

**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): January 26, 2009

**NBT BANCORP INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction of incorporation)

**0-14703**  
(Commission File Number)

**16-1268674**  
(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:

- ☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ 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 January 26, 2009, NBT Bancorp Inc. issued a press release describing its results of operations for the year and quarter ending December 31, 2008 and announcing a quarterly dividend of \$0.20 per share to be paid on March 15, 2009 to shareholders of record on March 1, 2009. 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   |
|-----------------------------|---|
| <a href="#"><u>99.1</u></a> | Press release text of NBT Bancorp Inc. dated January 26, 2009 |

## 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,  
Chief Financial Officer and Corporate Secretary

Date: January 27, 2009

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

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

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**NBT BANCORP INC. ANNOUNCES RECORD ANNUAL EARNINGS OF \$1.80 PER DILUTED SHARE, UP 19.2% FROM 2007; DECLARES CASH DIVIDEND**

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NORWICH, NY (January 26, 2009) – NBT Bancorp Inc. (NBT) (NASDAQ: NBTB) reported today that net income for the year ended December 31, 2008 was \$58.4 million, up \$8.1 million, or 15.9%, from net income of \$50.3 million reported in 2007. Net income per diluted share for the year ended December 31, 2008 was \$1.80 per share, compared with \$1.51 per share for 2007. Return on average assets and return on average equity were 1.11% and 14.16%, respectively, for the year ended December 31, 2008, compared with 0.98% and 12.60%, respectively, for 2007.

Net income for the three months ended December 31, 2008 was \$14.9 million, up \$5.9 million, or 65.8%, from net income of \$9.0 million reported for the same period in 2007. Net income per diluted share for the three months ended December 31, 2008 was \$0.45 per share, compared with \$0.28 per share for the same period in 2007. Return on average assets and return on average equity were 1.11% and 13.88%, respectively, for the three months ended December 31, 2008, compared with 0.69% and 9.06%, respectively, for the same period in 2007.

NBT President and CEO Martin Dietrich said: “Although 2008 presented many challenges for the financial services industry and the economy in general, I am extremely pleased with the record earnings we achieved in this difficult environment. While the current financial crisis has caused many banks to struggle, we were able to post record diluted earnings per share of \$1.80 and record net income of \$58.4 million. In addition, the return on our stock, including reinvested dividends, was up over 26% as of December 31, 2008, compared with December 31, 2007. Our strong 2008 performance can be attributed to many factors, including growth in net interest income resulting from strategic management of our earning assets and interest bearing liabilities. Our net interest margin was 3.95% in 2008, compared with 3.61% for 2007. In addition, our efforts to grow our noninterest income resulted in a 20.1% increase over 2007. We have also seen several asset quality indicators improve from 2007. Our nonperforming assets were down approximately 12.8% from 2007, and net charge-offs were down approximately 14.0% from last year. During 2008, we continued our controlled growth initiative by opening three new branches within our footprint. While 2009 may be a very challenging year given the economic environment, I am confident in our ability to successfully navigate through the challenges ahead and deliver long-term value to our shareholders and customers.”

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

Nonperforming loans at December 31, 2008 were \$26.5 million or 0.73% of total loans and leases compared with \$30.6 million or 0.88% at December 31, 2007. The decrease in nonperforming loans at December 31, 2008 from December 31, 2007 was primarily the result of net charge-offs during the 12 month period ending December 31, 2008 related to two large commercial loans, both of which had been previously identified and reserved for in 2007. The allowance for loan and lease losses totaled \$58.6 million at December 31, 2008, compared with \$54.2 million at December 31, 2007.

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The Company recorded a provision for loan and lease losses of \$27.2 million for the year ended December 31, 2008, compared with \$30.1 million for the 12 months ended December 31, 2007. Net charge-offs totaled \$22.8 million for the 12 months ended December 31, 2008, down from \$26.5 million for the same period a year ago. The decrease in net charge-offs for the 12 months ended December 31, 2008 was due primarily to charge-offs in 2007 related to one large commercial real estate loan. Net charge-offs to average loans and leases for the 12 months ended December 31, 2008 were 0.64%, compared with 0.77% for the 12 months ended December 31, 2007.

