Performance





## 2017 Net Income

**\$86.6 million**

**Achieved record Net Income  
for 5th straight year**

**2017 Net Income up 10.4%  
from prior year**

*Net Income excludes one-time DTA charge of \$4.4 million*

# 2017 Earnings Per Share

# \$1.97

**Achieved new EPS record  
in 2017**

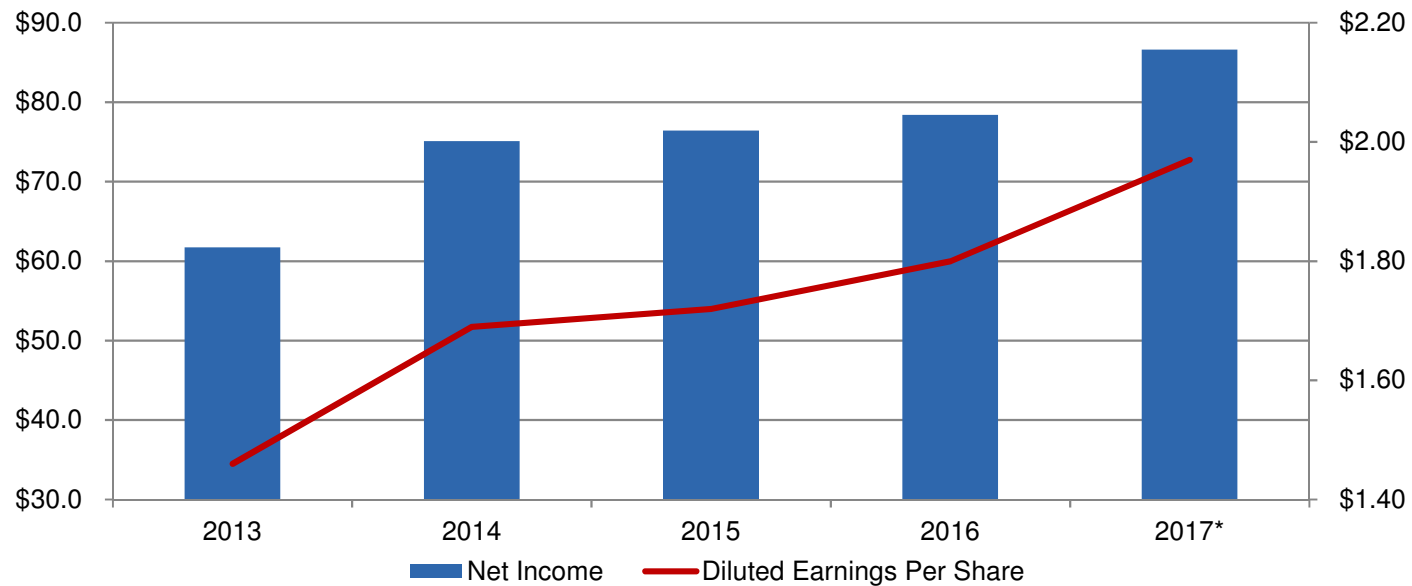
**Increased 9.4% compared  
to prior year**

*Earnings Per Share excludes one-time DTA charge of \$4.4 million*



# 5-Year Earnings Performance

(Net Income dollars in millions)

