

# **NBT Bancorp Inc.**

Q2 2024 Earnings Presentation



# Forward-Looking Statements

This presentation contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of phrases such as “anticipate,” “believe,” “expect,” “forecasts,” “projects,” “will,” “can,” “would,” “should,” “could,” “may,” or other similar terms. There are a number of factors, many of which are beyond the Company’s control, that could cause actual results to differ materially from those contemplated by 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) local, regional, national and international economic conditions, including actual or potential stress in the banking industry, and the impact they may have on the Company and its customers, and the Company’s assessment of that impact; (2) changes in the level of nonperforming assets and charge-offs; (3) changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements; (4) the effects of and changes in trade and monetary and fiscal policies and laws, including the interest rate policies of the Federal Reserve Board (“FRB”); (5) inflation, interest rates, securities market and monetary fluctuations; (6) political instability; (7) acts of war, including international military conflicts, or terrorism; (8) the timely development and acceptance of new products and services and the perceived overall value of these products and services by users; (9) changes in consumer spending, borrowing and saving habits; (10) changes in the financial performance and/or condition of the Company’s borrowers; (11) technological changes; (12) acquisition and integration of acquired businesses; (13) the ability to increase market share and control expenses; (14) changes in the competitive environment among financial holding companies; (15) the effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which the Company and its subsidiaries must comply, including those under the Dodd-Frank Act, and the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018; (16) the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters; (17) changes in the Company’s organization, compensation and benefit plans; (18) the costs and effects of legal and regulatory developments, including the resolution of legal proceedings or regulatory or other governmental inquiries, and the results of regulatory examinations or reviews; (19) greater than expected costs or difficulties related to the integration of new products and lines of business; and (20) the Company’s success at managing the risks involved in the foregoing items.

The Company cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the date made, and advises readers that various factors, including, but not limited to, those described above and other factors discussed in the Company’s annual and quarterly reports previously filed with the SEC, could affect the Company’s financial performance and could cause the Company’s actual results or circumstances for future periods to differ materially from those anticipated or projected.

Unless required by law, the Company does not undertake, and specifically disclaims any obligations to, publicly release any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

# Q2 2024 Highlights

## ▶ Well Positioned Balance Sheet

- ▶ Diversified loan portfolio with desirable balance of commercial and consumer loans and deposits
- ▶ Year-to-date loan growth was 4.2% annualized, 6.9% annualized excluding consumer portfolios in a planned run-off status
- ▶ Year-to-date deposit growth of \$302.5 million, or 2.8%

## ▶ Capital Strength

- ▶ Announced a third-quarter cash dividend of \$0.34 per share, a 6.3% increase over the prior year third quarter
- ▶ Total risk-based capital of 14.88%
- ▶ Tangible equity to assets grew to 8.11%<sup>(1)</sup>
- ▶ Tangible book value per share of \$22.54 at an all-time high<sup>(1)</sup>

## ▶ Diversified Revenue Sources

- ▶ Generated 31% of revenues from noninterest income sources <sup>(3)</sup>
- ▶ Noninterest income, grew 18.1%<sup>(3)</sup> compared to Q2 2023

1. Non-GAAP measure; refer to appendix for reconciliation of Non-GAAP Measures.
2. Annualized.
3. Excludes net securities gains (losses).

**\$0.69**

*Earnings per share*

**13.23%**

*Return on average tangible equity<sup>(1)(2)</sup>*

**\$140 Million**

*Total revenue<sup>(3)</sup>*

**\$9.85 Billion**

*Period end loans*

**\$11.27 Billion**

*Period end deposits*

**\$22.54 ▲ 99 bps vs. Q2 2023**

*TBV per share<sup>(1)</sup>*

# Q2 2024 Results Overview

## Financial Highlights

(\$ in millions except per share data)	Q2 2024	Change		% Change	
		Q1 2024	Q2 2023	Q1 2024	Q2 2023
<b>Period End Balance Sheet</b>					
Total loans	\$ 9,854.3	\$ 166.3	\$ 1,496.2	1.7%	17.9%
Total deposits	11,271.5	76.2	1,741.5	0.7%	18.3%
<b>Income Statement</b>					
FTE net interest income <sup>(2)</sup>	\$ 97.8	\$ 2.0	\$ 8.3	2.1%	9.3%
Net income	32.7	(1.1)	2.6	(3.3%)	8.8%
<b>Earnings per share, diluted</b>	<b>0.69</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(2.8%)</b>	<b>(1.4%)</b>
<b>Performance Ratios</b>					
Net interest margin <sup>(2)(3)</sup>	3.18%	0.04%	(0.09%)	1.3%	(2.8%)
ROAA <sup>(3)</sup>	0.98%	(0.04%)	(0.04%)	(3.9%)	(3.9%)
ROATCE <sup>(2)(3)</sup>	13.23%	(0.64%)	0.10%	(4.6%)	0.8%
NCOs/ Avg loans (%) <sup>(3)</sup>	0.15%	(0.04%)	(0.02%)	(21.1%)	(11.8%)
<b>Operating Results</b>					
Net income <sup>(2)</sup>	\$ 32.8	\$ 0.7	\$ (1.8)	2.1%	(5.2%)
<b>Earnings per share, diluted<sup>(2)</sup></b>	<b>0.69</b>	<b>0.01</b>	<b>(0.11)</b>	<b>1.5%</b>	<b>(13.8%)</b>
ROAA <sup>(2)(3)</sup>	0.98%	0.01%	(0.19%)	1.0%	(16.2%)
ROATCE <sup>(2)(3)</sup>	13.26%	0.06%	(1.82%)	0.5%	(12.1%)
<b>Capital</b>					
Tangible book value per share <sup>(2)</sup>	\$ 22.54	\$ 0.47	\$ 0.99	2.1%	4.6%
Tangible equity ratio <sup>(2)</sup>	8.11%	0.13%	0.16%	1.6%	2.0%
Leverage ratio	10.16%	0.07%	(0.34%)	0.7%	(3.3%)
Common equity tier 1 capital ratio	11.70%	0.02%	(0.59%)	0.2%	(4.8%)
Tier 1 capital ratio	12.61%	-%	(0.74%)	-%	(5.5%)
Total risk-based capital ratio	14.88%	0.01%	(0.62%)	0.1%	(4.0%)

1. Comparison to Q1 2024 unless otherwise stated.
2. Non-GAAP measure; refer to appendix for reconciliation of Non-GAAP measures.
3. Annualized.