The Company recorded a provision for loan and lease losses of \$7.7 million during the fourth quarter of 2008 compared with \$13.4 million for the three months ending December 31, 2007. The decrease in the provision for loan and lease losses for the three months ended December 31, 2008, compared with the three months ended December 31, 2007, was due primarily to the provision in the fourth quarter of 2007 related to one large commercial non-real estate loan. Net charge-offs totaled \$5.0 million for the three month period ending December 31, 2008, down from \$14.1 million for the three months ended December 31, 2007. The decrease in net charge-offs for the three months ended December 31, 2008, compared with the three months ended December 31, 2007, was due primarily to charge-offs in the fourth quarter of 2007 related to the aforementioned commercial real estate loan. Annualized net charge-offs to average loans and leases for the three months ended December 31, 2008 were 0.54%, compared with 1.62% for the three months ended December 31, 2007. The Company's allowance for loan and lease losses was 1.60% of loans and leases at December 31, 2008, compared with 1.57% at December 31, 2007.

### **Net Interest Income**

Net interest income was up 12.7% to \$186.0 million for the year ended December 31, 2008, compared with \$165.0 million for the year ended December 31, 2007. The Company's fully taxable equivalent (FTE) net interest margin increased from 3.61% for the year ended December 31, 2007 to 3.95% for the year ended December 31, 2008. In addition, the Company experienced a 2.8% growth in average earning assets for the year ended December 31, 2008, compared with the year ended December 31, 2007, due primarily to an increase in average loans and leases. Although the yield on interest earning assets decreased 41 basis points, the yield on interest bearing liabilities declined 88 basis points, which contributed to the increase in the net interest margin from the 12 months ended December 31, 2007. The yield on money market deposit accounts declined from 3.38% for the 12 months ended December 31, 2007 to 1.85% for the 12 months ended December 31, 2008, while the yield on time deposits decreased 86 basis points for the same period. The yield on short term borrowings declined 245 basis points for the 12 months ended December 31, 2008, compared with the 12 months ended December 31, 2007, as a result of the 400 basis point drop in the Federal Reserve's target for the federal funds rate from 4.25% at December 31, 2007 to 0.25% at December 31, 2008.

Net interest income was up 16.9% to \$48.9 million for the three months ended December 31, 2008 compared with \$41.9 million for the three months ended December 31, 2007. The Company's FTE net interest margin increased from 3.61% for the three months ended December 31, 2007 to 4.06% for the three months ended December 31, 2008. In addition, the Company experienced a 3.7% growth in average earning assets for the three months ending December 31, 2008, compared with the three months ending December 31, 2007, due primarily to an increase in average loans and leases. Although the yield on interest earning assets decreased 51 basis points, the yield on interest bearing liabilities declined 113 basis points, which contributed to the increase in the net interest margin for the three months ended December 31, 2008, compared with the same period for 2007. The yield on money market deposit accounts declined from 3.24% for the three months ended December 31, 2007 to 1.61% for the three months ended December 31, 2008, while the yield on time deposits decreased 124 basis points for the same period. The yield on short term borrowings declined 344 basis points for the three months ended December 31, 2008, compared with the three months ended December 31, 2007, as a result of the aforementioned 400 basis point drop in the Federal Reserve's target for the federal funds rate.

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## Noninterest Income

Noninterest income for the year ended December 31, 2008 was \$71.7 million, up \$12.0 million or 20.1% from \$59.7 million for the same period in 2007. The increase in noninterest income was due primarily to an increase in service charges on deposit accounts and ATM and debit card fees, which collectively increased \$6.0 million due to various initiatives in 2008. In addition, trust administration income increased \$0.8 million for the year ended December 31, 2008, compared with the same period in 2007. This increase stems primarily from an increase in customer accounts resulting from successful business development. Broker/dealer and insurance revenue increased approximately \$4.5 million for the year ended December 31, 2008, primarily due to the acquisition of Mang Insurance Agency, LLC during the third quarter of 2008. Other noninterest income increased \$0.7 million for the year ended December 31, 2008, compared with the same period in 2007. This increase was due primarily to a death benefit realized during the fourth quarter of 2008 from a life insurance policy. Net securities gains for the 12 month period ending December 31, 2008 were \$1.5 million, compared with \$2.1 million for the 12 month period ending December 31, 2007. Excluding the effects of these securities transactions, noninterest income increased \$12.6 million, or 21.9%, for the 12 months ended December 31, 2008, compared with 2007.

Noninterest income for the three months ended December 31, 2008 was \$20.2 million, up \$3.7 million or 22.7% from \$16.5 million for the same period in 2007. The increase in noninterest income was due primarily to an increase in broker/dealer and insurance revenue of approximately \$2.9 million for the three month period ended December 31, 2008, due primarily to revenue generated by the aforementioned acquisition of Mang Insurance Agency, LLC. Other noninterest income increased \$0.8 million for the three month period ended December 31, 2008, compared with the same period in 2007. This increase was due primarily to the aforementioned death benefit realized during the fourth quarter of 2008 from a life insurance policy. Net securities losses for the three month period ending December 31, 2008 were nominal, compared with \$0.6 million in net securities gains during the three month period ending December 31, 2007. Excluding the effects of these securities transactions, noninterest income increased \$4.4 million, or 27.5%, for the three months ended December 31, 2008, compared with the same period in 2007.