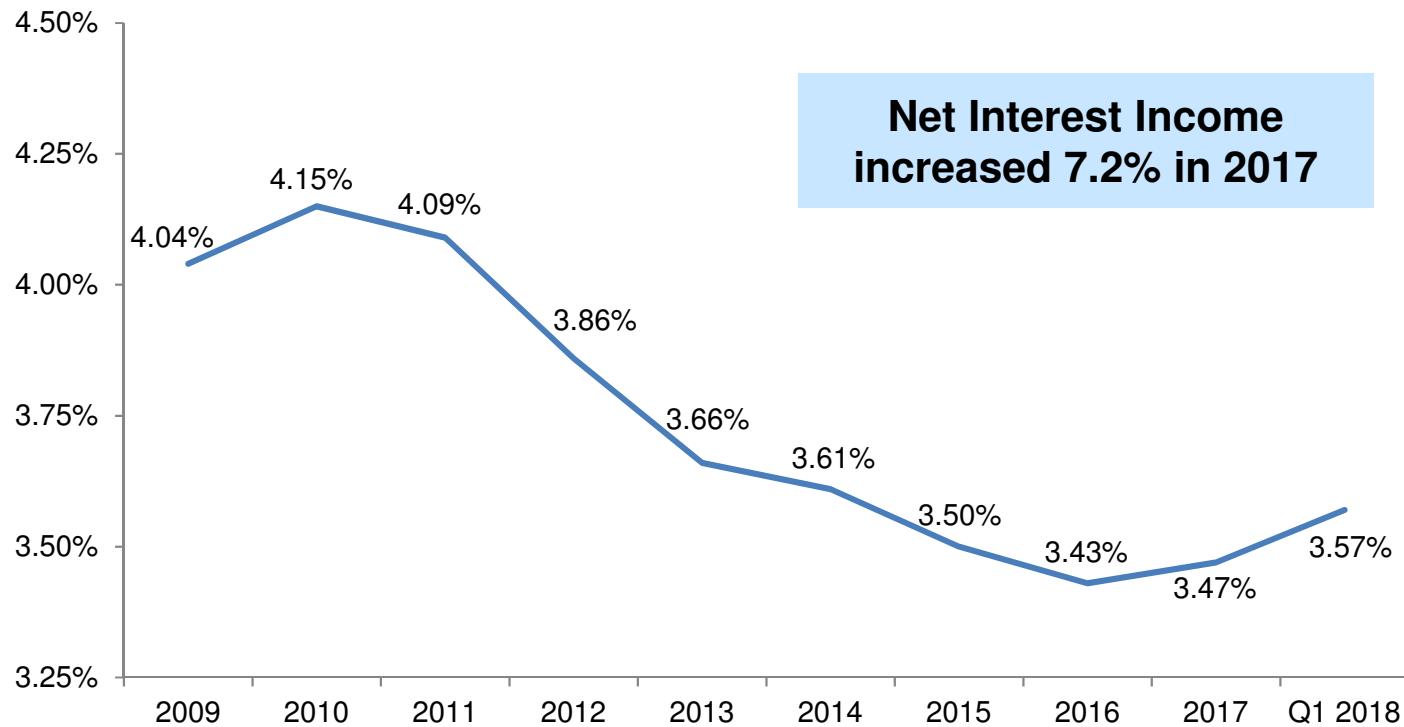


*\*Excludes one-time DTA charge of \$4.4 million*

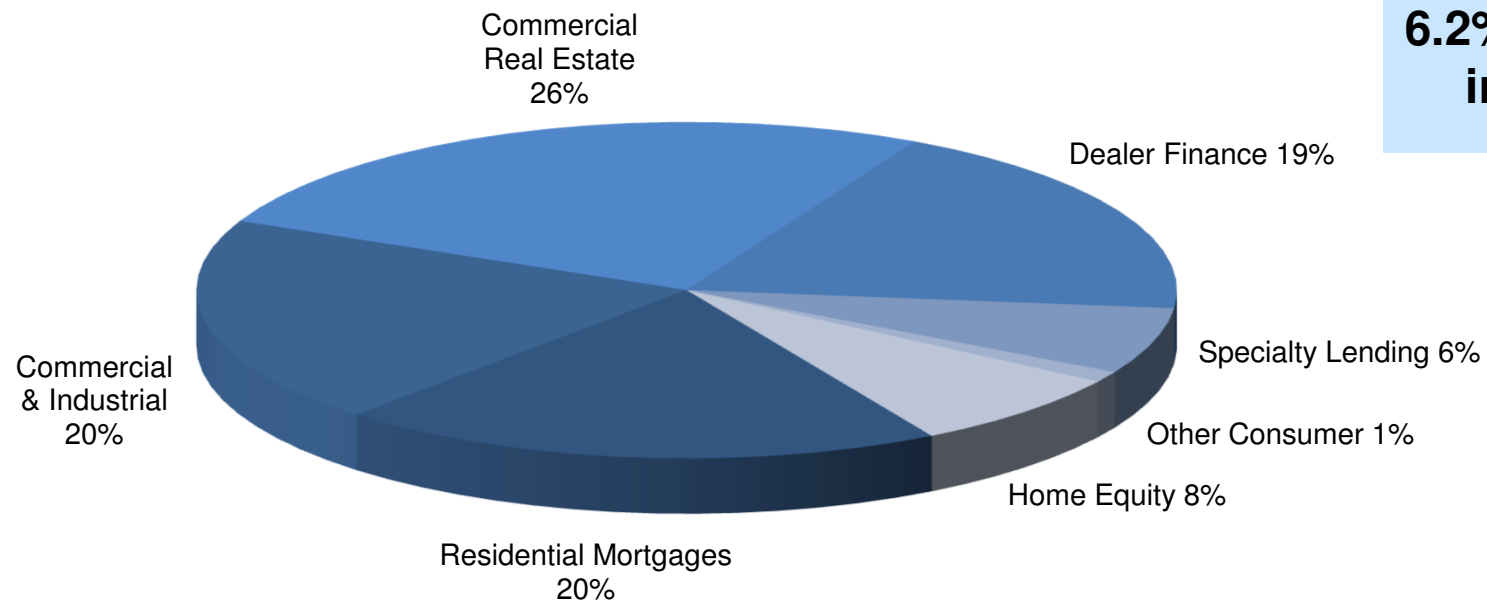
# 2017 Performance Drivers



# Driver #1: Margin Expansion



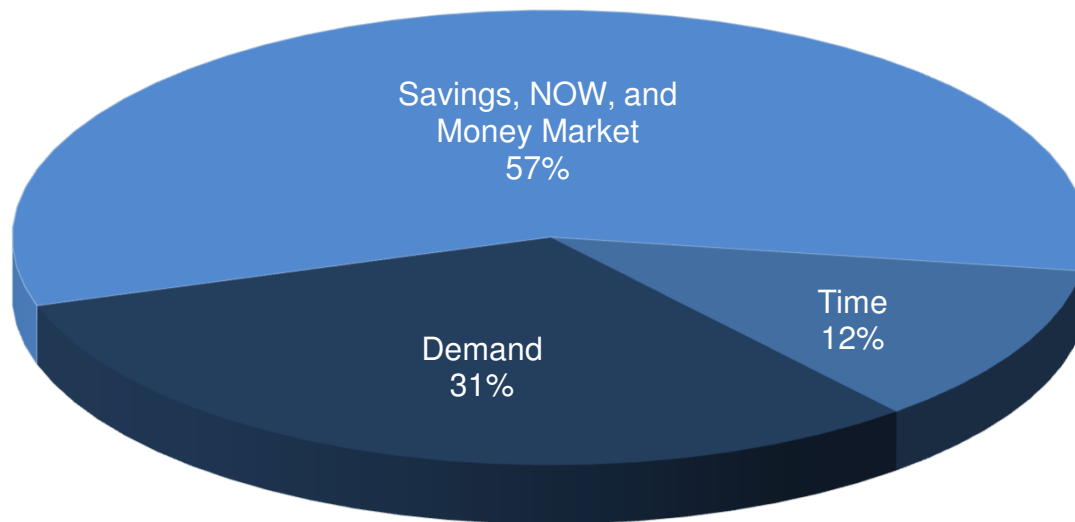
