

2021

ANNUAL REPORT



to our stockholders

Fellow Stockholders,

We entered 2021 with optimism and confidence in our strong foundation, enabling our team to productively shift focus toward the execution of our strategic growth plans to achieve record full-year results. Together, we rose to every challenge presented by our operating environment, built upon our strong capital base, and reaffirmed that we have a talented team that is dedicated and agile. A team that is focused on our stockholders, customers, communities and each other.

In 2021, we generated net income of \$154.9 million, or \$3.54 per diluted share. These record results were driven by increased net interest income, growing noninterest income, favorable credit results and disciplined cost management that allowed us to achieve meaningful operating leverage. Our full-year return on average tangible common equity was 16.92%, and our return on average assets was 1.33%.

We have a strong and growing capital base, with total capital increasing 25% from the end of 2019. Tangible book value per share at December 31, 2021 was \$22.26, an 8% increase from year-end 2020. During the historically challenging eight quarters of 2020 and 2021, we added \$130 million to capital while paying \$95 million in dividends to our valued stockholders. This included an action by the Board in the third quarter to raise the dividend by 3.7%. We also opportunistically repurchased \$30 million of NBT shares. This substantial capital accumulation puts us in an enviable position as we consider growth and investment opportunities for 2022 and beyond.

As we continued to pursue organic growth across our footprint and lines of business, we advanced our strategy of leveraging market disruption in our New England footprint by expanding both our service teams and our customer base. At year-end 2021, our New England franchise represented approximately 17% of our total assets and nearly a quarter of NBT Bank's total loan portfolio. We added our first permanent locations in Connecticut in 2021 with a regional headquarters in West Hartford and a retail banking location in the heart of the business district in Glastonbury. We also expanded in New Hampshire with the opening of a new branch in Concord.

In 2021, NBT was proud to be among the banks that continued to deliver crucial relief through the SBA's Paycheck Protection Program. In all, we funded over 6,100 loans for \$835 million in relief and provided support to businesses and non-profit organizations employing over 96,000 workers across our footprint. Our team leveraged their lending, operational and technical expertise to aggressively support this program, and we continue to guide our customers through the forgiveness process.

Revenues from noninterest income sources reached an all-time high of \$158 million in 2021, an increase of 8% above 2020, with particularly strong growth generated in our retirement plan services and wealth management lines of business. Representing 33% of total revenues, noninterest income generation remains a key strength for NBT—and a notable differentiator compared to our peers.

Our customers have embraced our digital tools and adoption continues to increase on our consumer and commercial platforms. This is evident in the 64% increase we experienced in consumer digital adoption from year-end 2019 to year-end 2021. Having successfully upgraded our mobile, online and mortgage banking platforms in 2020, we moved forward with key initiatives on our established technology roadmap in 2021, including new platforms to support commercial lending, small business lending and financing through auto dealers. Our agility and ability, driven by our strategy of fast adoption of the right technology, enables us to constantly enhance the experience we deliver to customers and employees.

Regulation of our industry is continuing to increase, and we respect and value the productive relationship we have with our regulators. Maintaining a strong risk management framework remains a strategic priority for NBT. We are investing in this framework to support our growth and stay ahead of the ever-evolving regulatory and compliance environment. The predictability and stability of that environment is critical

company profile

- NBT Bancorp Inc. is a financial holding company incorporated in 1986 in the state of Delaware.
- The Company primarily operates through NBT Bank, N.A. and two financial services companies.
- NBT Bank, N.A. offers personal banking, commercial banking and wealth management services through online and mobile channels and 140 locations in New York, Pennsylvania, Vermont, Massachusetts, New Hampshire, Maine and Connecticut.
- EPIC Retirement Plan Services is a national benefits administration firm based in Rochester, NY.
- NBT Insurance Agency, LLC is a full-service insurance agency based in Norwich, NY.

financial highlights

(In thousands, except per share data)

to our ability to continue serving our customers and communities effectively.