## Noninterest Expense and Income Tax Expense

Noninterest expense for the year ended December 31, 2008 was \$146.8 million, up from \$122.5 million for the same period in 2007. Salaries and employee benefits increased \$11.6 million, or 19.6%, for the year ended December 31, 2008, compared with the same period in 2007. This increase was due primarily to increases in full time equivalent employees during 2008 and reduced levels of incentive compensation in 2007 compared with 2008. The increase in full time equivalent employees was largely due to new branch activity and the aforementioned acquisition. Occupancy, equipment and data processing and communications expenses were \$34.0 million for the year ended December 31, 2008, up \$3.5 million, or 11.7%, from \$30.5 million for the year ended December 31, 2007. This increase was due primarily to an increase in expenses related to new branch activity during the past year. Professional fees and outside services increased \$1.3 million for the year ended December 31, 2008, compared with the same period in 2007, due primarily to increases in legal and audit fees incurred in 2008, as well as increases in fees related to the aforementioned noninterest income initiatives. Loan collection and other real estate owned expenses were \$2.5 million for the year ended December 31, 2008, up from \$1.6 million for same period in 2007. The Company recorded an other than temporary impairment charge on lease residual assets totaling \$2.0 million during the third quarter of 2008 as a result of declines in the fair value of lease residual assets associated with certain leased vehicles. Other operating expenses were \$19.2 million for the year ended December 31, 2008, up \$4.2 million from \$15.0 million for the year ended December 31, 2007. This increase resulted primarily from losses incurred from sales of certain returned lease vehicles totaling approximately \$1.4 million during the period due to reduced values of those vehicles. In addition, Federal Deposit Insurance Corporation ("FDIC") insurance premiums increased approximately \$1.4 million for the year ended December 31, 2008, compared with the same period in 2007. Income tax expense for the year ended December 31, 2008 was \$25.4 million, up from \$21.8 million for the same period in 2007. The effective rates were 30.3% and 30.2% for the years ended December 31, 2008 and 2007, respectively.

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Noninterest expense for the three months ended December 31, 2008 was \$40.3 million, up from \$32.4 million for the same period in 2007. Salaries and employee benefits increased \$6.0 million, or 40.8%, for the three months ended December 31, 2008, compared with the same period in 2007. This increase was due primarily to increases in full time equivalent employees during 2008 and reduced levels of incentive compensation in 2007. Occupancy, equipment and data processing and communications expenses were \$8.6 million for the three months ended December 31, 2008, up \$0.9 million, or 11.4%, from \$7.7 million for the three months ended December 31, 2007. This increase was due primarily to an increase in expenses related to the aforementioned branch openings. Other operating expenses were \$5.5 million for the three months ended December 31, 2008, up \$0.9 million from \$4.6 million for the three months ended December 31, 2007. This increase resulted primarily from an increase in FDIC insurance premiums of approximately \$0.7 million for the three month period ending December 31, 2008, compared with the same period in 2007. Income tax expense for the three month period ended December 31, 2008 was \$6.2 million, up from \$3.5 million for the same period in 2007. The effective rates were 29.5% and 28.1% for the three month periods ended December 31, 2008 and 2007, respectively.

### **Balance Sheet**

Total assets were \$5.3 billion at December 31, 2008, up \$134.3 million or 2.6% from \$5.2 billion at December 31, 2007. Loans and leases were \$3.7 billion at December 31, 2008, up \$196.1 million or 5.7% from \$3.5 billion at December 31, 2007. The increase in loans and leases at December 31, 2008, compared with December 31, 2007, was due in large part to an increase in consumer loans of approximately \$186.5 million. Total deposits were \$3.9 billion at December 31, 2008, up \$51.2 million or 1.3% from December 31, 2007. The increase from December 31, 2007 was due in large part to a \$271.3 million, or 16.8%, increase in NOW, savings and money market accounts, partially offset by a \$238.9 million decrease in time deposits. Stockholders' equity was \$431.8 million, representing a total equity to total assets ratio of 8.09% at December 31, 2008, compared with \$397.3 million or a total equity to total assets ratio of 7.64% at December 31, 2007.

### **Stock Repurchase Program**

Under previously disclosed stock repurchase plans, the Company purchased 272,840 shares of its common stock during the year ended December 31, 2008, for a total of \$5.9 million at an average price of \$21.77 per share. There were no shares purchased during the three month period ended December 31, 2008. At December 31, 2008, there were 1,203,040 shares available for repurchase under previously announced plans.