## Highlights<sup>(1)</sup>

### Balance Sheet

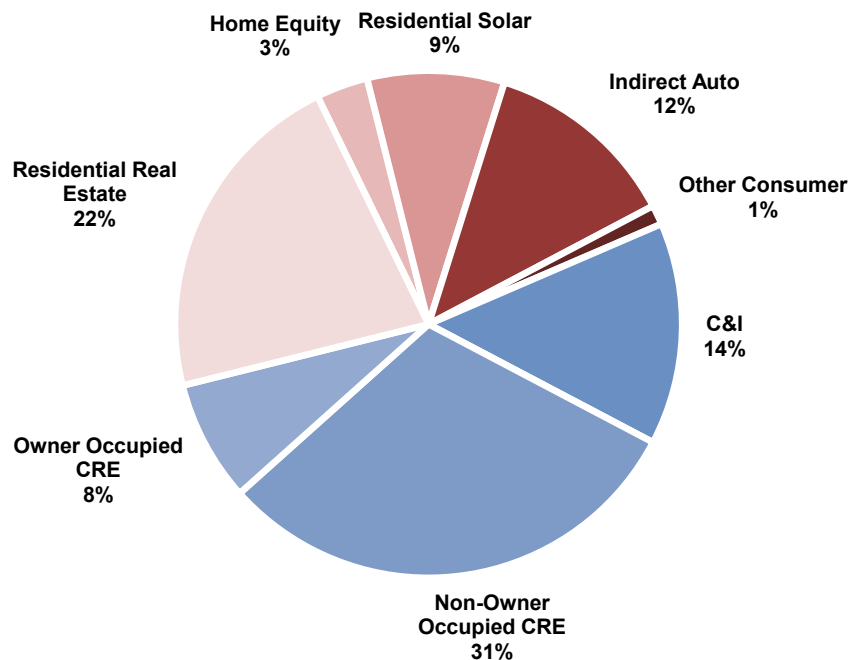
- Year-to-date loan growth was 4.2% annualized, 6.9% annualized excluding consumer portfolios in a planned run-off status
- Year-to-date deposits increased \$302.5 million
- Tangible equity ratio increased to 8.11%

### Earnings & Capital

- Net income of \$32.7 million and diluted earnings per share of \$0.69
- Net interest margin<sup>(2)(3)</sup> up 4 bps to 3.18%
- Provision expense of \$8.9 million with net charge-offs of \$3.7 million
- Quarterly effective tax rate of 22.0%

# Loans

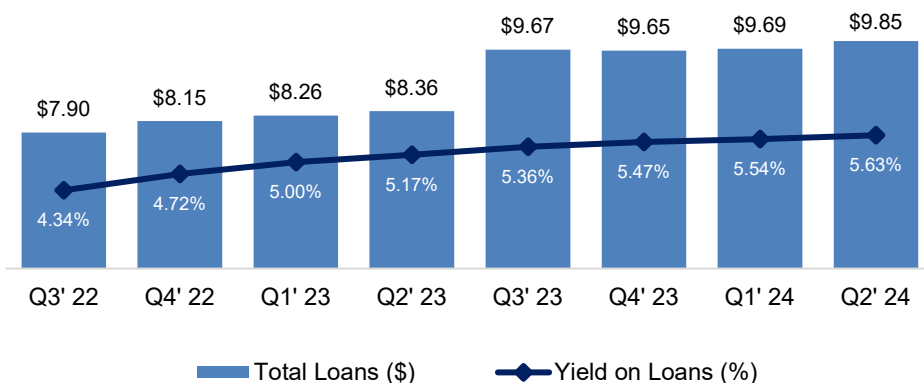
Total Loans: \$9.85 billion<sup>(1)</sup>



## Highlights<sup>(2)</sup>

- Loans increased \$203.6 million from December 31, 2023
  - Total commercial loans increased \$201.0 million to \$5.18 billion
  - Total consumer loans increased \$2.6 million to \$4.67 billion
  - Loan Mix: Commercial 53% / Consumer 47%
- Quarterly yields on total loans increased 9 bps
- 60% Fixed and 40% Adjustable / Floating

## Yield on Loans (%) / Total Loans (\$ in billions)



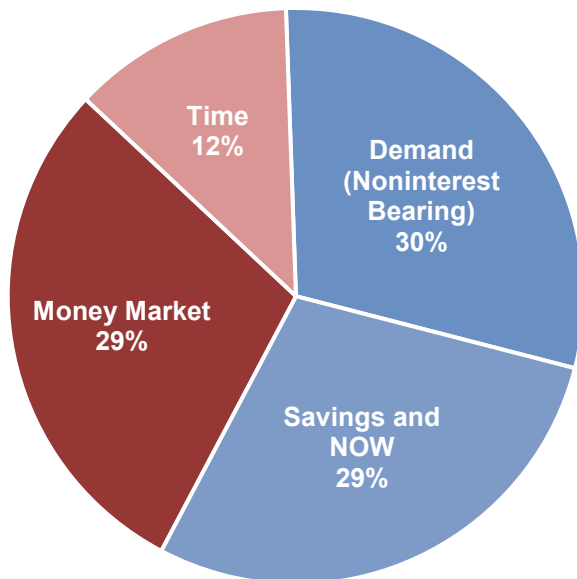
## Quarterly Loan Yields

Line of Business	Portfolio	New Origination <sup>(3)</sup>
Commercial	6.01%	7.02%
Consumer	6.10%	7.20%
Residential real estate	4.16%	6.15%

- As of 6/30/2024.
- Comparison to Q1 2024 unless otherwise stated.
- New origination yields for the second quarter of 2024.