## Driver #2: Loan Growth



**6.2% growth  
in 2017**

**Total Loans = \$6.6 billion**

## Driver #3: Demand Deposit Growth



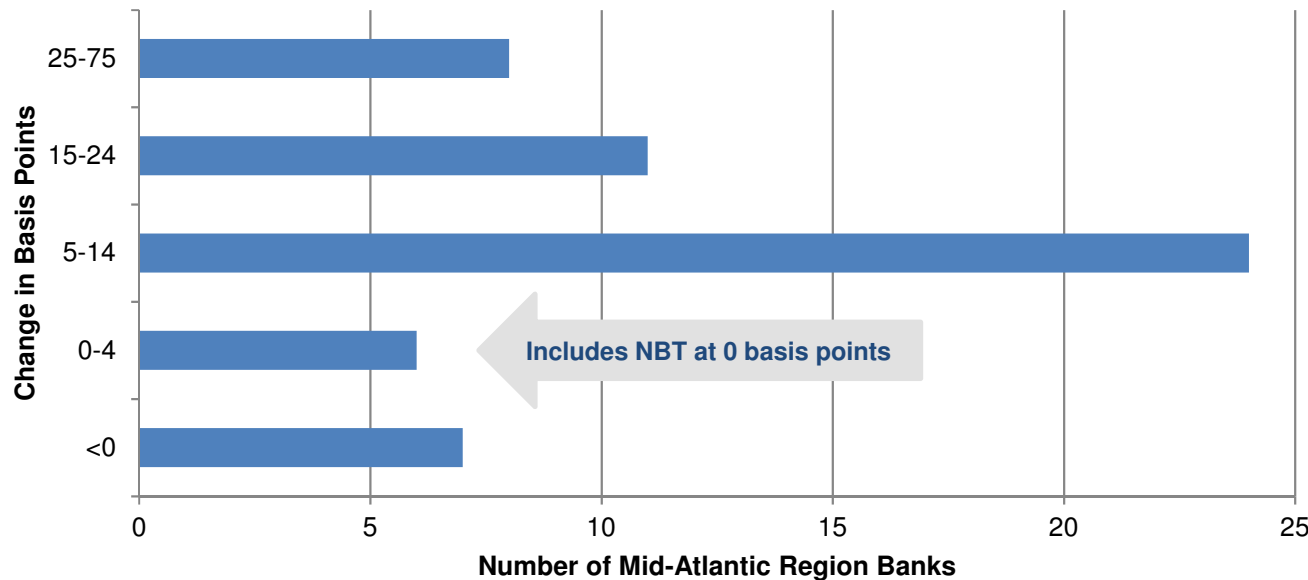
**8% Demand  
Deposit Growth  
in 2017**