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## Dividend Declared

The NBT Board of Directors declared a 2009 first quarter cash dividend of \$0.20 per share at a meeting held today. The dividend will be paid on March 15, 2009, to shareholders of record as of March 1, 2009.

## 2009 Outlook

While the Company reported record earnings for 2008, it anticipates that current global economic conditions and challenges in the financial services industry may negatively impact earnings in 2009. In particular, the Company currently expects that in 2009:

- premiums paid to the Federal Deposit Insurance Corporation will increase significantly;
- pension and postretirement expenses will increase significantly;
- revenue from Federal Home Loan Bank dividends may decrease significantly;
- payments representing interest and principal on currently outstanding loans and investments will most likely be reinvested at rates that are lower than the rates on currently outstanding loans and investments; and
- the economy may have an adverse affect on asset quality indicators and the provision for loan and lease losses, and therefore credit costs, which have trended higher in recent years are not expected to decline until economic indicators improve.

Due to current uncertainty in economic conditions and the financial services industry in general, it is particularly difficult to estimate certain revenues, expenses and other related matters. There may be factors in addition to those identified above that impact 2009 results. For a discussion of risks and uncertainties that could impact the Company's future results, see "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.

## Corporate Overview

NBT Bancorp, Inc. is a financial holding company headquartered in Norwich, NY, with total assets of \$5.4 billion at December 31, 2008. The company primarily operates through NBT Bank, N.A., a full-service community bank with two divisions, and through three financial services companies. NBT Bank, N.A. has 122 locations, including 84 NBT Bank offices in upstate New York and 38 Pennstar Bank offices in northeastern Pennsylvania. EPIC Advisors, Inc., based in Rochester, NY, is a full-service 401(k) plan recordkeeping firm. Mang Insurance Agency, LLC, based in Binghamton, NY, 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.pennstarbank.com](http://www.pennstarbank.com), [www.hathawayagency.com](http://www.hathawayagency.com), [www.epic1st.com](http://www.epic1st.com) and [www.manginsurance.com](http://www.manginsurance.com).

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## 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.

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

|  | <u>2008</u>                                   | <u>2007</u> | <u>Net</u>    | <u>Percent</u> |
|--|---|-------------|---------------|----------------|
|  | (dollars in thousands, except per share data) |             | <u>Change</u> | <u>Change</u>  |
| <b>Three Months Ended December 31,</b>             |   |             |               |                |
| Net Income   | \$ 14,897                                     | \$ 8,985    | \$ 5,912      | 66%            |
| Diluted Earnings Per Share                         | \$ 0.45                                       | \$ 0.28     | \$ 0.17       | 61%            |
| Weighted Average Diluted Common Shares Outstanding | 32,758,405                                    | 32,398,179  | 360,226       | 1%             |
| Return on Average Assets (1)                       | 1.11%   | 0.69%       | 0.42%         | 61%            |
| Return on Average Equity (1)                       | 13.88%  | 9.06%       | 4.82%         | 53%            |
| Net Interest Margin (2)                            | 4.06%   | 3.61%       | 0.45%         | 12%            |

|  |            |            |          |     |
|--|------------|------------|----------|-----|
| <b>Twelve Months Ended December 31,</b>            |            |            |          |     |
| Net Income   | \$ 58,353  | \$ 50,328  | \$ 8,025 | 16% |
| Diluted Earnings Per Share                         | \$ 1.80    | \$ 1.51    | \$ 0.29  | 19% |
| Weighted Average Diluted Common Shares Outstanding | 32,427,193 | 33,421,078 | -993,885 | -3% |
| Return on Average Assets                           | 1.11%      | 0.98%      | 0.13%    | 13% |
| Return on Average Equity                           | 14.16%     | 12.60%     | 1.56%    | 12% |
| Net Interest Margin (2)                            | 3.95%      | 3.61%      | 0.34%    | 9%  |