# Deposits

Total Deposits: \$11.27 billion<sup>(1)</sup>



## Diverse & Granular Deposit Mix

Deposit Mix	Balance as of June 30, 2024	Number of Accounts	Average Balance per Account
Consumer	\$ 6.12 billion	481,063	\$ 12,715
Commercial <sup>(3)</sup>	\$ 5.15 billion	81,041	\$ 63,605
<b>Total</b>	<b>\$ 11.27 billion</b>	<b>562,104</b>	<b>\$ 20,052</b>

## Highlights<sup>(2)</sup>

- Cost of total deposits of 1.68%, up 7 bps
- Total cost of funds was 1.85%, up 6 bps
- Month of June 2024:
  - 1.70% total cost of deposits
  - 1.85% total cost of funds
- Period end deposits increased \$302.5 million, or 2.8%, from December 31, 2023
- Noninterest bearing deposits were 30% of total deposits
- Total deposits represent 96% of funding
- Full cycle to-date deposit beta of 31%
- Loan to deposit ratio of 87.4%

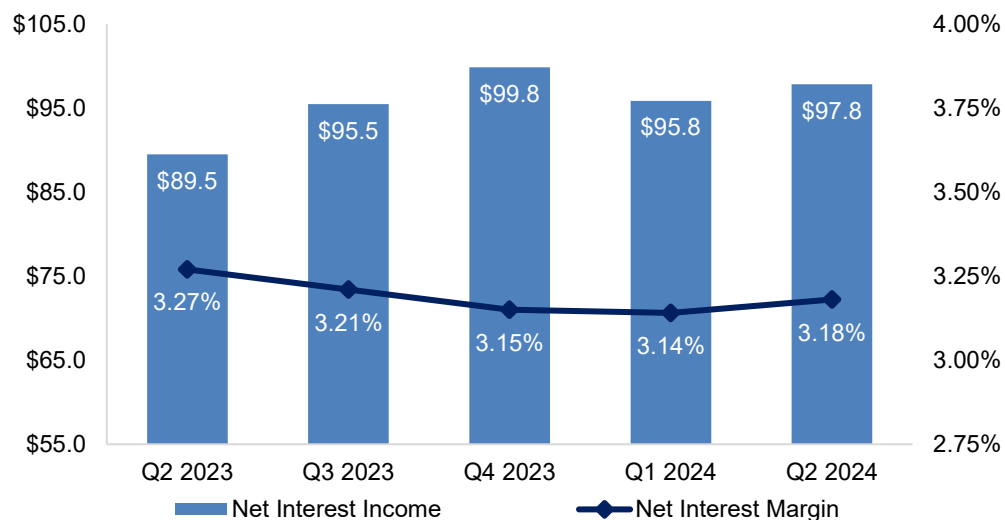
1. As of 6/30/2024.

2. Comparison to Q1 2024 unless otherwise stated.

3. Includes commercial, business banking and municipal customers.

# Net Interest Income & Net Interest Margin

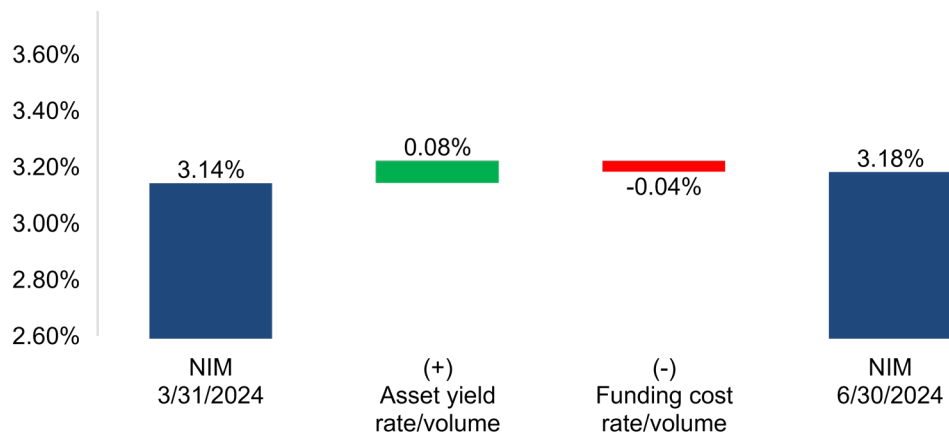
## Net Interest Income (\$ in millions) & Net Interest Margin (%)



## Highlights<sup>(1)</sup>

- Net interest margin increased 4 bps to 3.18%
  - Interest earning asset yields increased 8 bps with loan yields up 9 bps
  - Total cost of funds increased 6 bps
  - Net accretion of acquired loans and borrowings was \$2.6 million for Q2 consistent with the prior quarter
- Net interest income increased \$2.0 million to \$97.8 million