**88% Core Deposits  
to Total Deposits**

**Total Deposits = \$7.1 billion**

# Driver #4: Deposit Pricing Strength

## Change in Cost of Interest Bearing Deposits from Q4 2015 – Q4 2017

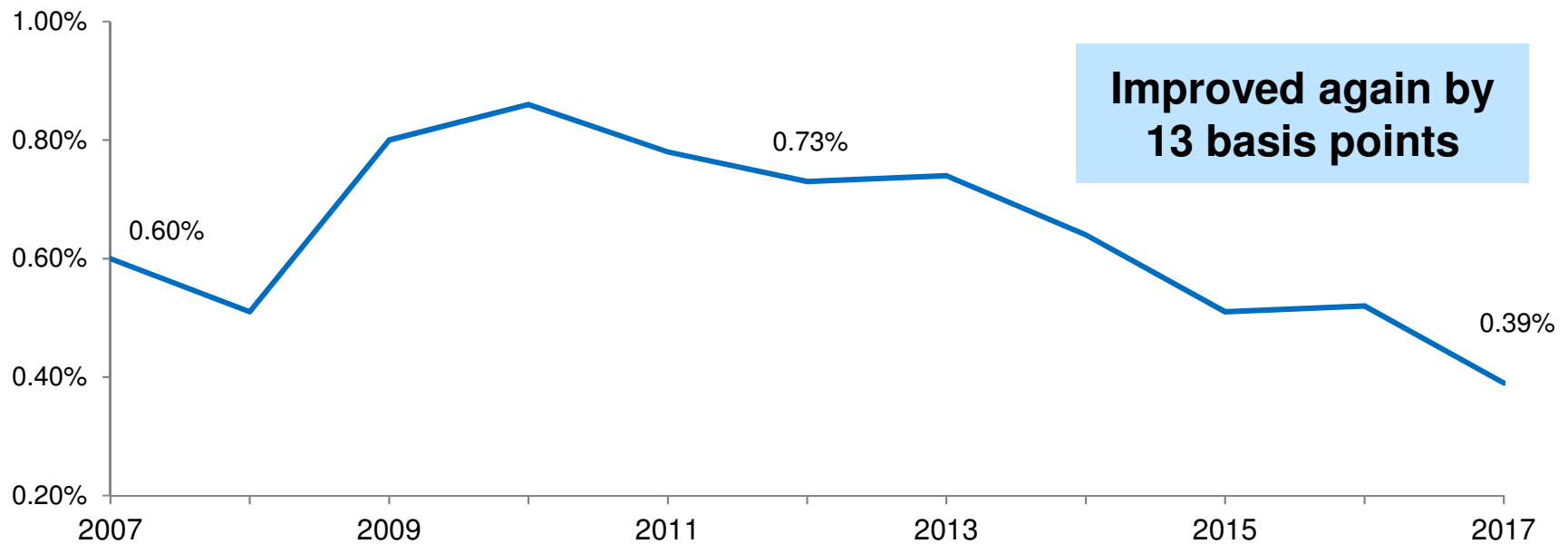


Out of 56 banks with assets of \$1 to \$10 billion, **86% have experienced a larger increase in deposit costs than NBT** since Q4 2015.

Source: SNL Financial. Banks in New England, NY and PA with \$1 to \$10 billion in assets.