| <b>Asset Quality</b>   | <b>December 31,</b> | <b>December 31,</b> |
|--|---------------------|---------------------|
|  | <b>2008</b>         | <b>2007</b>         |
| Nonaccrual Loans   | \$ 24,191           | \$ 29,697           |
| 90 Days Past Due and Still Accruing                              | \$ 2,305            | \$ 882              |
| Total Nonperforming Loans  | \$ 26,496           | \$ 30,579           |
| Other Real Estate Owned  | \$ 665              | \$ 560              |
| Total Nonperforming Assets                                       | \$ 27,161           | \$ 31,139           |
| Past Due Loans   | \$ 33,098           | \$ 25,914           |
| Allowance for Loan and Lease Losses                              | \$ 58,564           | \$ 54,183           |
| Year-to-Date (YTD) Net Charge-Offs                               | \$ 22,800           | \$ 26,498           |
| Allowance for Loan and Lease Losses to Total Loans and Leases    | 1.60%               | 1.57%               |
| Total Nonperforming Loans to Total Loans and Leases              | 0.73%               | 0.88%               |
| Total Nonperforming Assets to Total Assets                       | 0.51%               | 0.60%               |
| Past Due Loans to Total Loans and Leases                         | 0.91%               | 0.75%               |
| Allowance for Loan and Lease Losses to Total Nonperforming Loans | 221.03%             | 177.19%             |
| Net Charge-Offs to YTD Average Loans and Leases                  | 0.64%               | 0.77%               |

|                                |          |          |
|--------------------------------|----------|----------|
| <b>Capital</b>                 |          |          |
| Equity to Assets               | 8.09%    | 7.64%    |
| Book Value Per Share           | \$ 13.24 | \$ 12.29 |
| Tangible Book Value Per Share  | \$ 9.01  | \$ 8.78  |
| Tier 1 Leverage Ratio          | 7.17%    | 7.14%    |
| Tier 1 Capital Ratio           | 9.75%    | 9.85%    |
| Total Risk-Based Capital Ratio | 11.00%   | 11.10%   |

| <b>Quarterly Common Stock Price</b> | 2008     |          | 2007     |          | 2006     |          |
|-------------------------------------|----------|----------|----------|----------|----------|----------|
| Quarter End                         | High     | Low      | High     | Low      | High     | Low      |
| March 31                            | \$ 23.65 | \$ 17.95 | \$ 25.81 | \$ 21.73 | \$ 23.90 | \$ 21.02 |
| June 30                             | 25.00    | 20.33    | 23.45    | 21.80    | 23.24    | 21.03    |
| September 30                        | 36.47    | 19.05    | 23.80    | 17.10    | 24.57    | 21.44    |
| December 31                         | 30.83    | 21.71    | 25.00    | 20.58    | 26.47    | 22.36    |

(1) Annualized

(2) Calculated on a FTE basis

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

|   | <u>2008</u>                                   | <u>2007</u>  | <u>Net</u> | <u>Percent</u> |
|---|---|--------------|------------|----------------|
|   | (dollars in thousands, except per share data) |              | Change     | Change         |
| <b>Balance Sheet as of December 31,</b> |   |              |            |                |
| Loans and Leases                        | \$ 3,651,911                                  | \$ 3,455,851 | \$ 196,060 | 6%             |
| Earning Assets                          | \$ 4,933,099                                  | \$ 4,783,519 | \$ 149,580 | 3%             |
| Total Assets                            | \$ 5,336,088                                  | \$ 5,201,776 | \$ 134,312 | 3%             |
| Deposits                                | \$ 3,923,258                                  | \$ 3,872,093 | \$ 51,165  | 1%             |
| Stockholders' Equity                    | \$ 431,845                                    | \$ 397,300   | \$ 34,545  | 9%             |

**Average Balances**

**Three Months Ended December 31,**

|  |              |              |              |      |
|--|--------------|--------------|--------------|------|
| Loans and Leases   | \$ 3,634,346 | \$ 3,441,150 | \$ 193,196   | 6%   |
| Securities Available For Sale (excluding unrealized gains or losses) | \$ 1,117,469 | \$ 1,144,639 | \$ (27,170)  | -2%  |
| Securities Held To Maturity  | \$ 140,141   | \$ 143,999   | \$ (3,858)   | -3%  |
| Regulatory Equity Investment   | \$ 39,751    | \$ 35,073    | \$ 4,678     | 13%  |
| Short-Term Interest Bearing Accounts                                 | \$ 17,151    | \$ 8,015     | \$ 9,136     | 114% |
| Total Earning Assets   | \$ 4,948,858 | \$ 4,772,876 | \$ 175,982   | 4%   |
| Total Assets   | \$ 5,349,609 | \$ 5,148,099 | \$ 201,510   | 4%   |
| Interest Bearing Deposits  | \$ 3,267,893 | \$ 3,273,248 | \$ (5,355)   | 0%   |
| Non-Interest Bearing Deposits  | \$ 695,696   | \$ 656,784   | \$ 38,912    | 6%   |
| Short-Term Borrowings  | \$ 181,032   | \$ 282,296   | \$ (101,264) | -36% |
| Long-Term Borrowings   | \$ 708,867   | \$ 477,190   | \$ 231,677   | 49%  |
| Total Interest Bearing Liabilities                                   | \$ 4,157,792 | \$ 4,032,734 | \$ 125,058   | 3%   |
| Stockholders' Equity   | \$ 426,918   | \$ 393,333   | \$ 33,585    | 9%   |