## Q2 2024 Net Interest Margin



## Year 1 Interest Rate Sensitivity<sup>(2)</sup>

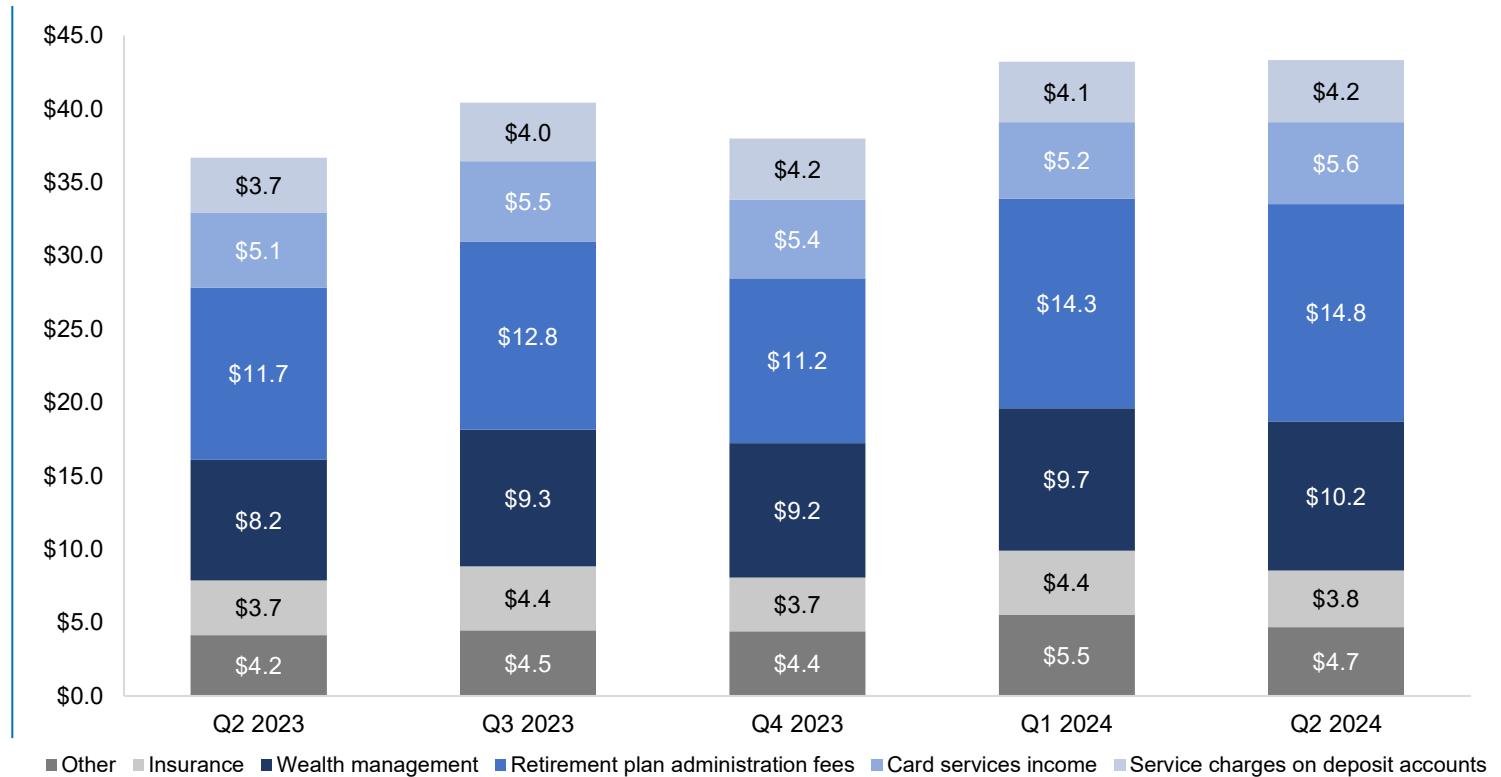
Net Interest Income	
Change in interest rates	% Change from base
Up 200 bps	-0.26%
Up 100 bps	0.19%
Down 100 bps	-0.25%
Down 200 bps	-0.15%

Net Interest Income and annualized Net Interest Margin are shown on a fully tax equivalent basis, which is a Non-GAAP measure; refer to appendix for reconciliation of Non-GAAP measures.

- Comparison to Q1 2024 unless otherwise stated.
- As of 6/30/2024.

# Noninterest Income

## Noninterest Income Trend<sup>(1)</sup> (\$ in millions)



## Highlights<sup>(2)</sup>

- Noninterest income to total revenue was 31%<sup>(1)</sup> (above peer levels)
- Record high of \$43.3 million<sup>(1)</sup> in noninterest income
- Noninterest income increased \$6.6 million<sup>(1)</sup> or 18% from Q2 2023

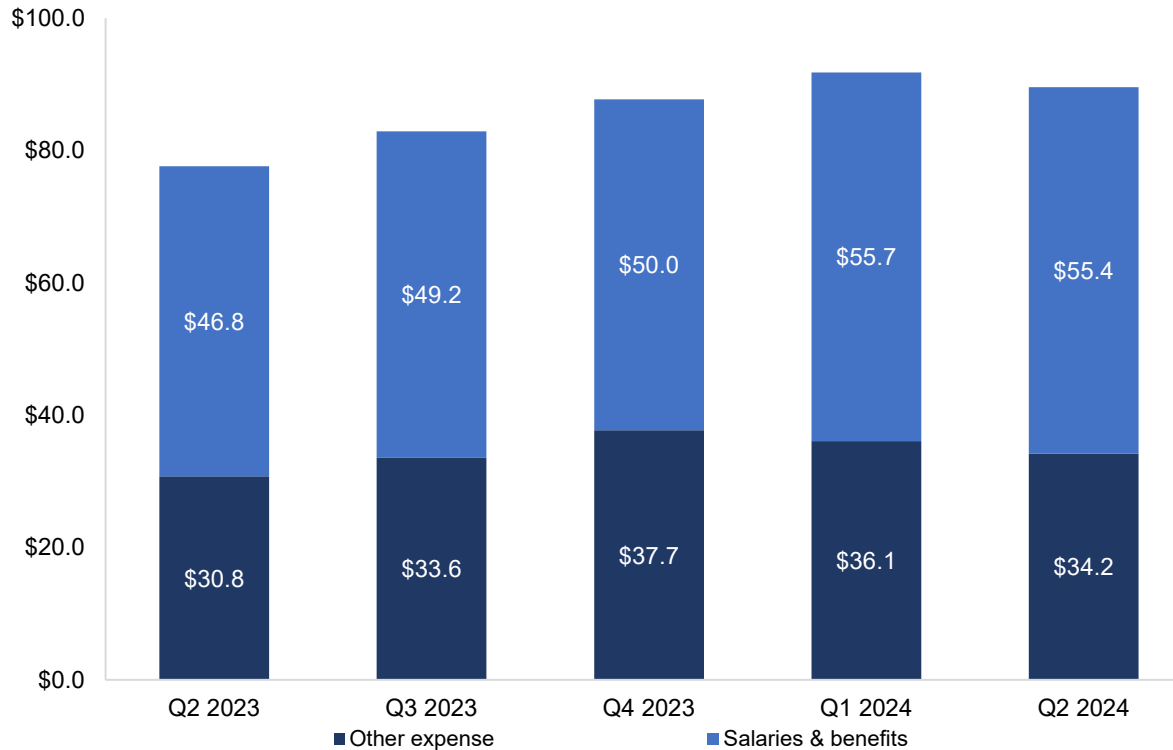
Peer Source Data: S&P Global Market Intelligence.