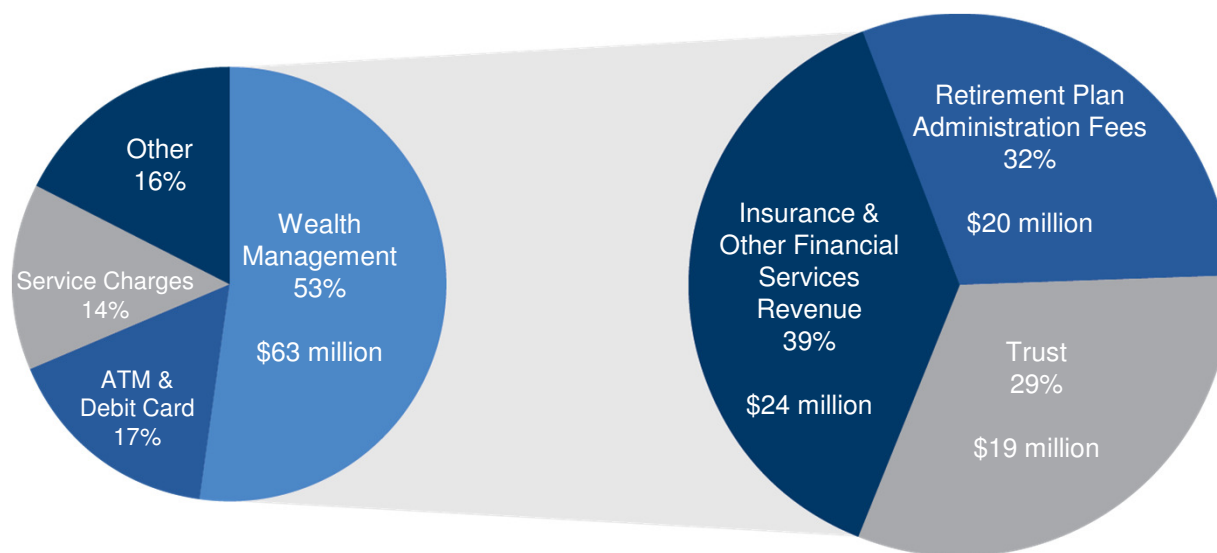
## Driver #5: Stable Asset Quality

### Nonperforming Assets / Total Assets





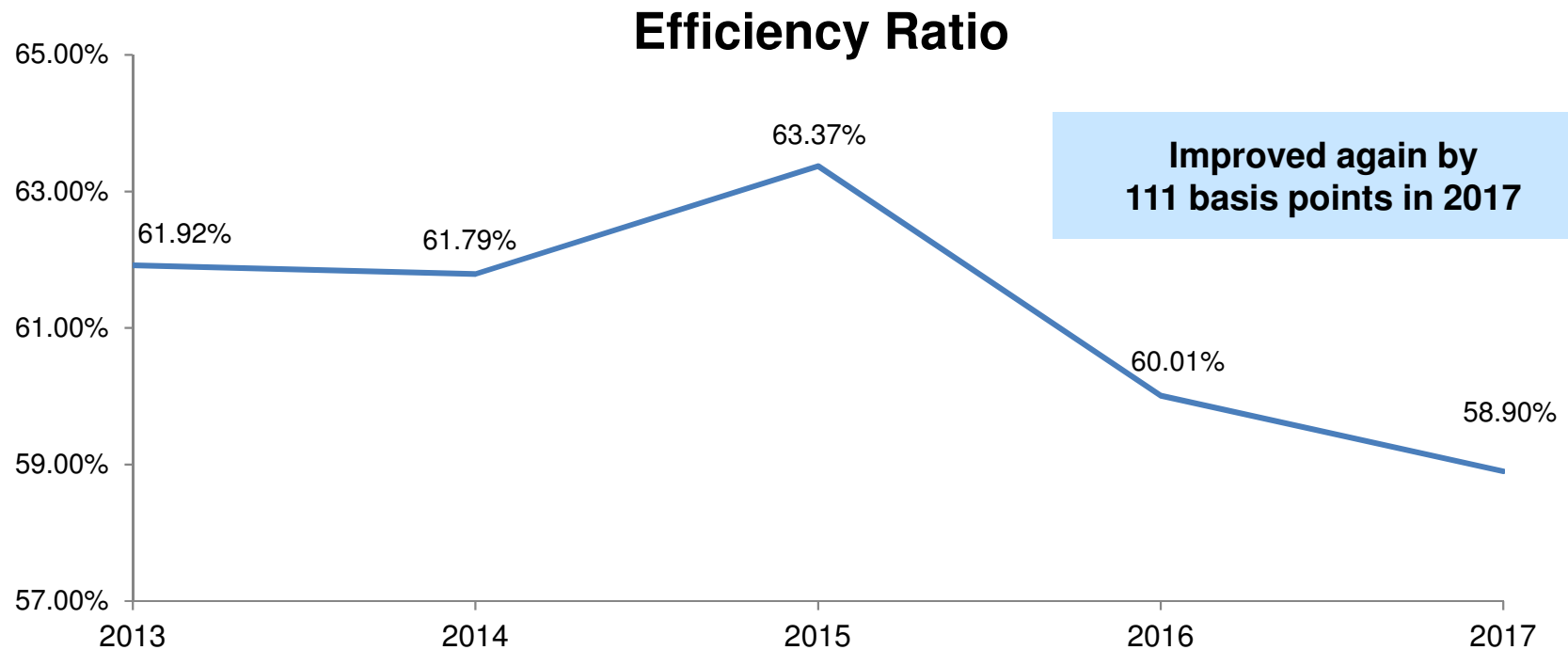
## Driver #6: Focus on Fee-Based Businesses



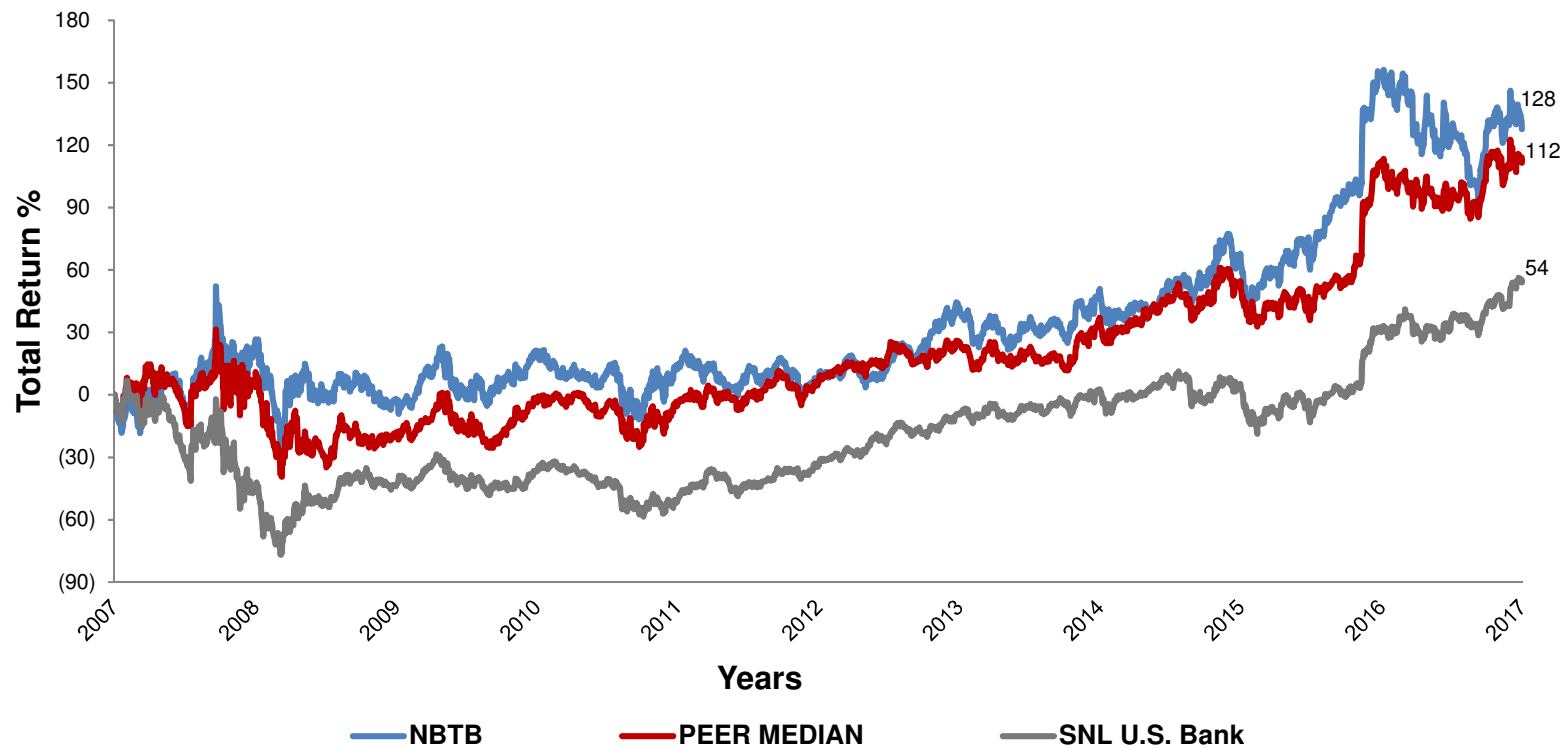
**Noninterest Income to Total Revenues at 30%** compared to peer median at 25%