At NBT, we continue to cultivate an inclusive culture where differences are respected and valued. We strive to give all employees a place to speak up and contribute, to give our customers a place to be welcomed, and our communities a place to be supported. Our responsibility to all our stakeholders—including our customers, communities, employees and stockholders—and our commitment to good corporate citizenship are based on the principles of community banking that have guided NBT for over 165 years. In 2021, our Board of Directors articulated our commitment using the Environmental, Social and Governance (ESG) pillars. We believe this framework aligns with who we are as a company and represents our core values, and we are leveraging it to articulate and build upon our commitment to diversity, inclusion, sustainability and high standards of corporate governance.

We value the guidance and support of our Board of Directors and welcomed J. David Brown to board service in May 2021 and Heidi M. Hoeller in January 2022. As we gain their valuable perspectives at the board table, we will miss the contributions of John C. Mitchell and Patricia T. Civil when they retire at our 2022 Annual Meeting of Stockholders. John has served as Lead Director and provided wise counsel and guidance to many directors through the years since he joined the Board in 1993. Pat has served as a Director since 2003. Her expertise in public accounting and knowledge of the financial services industry have been a critical resource.

Chief Financial Officer Scott A. Kingsley and President of Wealth Management Ruth H. Mahoney joined our Executive Management Team in 2021. These dynamic leaders hit the ground running mid-year and are having a significant impact.

We will conclude by emphasizing that it was the talented and dedicated team at NBT who made our 2021 success possible. As a well-capitalized company with strong liquidity, we possess all the resources we need for that team to continue to advance the strategies that have made us so successful.

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

Martin A. Dietrich
Chairman of the Board

FOR THE YEAR	2021	2020
PERFORMANCE		
Net income	\$154,885	\$104,388
Return on average assets	1.33%	0.99%
Return on average tangible equity	16.92%	12.48%
Net interest margin	3.03%	3.31%
PER COMMON SHARE DATA		
Diluted earnings	\$3.54	\$2.37
Cash dividends	\$1.10	\$1.08
Dividend yield	2.86%	3.36%
Tangible book value per share	\$22.26	\$20.52
AT DECEMBER 31		
BALANCE SHEET DATA		
Total assets	\$12,012,111	\$10,932,906
Total loans	\$7,498,459	\$7,498,885
Allowance for loan losses	\$92,000	\$110,000
Deposits	\$10,234,469	\$9,081,692
Total stockholders' equity	\$1,250,453	\$1,187,618
ASSET QUALITY		
Net charge-offs to average loans	0.13%	0.23%
Nonperforming loans to total loans	0.44%	0.64%
Nonperforming assets to total assets	0.27%	0.45%
Allowance for loan losses to total loans	1.23%	1.47%
CAPITAL		
Common equity tier 1 capital ratio	12.25%	11.84%
Tier 1 capital ratio	13.43%	13.09%
Total risk-based capital ratio	15.73%	15.62%
Closing stock price	\$38.52	\$32.10
Market capitalization	\$1,662,832	\$1,400,494

2022 annual meeting

Tuesday, May 17, 2022 | 10:00 a.m. ET

www.virtualshareholdermeeting.com/NBTB2022

Forward-Looking Statements

This letter contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to a number of risks and uncertainties. Such statements are not guarantees of future performance and actual results may differ materially from any forward-looking statements contained in this letter. For a discussion of the factors that might cause such differences, please refer to our filings with the Securities and Exchange Commission.

leadership

Executive Management Team

John H. Watt, Jr.
President and CEO

Sarah A. Halliday
Executive Vice President and
President of Commercial Banking

Shauna M. Hyle
Executive Vice President,
Consumer Lending

Scott A. Kingsley
Executive Vice President
and Chief Financial Officer

Ruth H. Mahoney
Executive Vice President and
President of Wealth Management

Catherine M. Scarlett
Chief Ethics Officer
and Corporate Secretary

Joseph R. Stagliano
Executive Vice President,
President of Retail Community
Banking and Chief Information
Officer