- Refer to appendix for Peer Group.
- Excludes net securities gains (losses).
  - Comparison to Q1 2024 unless otherwise stated.



# Noninterest Expense

Noninterest Expense Trend<sup>(1)</sup>  
(\$ in millions)



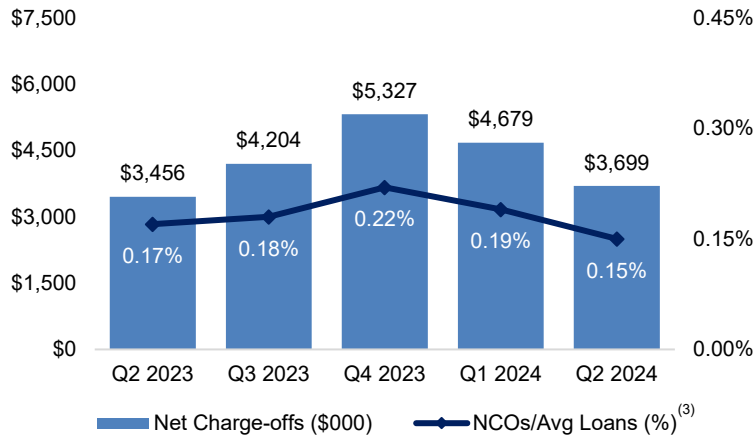
## Highlights<sup>(2)</sup>

- Salaries & benefits decreased by 0.6% driven by seasonally higher payroll taxes and stock-based compensation in Q1, which were partially offset by merit pay increases and medical costs
- Other expenses
  - Technology and data services decreased primarily due to cost savings from efficiency initiatives
  - Occupancy costs decreased due to seasonal costs including utilities

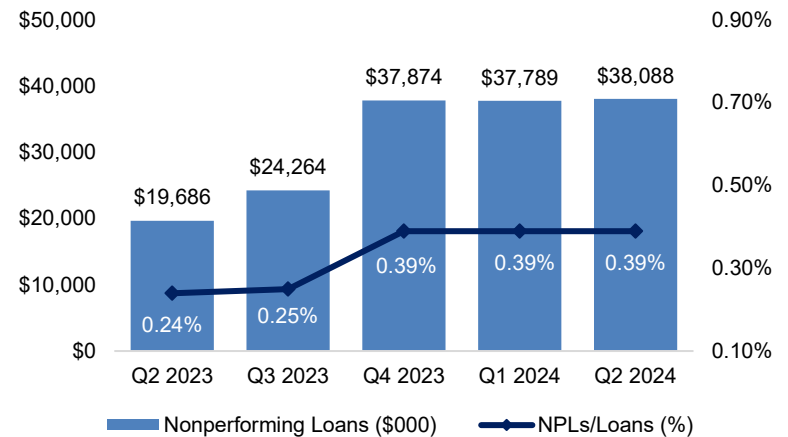
1. Other expense excludes acquisition expenses in all quarters and \$4.8 million of impairment of a minority interest equity investment in the fourth quarter 2023.
2. Comparisons to Q1 2024 unless otherwise stated.

# Asset Quality

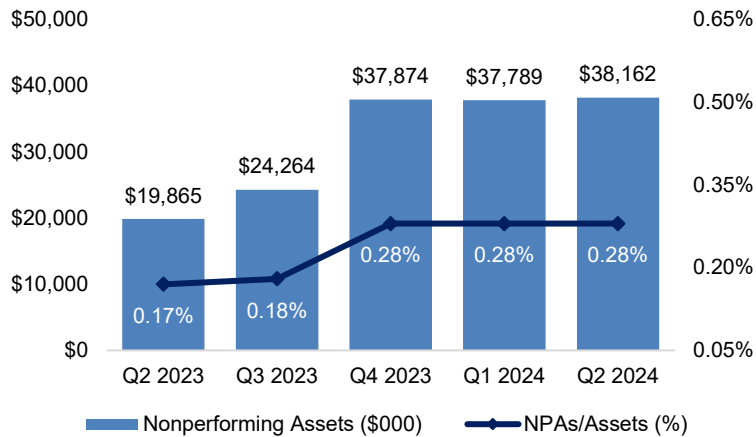
## Net Charge-Offs



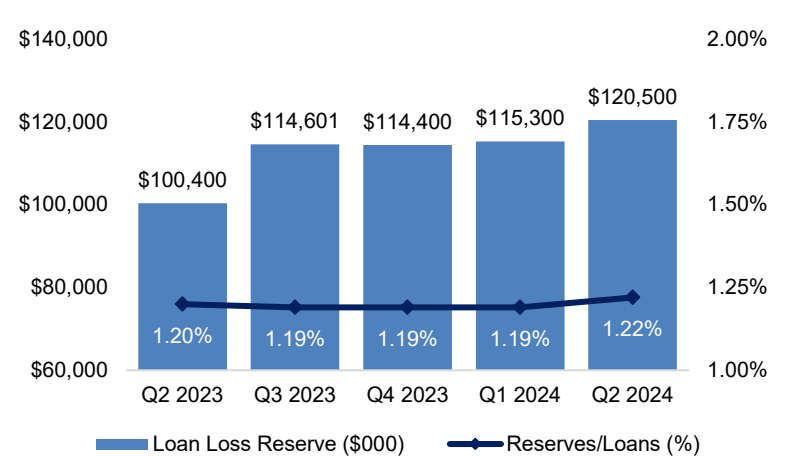
## Nonperforming Loans<sup>(1)</sup>



## Nonperforming Assets<sup>(2)</sup>



## Loan Loss Reserves



1. Nonperforming loans exclude performing trouble loan modifications.
2. Nonperforming assets include nonaccrual loans, loans ninety days past due and still accruing and other real estate owned.
3. Annualized.