**4% Compound Annual Growth Rate** for Fee-Based Businesses 2014 – 2017

## Driver #7: Expense Control



# 10-Year Total Return (through December 31, 2017)



Source: SNL Financial

# First Quarter 2018 Highlights



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**\$26  
Million**

Record 1Q  
Net Income

**\$0.59**

Record Diluted  
Earnings Per  
Share

**3.57%**

Net Interest  
Margin expanded  
5 basis points  
from prior quarter

**0.36%**

Nonperforming  
Assets to Total  
Assets improved  
3 basis points  
from prior quarter

# Dividend Increase



**8.7%**  
**INCREASE**

**\$0.25 per share**  
payable in June 2018

**505th consecutive**  
**dividend payment**

# Line of Business Review





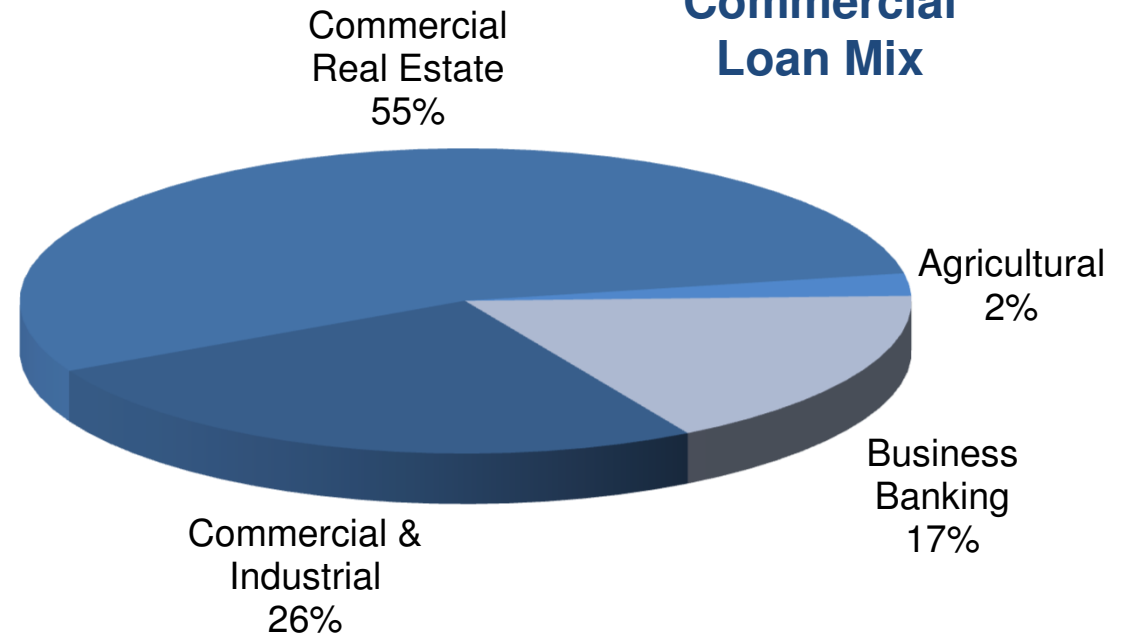
# Commercial Banking

Total Loans at \$3 Billion

Deposits at \$3.1 Billion

116 Employees

## Commercial Loan Mix



BUSINESS  
UNITS

Commercial  
Banking

Business  
Banking

Agricultural  
Lending

Government  
Banking

Cash  
Management

# Retail Banking

Deposits	\$3.8 Billion
Checking Deposits	\$860 Million
Mobile Banking Customers	71,000
Branches	152
Employees	772