Amy Wiles
Executive Vice President,
Chief Credit Officer
and Chief Risk Officer

EPIC Retirement Plan Services

**Manuel Marques, CPC, QPA, QKA,
QPFC, AIF***
President

NBT Insurance Agency, LLC

Tucker H. Lounsbury, c/c
President



Regional Presidents

David A. Kavney
Central New York
and Mohawk Valley

David Krupski
Capital Region
and North Country

Jeffrey D. Lake
Greater Binghamton

Stephen P. Lubelczyk
President of New England,
New Hampshire

Andreas A. Kapetanopoulos
Connecticut

Kimberly J. Twitchell
Maine

Daniel P. Werme
Vermont and Massachusetts

Board of Directors

Martin A. Dietrich
Chairman of the Board

John H. Watt, Jr.
President and CEO

Johanna R. Ames

J. David Brown

Patricia T. Civil

Timothy E. Delaney

James H. Douglas

Heidi M. Hoeller

Andrew S. Kowalczyk III, Esq.

John C. Mitchell

V. Daniel Robinson II

Matthew J. Salanger

Joseph A. Santangelo

Lowell A. Seifter, Esq.

Jack H. Webb

NBT Bank Honorary Directors

Richard Chojnowski
Daryl R. Forsythe
Paul D. Horger, Esq.
Janet H. Ingraham
Van Ness D. Robinson
Paul M. Solomon
Paul O. Stillman
Robert A. Wadsworth

*Additional information regarding
our Executive Management Team
and Board of Directors can be
found in the proxy statement
for our 2022 Annual Meeting
of Stockholders.*

Operating Committee

The following NBT leaders serve on
the Operating Committee with the
Executive Management Team and
Regional Presidents.

Annette L. Burns, SVP
and Chief Accounting Officer

Leonard P. Chinski, SVP
and Director of Audit

Matthew K. Colgan, SVP
and Regional Commercial Banking
Manager, Pennsylvania

Jeffrey S. Delepine II, SVP,
Chief Compliance Officer
and Chief Diversity Officer

Kurt T. Edwards, SVP
and Chief Consumer Credit Officer

Kenneth J. Entenmann, cFA®, SVP,
Chief Investment Officer
and Chief Economist

Dawn D. Gillette, SVP
and Head of FinTech Partners
and Specialty Lending

Amy S. Hurta, SVP
and Senior Director of Operations

Tucker H. Lounsbury, c/c,
President,
NBT Insurance Agency, LLC

Joseph M. Ondesko, SVP
and Corporate Treasurer

Manuel S. Orta, SVP
and Director of Business Development,
Wealth Management

Cynthia A. Smaniotto, SVP
and Chief Human Resources Officer

Thomas M. Sutton, SVP
and Director of Retail Banking

Jennifer R. Telesky, SVP
and Regional Commercial Banking
Manager, Southern Tier

David R. Theleman, SVP
and Chief Commercial Credit Officer

stockholder information

Corporate Headquarters

NBT Bancorp Inc.
52 South Broad Street
Norwich, NY 13815
800.NBT.BANK

Independent Auditors

KPMG LLP
515 Broadway
Albany, NY 12207

Financial Reports and Releases

Copies of the Company's annual
report to the Securities and
Exchange Commission on
Form 10-K, quarterly reports on
Form 10-Q, and news releases
may be obtained without charge
by visiting our website at
www.nbtbancorp.com or by
writing to the attention of our
Chief Financial Officer at the
corporate headquarters address.

Stockholder Relations

Information regarding
the Company, our dividend
reinvestment and stock purchase
plan, and direct deposit of
dividends can be found on our
website at www.nbtbancorp.com.
Those seeking additional
information may contact us
by phone at 800.NBT.BANK
(800.628.2265, Option 7) or
by mail at the corporate
headquarters address.

Stock Transfer and Registrar Agent

American Stock Transfer
& Trust Company, LLC
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Brooklyn, NY 11219
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(800.628.2265, Option 7)
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help@astfinancial.com



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