# APPENDIX

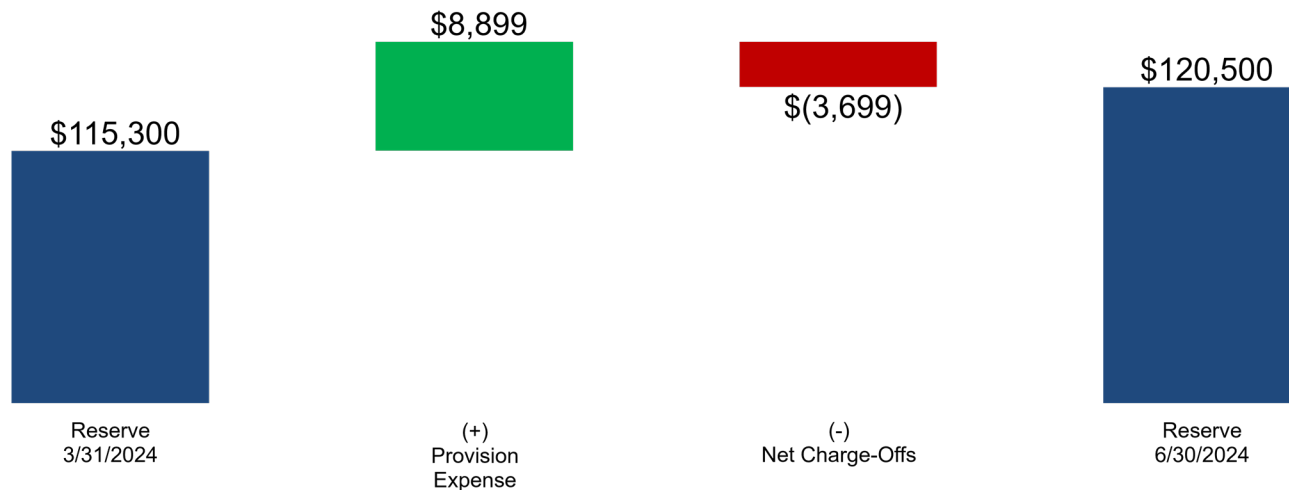


# Loan Loss Reserve (CECL)

## Reserve / Loans by Segment

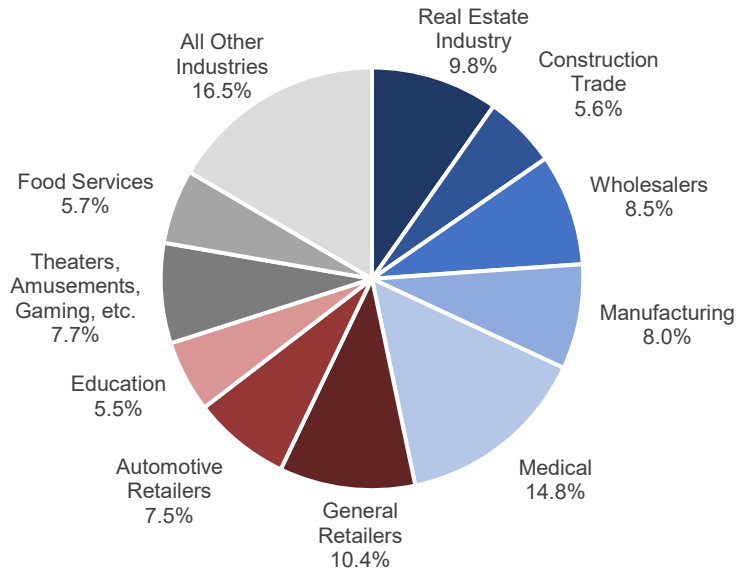
Loan Type	1/1/2020	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024
Commercial & Industrial	0.98%	0.86%	0.87%	0.84%	0.79%	0.76%
Commercial Real Estate	0.74%	0.93%	1.00%	0.99%	0.97%	1.00%
Residential Real Estate	0.83%	0.73%	0.79%	0.84%	0.89%	0.98%
Auto	0.78%	0.80%	0.82%	0.83%	0.81%	0.85%
Residential Solar	2.54%	3.09%	3.19%	3.28%	3.58%	3.76%
Other Consumer	4.74%	5.98%	5.23%	4.70%	4.24%	4.09%
<b>Total</b>	<b>1.07%</b>	<b>1.20%</b>	<b>1.19%</b>	<b>1.19%</b>	<b>1.19%</b>	<b>1.22%</b>

## 6/30/2024 Loan Loss Reserve Activity (\$ in Thousands)

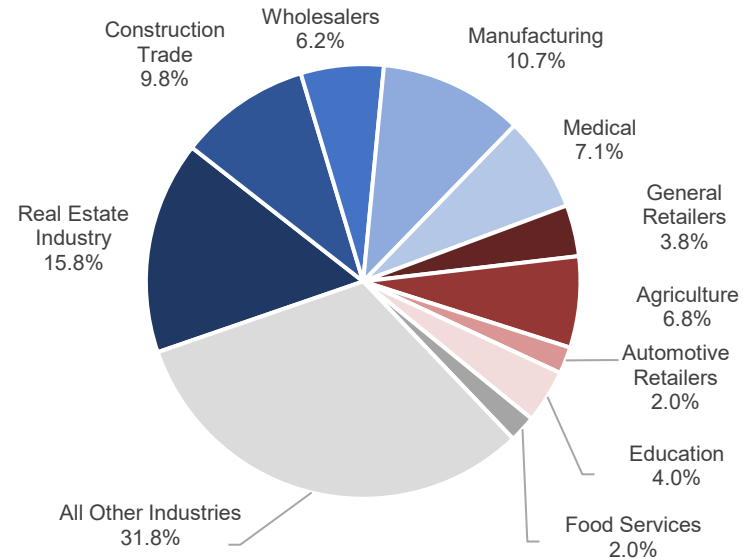


# Commercial Loan Portfolio Detail

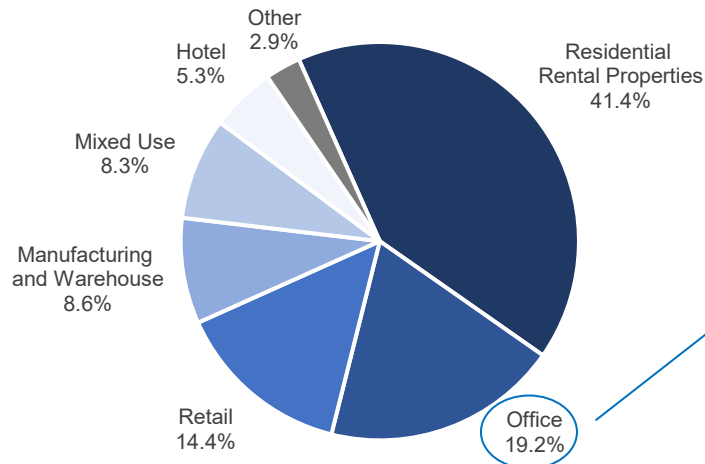
## Owner Occupied CRE (\$0.76 billion)<sup>(1)</sup>