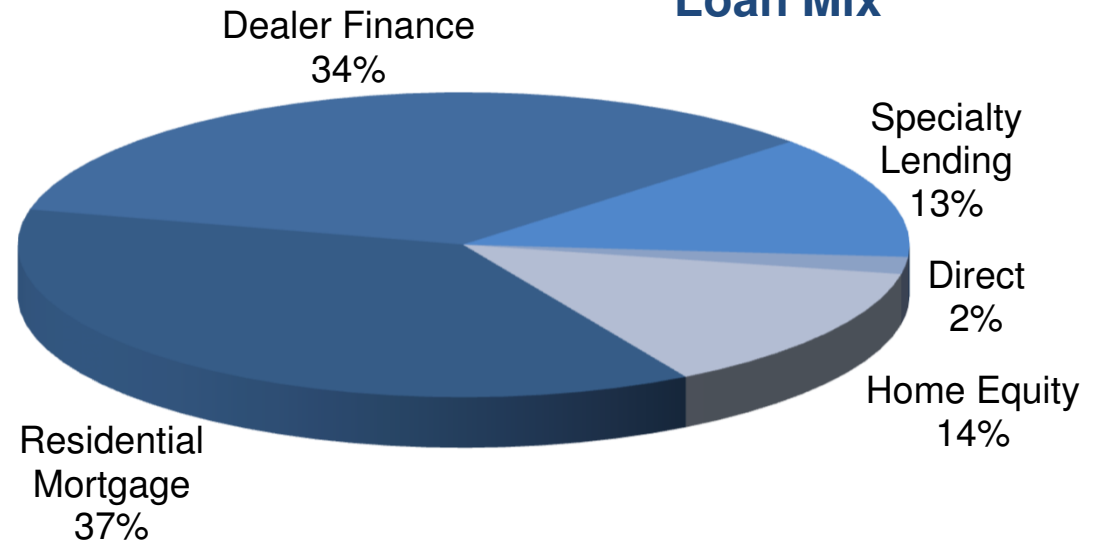


# Consumer Lending

**Total Loans  
at \$3.6 Billion**

**90 Employees**

## Consumer Loan Mix



**BUSINESS  
UNITS**

**Residential  
Mortgage**

**Dealer  
Finance**

**Direct  
Lending**

**Specialty  
Lending**

# Wealth Management (including Non-Bank Businesses)

- \$7 Billion in Assets Under Management and Administration
- 400 Employees
- Wealth Management
  - Revenue of \$28 million in 2017
- NBT Insurance Agency, LLC
  - Revenue of \$15 Million in 2017
- EPIC Advisors, Inc.
  - Revenue of \$20 Million in 2017
  - Retirement Plan Services, LLC Acquisition in April



Helping America Retire

National Reach • Clients in 50 States

Over 220,000 plan participants

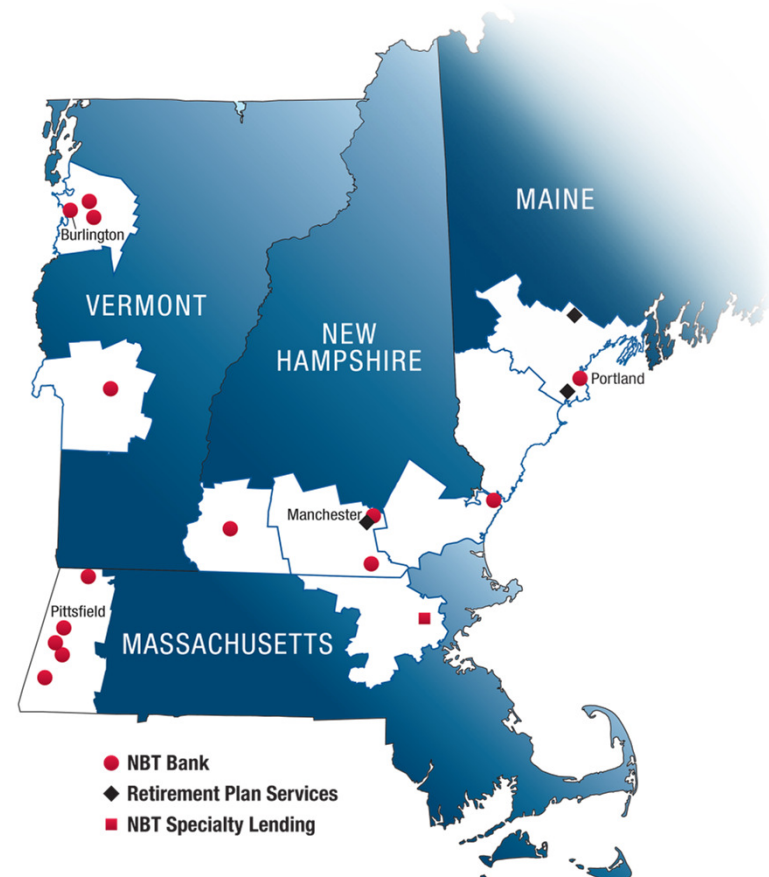


# 2018 Strategies and Themes



# NBT in New England

- 19 locations in 4 states
  - 15 banking locations
  - 3 retirement plan services
  - 1 specialty lending
- 160 employees
- 2017 growth
  - 15% growth in total loans
  - 5% growth in deposits
  - 20% increase in wealth assets under management