**Average Balances**

**Twelve Months Ended December 31,**

|  |              |              |             |      |
|--|--------------|--------------|-------------|------|
| Loans and Leases   | \$ 3,567,299 | \$ 3,425,318 | \$ 141,981  | 4%   |
| Securities Available For Sale (excluding unrealized gains or losses) | \$ 1,113,810 | \$ 1,134,837 | \$ (21,027) | -2%  |
| Securities Held To Maturity  | \$ 149,775   | \$ 144,518   | \$ 5,257    | 4%   |
| Regulatory Equity Investment   | \$ 39,735    | \$ 34,022    | \$ 5,713    | 17%  |
| Short-Term Interest Bearing Accounts                                 | \$ 9,190     | \$ 8,395     | \$ 795      | 9%   |
| Total Earning Assets   | \$ 4,879,809 | \$ 4,747,090 | \$ 132,719  | 3%   |
| Total Assets   | \$ 5,264,655 | \$ 5,109,587 | \$ 155,068  | 3%   |
| Interest Bearing Deposits  | \$ 3,239,029 | \$ 3,273,332 | \$ (34,303) | -1%  |
| Non-Interest Bearing Deposits  | \$ 682,656   | \$ 639,423   | \$ 43,233   | 7%   |
| Short-Term Borrowings  | \$ 223,830   | \$ 280,162   | \$ (56,332) | -20% |
| Long-Term Borrowings   | \$ 638,882   | \$ 459,439   | \$ 179,443  | 39%  |
| Total Interest Bearing Liabilities                                   | \$ 4,101,741 | \$ 4,012,933 | \$ 88,808   | 2%   |
| Stockholders' Equity   | \$ 412,102   | \$ 399,299   | \$ 12,803   | 3%   |

**NBT Bancorp Inc. and Subsidiaries**  
**Consolidated Balance Sheets (unaudited)**
**December 31,**  
**2008**
**December 31,**  
**2007**

(in thousands)

**ASSETS**

|  |            |            |
|--|------------|------------|
| Cash and due from banks  | \$ 107,409 | \$ 155,495 |
| Short term interest bearing accounts   | 2,987      | 7,451      |
| Securities available for sale, at fair value   | 1,119,665  | 1,132,230  |
| Securities held to maturity (fair value of \$141,308 and \$149,519 at December 31, 2008 and December 31, 2007, respectively) | 140,209    | 149,111    |
| Federal Reserve and Federal Home Loan Bank stock   | 39,045     | 38,102     |
| Loans and leases   | 3,651,911  | 3,455,851  |
| Less allowance for loan and lease losses   | 58,564     | 54,183     |
| Net loans and leases   | 3,593,347  | 3,401,668  |
| Premises and equipment, net  | 65,241     | 64,042     |
| Goodwill   | 114,838    | 103,398    |
| Intangible assets, net   | 23,367     | 10,173     |
| Bank owned life insurance  | 46,030     | 43,614     |
| Other assets   | 83,950     | 96,492     |

|                     |                     |                     |
|---------------------|---------------------|---------------------|
| <b>TOTAL ASSETS</b> | <b>\$ 5,336,088</b> | <b>\$ 5,201,776</b> |
|---------------------|---------------------|---------------------|

**LIABILITIES AND STOCKHOLDERS' EQUITY**

|                                |            |            |
|--------------------------------|------------|------------|
| Deposits:                      |            |            |
| Demand (noninterest bearing)   | \$ 685,495 | \$ 666,698 |
| Savings, NOW, and money market | 1,885,551  | 1,614,289  |
| Time                           | 1,352,212  | 1,591,106  |
| Total deposits                 | 3,923,258  | 3,872,093  |
| Short-term borrowings          | 206,492    | 368,467    |
| Long-term debt                 | 632,209    | 424,887    |
| Trust preferred debentures     | 75,422     | 75,422     |
| Other liabilities              | 66,862     | 63,607     |
| Total liabilities              | 4,904,243  | 4,804,476  |

|                            |         |         |
|----------------------------|---------|---------|
| Total stockholders' equity | 431,845 | 397,300 |
|----------------------------|---------|---------|

|   |                     |                     |
|---|---------------------|---------------------|
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <b>\$ 5,336,088</b> | <b>\$ 5,201,776</b> |
|---|---------------------|---------------------|