## Commercial & Industrial (\$1.40 billion)<sup>(1)</sup>



## Non-Owner Occupied CRE (\$3.02 billion)<sup>(1)</sup>



### Office

- 5.9% of total outstanding loans
- Regionally diversified across our tertiary markets
- Primarily comprised of suburban medical and professional tenants
- \$1.9 million average loan size
- Only 9% of portfolio matures in next two years

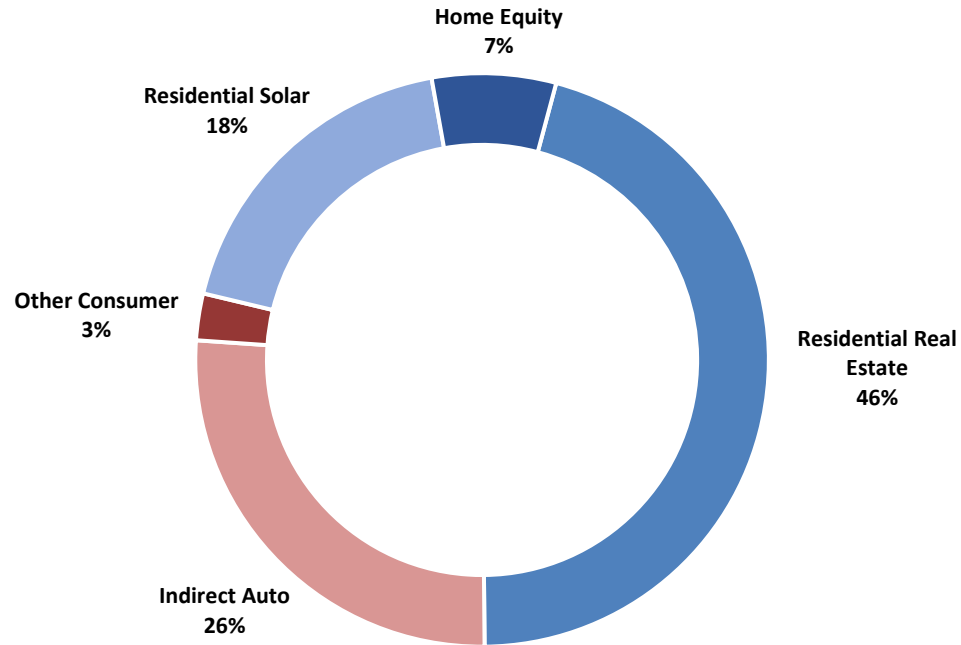
### Commercial Lending Portfolio

**\$5.18 billion**  
as of 6/30/24

1. Data as of 6/30/2024.

# Consumer & Residential Portfolio Detail

**Consumer Lending Portfolio:**  
\$4.67 billion as of 6/30/24



Category	Consumer Lending Portfolio Metrics				
	Total Outstandings (\$000s)	# of Accounts	Average Balance	Weighted Average FICO	Average DTI
Residential Real Estate	\$ 2,134,875	13,449	\$ 158,739	764	35
Indirect Auto	\$ 1,225,786	58,096	\$ 21,099	761	30
Residential Solar	\$ 861,883	27,332	\$ 31,534	762	34
Home Equity	\$ 326,556	10,711	\$ 30,488	780	33
Other Consumer	\$ 123,098	34,820	\$ 3,535	752	27

# Investment Securities Portfolio

AFS Securities (In thousands)	June 30, 2024			December 31, 2023		
	Amortized Cost	Net Unrealized (Losses)/Gains	Estimated Fair Value	Amortized Cost	Net Unrealized (Losses)/Gains	Estimated Fair Value
U.S. treasury & federal agency	\$ 391,937	\$ (42,301)	\$ 349,636	\$ 381,686	\$ (41,922)	\$ 339,764
State & municipal	95,856	(9,854)	86,002	96,251	(9,945)	86,306
U.S. government sponsored:						
Mortgage-backed	445,611	(53,279)	392,332	473,813	(51,545)	422,268
Collateralized mortgage obligations	645,536	(76,048)	569,488	614,886	(73,342)	541,544
Corporate	48,461	(6,474)	41,987	48,442	(7,466)	40,976
<b>Total securities</b>	<b>\$ 1,627,401</b>	<b>\$ (187,956)</b>	<b>\$ 1,439,445</b>	<b>\$ 1,615,078</b>	<b>\$ (184,220)</b>	<b>\$ 1,430,858</b>

HTM Securities (In thousands)	June 30, 2024			December 31, 2023		
	Amortized Cost	Net Unrealized (Losses)/Gains	Estimated Fair Value	Amortized Cost	Net Unrealized (Losses)/Gains	Estimated Fair Value
U.S. treasury & federal agency	\$ 100,000	\$ (18,048)	\$ 81,952	\$ 100,000	\$ (17,784)	\$ 82,216
State & municipal	302,991	(20,428)	282,563	308,126	(17,911)	290,215
U.S. government sponsored:						
Mortgage-backed	235,595	(34,895)	200,700	245,806	(32,176)	213,630
Collateralized mortgage obligations	240,323	(25,048)	215,275	251,335	(22,872)	228,463
Corporate	-	-	-	-	-	-
<b>Total securities</b>	<b>\$ 878,909</b>	<b>\$ (98,419)</b>	<b>\$ 780,490</b>	<b>\$ 905,267</b>	<b>\$ (90,743)</b>	<b>\$ 814,524</b>