# Multi-Faceted Digital Strategy



Customer  
Mobility



Digital  
Marketing



Branch  
Digitization



Employee  
Mobility



# Specialty Lending Line of Business



Technology-Driven  
Consumer Lending

Over a decade of  
experience



Delivered at  
Point of Purchase

New solar loan  
partnership in 2017



Through  
Fintech  
Partnerships

Portfolio of  
\$472 million



# Key Themes in 2018

**Speak Up  
Culture**

**Diversity &  
Inclusion**

**Regulatory  
Readiness**

**Learning &  
Development**

# Development Programs at NBT

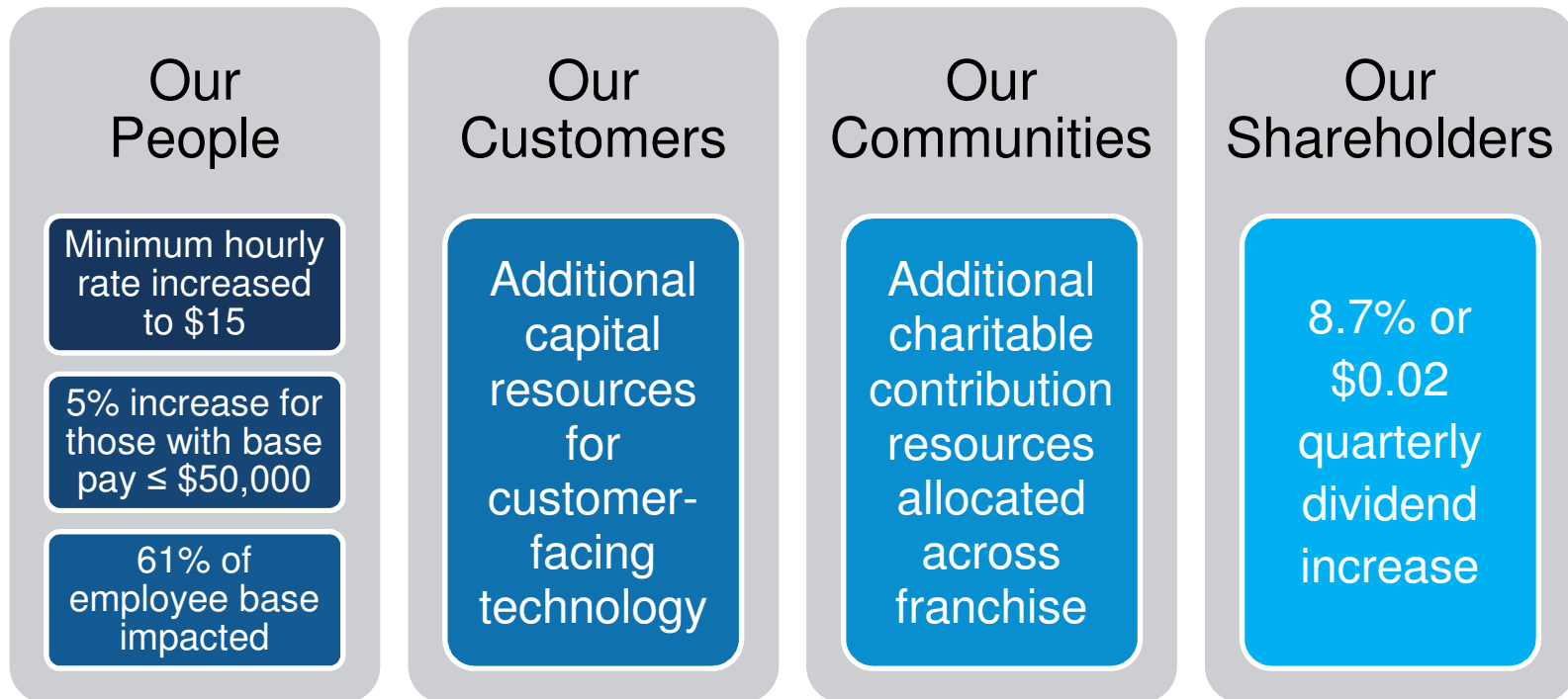
Development Programs	Year Established	Graduates
Star Impact	2008	19
Management Development	2012	43
Professional Development	2013	17
Producer Development (Insurance)	2014	8
Emerging Leaders	2016	7
<b>Total</b>		<b>94</b>



# Investments Enabled by Tax Reform



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# Factors Fueling Momentum in 2018



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## At NBT

- Customer engagement/experience
- Employee collaboration
- Diversity of our workforce
- Loan production
- Core deposit growth
- Fee income growth
- Adoption of technology-driven solutions
- Focus on efficiencies
- Compliance



# Factors Fueling Momentum in 2018

## Macro Level

- Consumer confidence levels
- Low unemployment
- Rising GDP
- Small business confidence
- Corporate tax reform
- Rising interest rates
- Regulatory relief

# Delivering Shareholder Value

**Record  
results**

**Dividend  
increase**

**Well  
positioned  
balance sheet**

**Best team  
in community  
banking**

# 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.

Dollars in millions except per share data	Reported twelve months ended December 31, 2017	Add Back: Tax Cuts and Jobs Act charge	Adjusted twelve months 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)	2013	2014	2015	2016	2017
Net interest income (FTE)	\$ 241,864	\$ 255,310	\$ 255,900	\$ 267,990	\$ 287,292
Noninterest income	103,215	126,027	118,481	115,713	121,304
Less: Net securities (gains) losses	1,426	92	3,087	(644)	1,867
Less: Gain on the sale of equity investments	-	19,401	4,179	900	818
<b>Recurring Revenue (non-GAAP)</b>	<b>\$ 343,653</b>	<b>\$ 361,844</b>	<b>\$ 367,115</b>	<b>\$ 383,447</b>	<b>\$ 405,911</b>
Noninterest expense	228,927	246,063	236,176	235,922	245,648
Less: Amortization of intangibles	4,872	5,047	4,864	3,928	3,960
Less: Prepayment penalties on long term debt	-	17,902	-	-	-
Less: Merger expenses	12,364	-	-	-	-
Add: Net gains on sales and write-down of OREO	1,106	459	1,337	687	221
Less: Intangible asset and equity security writedowns	-	-	-	2,565	2,842
<b>Recurring Expense (non-GAAP)</b>	<b>\$ 212,797</b>	<b>\$ 223,573</b>	<b>\$ 232,649</b>	<b>\$ 230,116</b>	<b>\$ 239,067</b>
<b>Efficiency Ratio (non-GAAP)</b>	<b>61.92%</b>	<b>61.79%</b>	<b>63.37%</b>	<b>60.01%</b>	<b>58.90%</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
MB Financial Inc.	Chicago	IL	MBFI
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