| NBT Bancorp Inc. and Subsidiaries<br>Consolidated Statements of Income (unaudited) | Three months ended<br>December 31, |                 | Twelve months ended<br>December 31, |                  |
|--|------------------------------------|-----------------|-------------------------------------|------------------|
|  | 2008                               | 2007            | 2008                                | 2007             |
| (in thousands, except per share data)  |                                    |                 |                                     |                  |
| <b>Interest, fee and dividend income:</b>  |                                    |                 |                                     |                  |
| Loans and leases   | \$ 58,164                          | \$ 60,817       | \$ 232,155                          | \$ 242,497       |
| Securities available for sale  | 13,434                             | 13,971          | 54,048                              | 54,847           |
| Securities held to maturity  | 1,253                              | 1,458           | 5,588                               | 5,898            |
| Other  | 436                                | 736             | 2,623                               | 2,875            |
| Total interest, fee and dividend income  | 73,287                             | 76,982          | 294,414                             | 306,117          |
| <b>Interest expense:</b>   |                                    |                 |                                     |                  |
| Deposits   | 16,371                             | 26,578          | 76,132                              | 106,574          |
| Short-term borrowings  | 382                                | 3,048           | 4,847                               | 12,943           |
| Long-term debt   | 6,401                              | 4,233           | 22,642                              | 16,486           |
| Trust preferred debentures   | 1,200                              | 1,270           | 4,747                               | 5,087            |
| Total interest expense   | 24,354                             | 35,129          | 108,368                             | 141,090          |
| Net interest income  | 48,933                             | 41,853          | 186,046                             | 165,027          |
| Provision for loan and lease losses  | 7,721                              | 13,440          | 27,181                              | 30,094           |
| Net interest income after provision for loan and lease losses                      | 41,212                             | 28,413          | 158,865                             | 134,933          |
| <b>Noninterest income:</b>   |                                    |                 |                                     |                  |
| Trust  | 1,685                              | 1,584           | 7,278                               | 6,514            |
| Service charges on deposit accounts  | 7,266                              | 7,142           | 28,143                              | 22,742           |
| ATM and debit card fees  | 2,176                              | 2,089           | 8,832                               | 8,185            |
| Broker/dealer and insurance revenue  | 3,915                              | 1,052           | 8,726                               | 4,255            |
| Net securities (losses) gains  | (8)                                | 613             | 1,535                               | 2,113            |
| Bank owned life insurance income   | 993                                | 480             | 2,416                               | 1,831            |
| Retirement plan administration fees  | 1,468                              | 1,557           | 6,308                               | 6,336            |
| Other  | 2,735                              | 1,973           | 8,468                               | 7,723            |
| Total noninterest income   | 20,230                             | 16,490          | 71,706                              | 59,699           |
| <b>Noninterest expense:</b>  |                                    |                 |                                     |                  |
| Salaries and employee benefits   | 20,633                             | 14,654          | 71,159                              | 59,516           |
| Office supplies and postage  | 1,354                              | 1,136           | 5,346                               | 5,120            |
| Occupancy  | 3,385                              | 2,948           | 13,781                              | 11,630           |
| Equipment  | 1,944                              | 1,855           | 7,539                               | 7,422            |
| Professional fees and outside services   | 2,651                              | 3,295           | 10,476                              | 9,135            |
| Data processing and communications   | 3,254                              | 2,899           | 12,694                              | 11,400           |
| Amortization of intangible assets  | 874                                | 413             | 2,105                               | 1,645            |
| Loan collection and other real estate owned  | 692                                | 597             | 2,494                               | 1,633            |
| Impairment on lease residual assets  | -                                  | -               | 2,000                               | -                |
| Other operating  | 5,511                              | 4,607           | 19,219                              | 15,016           |
| Total noninterest expense  | 40,298                             | 32,404          | 146,813                             | 122,517          |
| Income before income taxes   | 21,144                             | 12,499          | 83,758                              | 72,115           |
| Income taxes   | 6,247                              | 3,514           | 25,405                              | 21,787           |
| <b>Net income</b>  | <b>\$ 14,897</b>                   | <b>\$ 8,985</b> | <b>\$ 58,353</b>                    | <b>\$ 50,328</b> |
| <b>Earnings Per Share:</b>   |                                    |                 |                                     |                  |
| Basic  | \$ 0.46                            | \$ 0.28         | \$ 1.81                             | \$ 1.52          |
| Diluted  | \$ 0.45                            | \$ 0.28         | \$ 1.80                             | \$ 1.51          |

**NBT Bancorp Inc. and Subsidiaries****Quarterly Consolidated Statements of Income (unaudited)**

|   | 4Q<br>2008       | 3Q<br>2008       | 2Q<br>2008       | 1Q<br>2008       | 4Q<br>2007      |
|---|------------------|------------------|------------------|------------------|-----------------|
| (in thousands, except per share data)                         |                  |                  |                  |                  |                 |
| <b>Interest, fee and dividend income:</b>                     |                  |                  |                  |                  |                 |
| Loans and leases  | \$ 58,164        | \$ 58,154        | \$ 57,220        | \$ 58,617        | \$ 60,817       |
| Securities available for sale                                 | 13,434           | 13,451           | 13,417           | 13,746           | 13,971          |
| Securities held to maturity                                   | 1,253            | 1,343            | 1,478            | 1,514            | 1,458           |
| Other   | 436              | 673              | 739              | 775              | 736             |
| Total interest, fee and dividend income                       | 73,287           | 73,621           | 72,854           | 74,652           | 76,982          |
| <b>Interest expense:</b>                                      |                  |                  |                  |                  |                 |
| Deposits  | 16,371           | 18,351           | 18,712           | 22,698           | 26,578          |
| Short-term borrowings   | 382              | 763              | 1,362            | 2,340            | 3,048           |
| Long-term debt  | 6,401            | 6,310            | 5,629            | 4,302            | 4,233           |
| Trust preferred debentures                                    | 1,200            | 1,154            | 1,146            | 1,247            | 1,270           |
| Total interest expense  | 24,354           | 26,578           | 26,849           | 30,587           | 35,129          |
| Net interest income   | 48,933           | 47,043           | 46,005           | 44,065           | 41,853          |
| Provision for loan and lease losses                           | 7,721            | 7,179            | 5,803            | 6,478            | 13,440          |
| Net interest income after provision for loan and lease losses | 41,212           | 39,864           | 40,202           | 37,587           | 28,413          |
| <b>Noninterest income:</b>                                    |                  |                  |                  |                  |                 |
| Trust   | 1,685            | 1,720            | 2,099            | 1,774            | 1,584           |
| Service charges on deposit accounts                           | 7,266            | 7,414            | 6,938            | 6,525            | 7,142           |
| ATM and debit card fees                                       | 2,176            | 2,334            | 2,225            | 2,097            | 2,089           |
| Broker/dealer and insurance fees                              | 3,915            | 2,338            | 1,366            | 1,107            | 1,052           |
| Net securities (losses) gains                                 | (8)              | 1,510            | 18               | 15               | 613             |
| Bank owned life insurance income                              | 993              | 491              | 480              | 452              | 480             |
| Retirement plan administration fees                           | 1,468            | 1,461            | 1,671            | 1,708            | 1,557           |
| Other   | 2,735            | 1,694            | 1,622            | 2,417            | 1,973           |
| Total noninterest income                                      | 20,230           | 18,962           | 16,419           | 16,095           | 16,490          |
| <b>Noninterest expense:</b>                                   |                  |                  |                  |                  |                 |
| Salaries and employee benefits                                | 20,633           | 16,850           | 16,906           | 16,770           | 14,654          |
| Office supplies and postage                                   | 1,354            | 1,322            | 1,331            | 1,339            | 1,136           |
| Occupancy   | 3,385            | 3,359            | 3,427            | 3,610            | 2,948           |
| Equipment   | 1,944            | 1,908            | 1,862            | 1,825            | 1,855           |
| Professional fees and outside services                        | 2,651            | 2,205            | 2,521            | 3,099            | 3,295           |
| Data processing and communications                            | 3,254            | 3,155            | 3,115            | 3,170            | 2,899           |
| Amortization of intangible assets                             | 874              | 462              | 378              | 391              | 413             |
| Loan collection and other real estate owned                   | 692              | 505              | 730              | 567              | 597             |
| Impairment on lease residual assets                           | -                | 2,000            | -                | -                | -               |
| Other operating   | 5,511            | 5,292            | 5,153            | 3,263            | 4,607           |
| Total noninterest expense                                     | 40,298           | 37,058           | 35,423           | 34,034           | 32,404          |
| Income before income taxes                                    | 21,144           | 21,768           | 21,198           | 19,648           | 12,499          |
| Income taxes  | 6,247            | 6,685            | 6,541            | 5,932            | 3,514           |
| <b>Net income</b>   | <b>\$ 14,897</b> | <b>\$ 15,083</b> | <b>\$ 14,657</b> | <b>\$ 13,716</b> | <b>\$ 8,985</b> |
| <b>Earnings per share:</b>                                    |                  |                  |                  |                  |                 |
| Basic   | \$ 0.46          | \$ 0.47          | \$ 0.46          | \$ 0.43          | \$ 0.28         |
| Diluted   | \$ 0.45          | \$ 0.46          | \$ 0.45          | \$ 0.43          | \$ 0.28         |