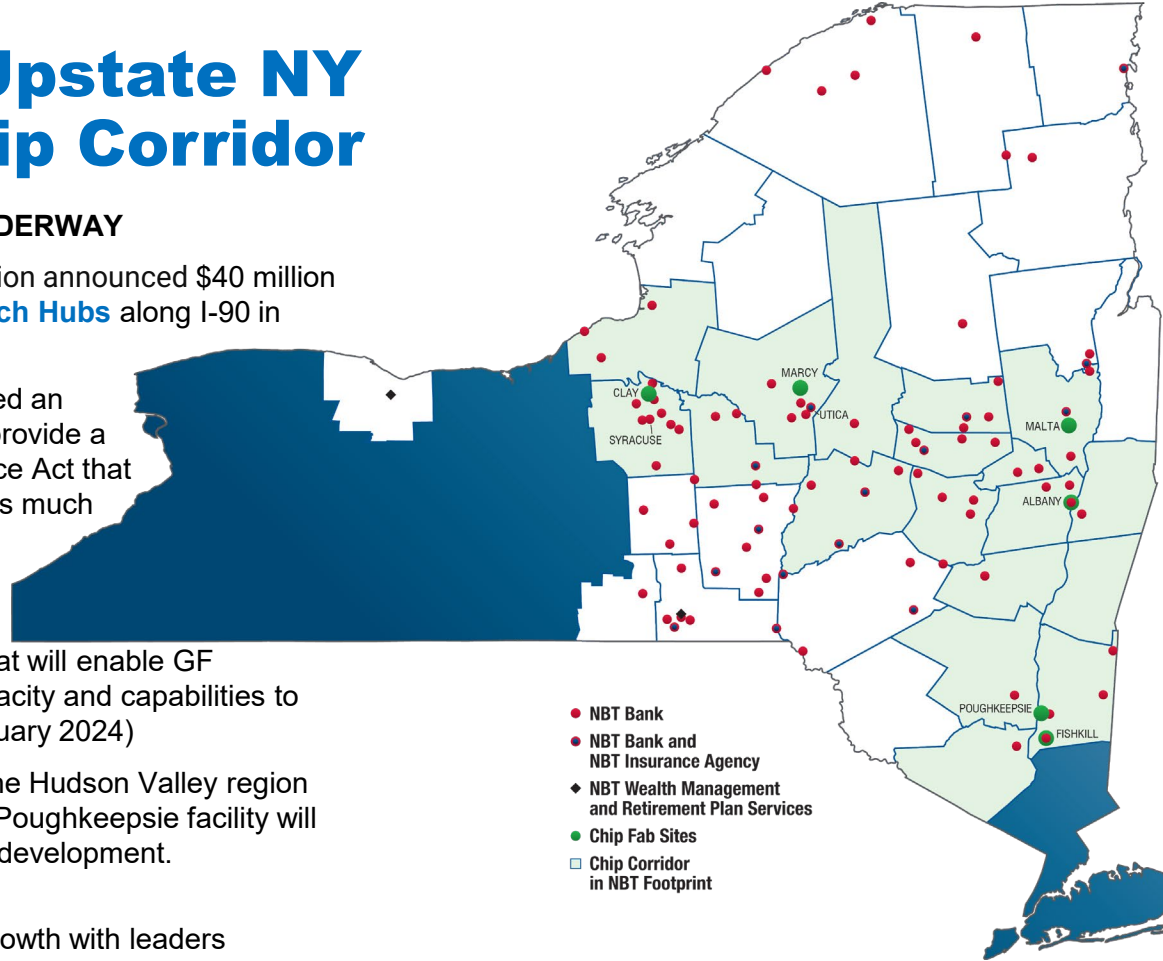
## Investment Securities Highlights

- Total net unrealized loss on investment securities was consistent with the prior quarter and up 4% from December 31, 2023
- \$200 – \$215 million of annual expected cash flows

# NBT Coverage of Upstate NY Semiconductor Chip Corridor

## TRANSFORMATIONAL INVESTMENTS ARE UNDERWAY

- The U.S. Economic Development Administration announced \$40 million in federal funding was awarded to support **Tech Hubs** along I-90 in Syracuse, Rochester and Buffalo. (July 2024)
- The U.S. Department of Commerce announced an agreement with **Micron Technology Inc.** to provide a \$6.1 billion grant under the CHIPS and Science Act that will, in part, support Micron's plans to invest as much as **\$100 billion** over next 20 years in a campus near Syracuse. (April 2024)
- **GlobalFoundries** will receive **\$1.5 billion** as part of the U.S. CHIPS and Science Act that will enable GF to expand and create new manufacturing capacity and capabilities to securely produce more essential chips. (February 2024)
- **IBM** announced a **\$20 billion** investment in the Hudson Valley region over the next 10 years with the vision that its Poughkeepsie facility will become a global hub for quantum computing development. (October 2022)
- NBT is well positioned to support this regional growth with leaders connected to key economic and workforce development initiatives.
- NBT's branch network is ideally situated in the Chip Corridor with coverage from greater Syracuse to the Mohawk Valley and Capital District extending south through the Hudson Valley.



NYCREATES





# External Recognition

In the **J.D. Power** 2024 U.S. Retail Banking Satisfaction Study, **NBT Bank ranked #2** in the NY Tri-State Region, which includes New York, Connecticut and New Jersey.

Forbes **2024**  
**WORLD'S BEST BANKS**

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ALBANY BUSINESS REVIEW



2023 BEST PLACES TO WORK

# Reconciliation of Non-GAAP Measures

(Dollars in Thousands, Except Per Share Data)	Q2 2024	Q1 2024	Q2 2023
Net Income	\$ 32,716	\$ 33,823	\$ 30,072
Amortization of Intangible Assets (Net of Tax)	1,600	1,626	344
Net Income, Excluding Intangibles Amortization	\$ 34,316	\$ 35,449	\$ 30,416
Average Tangible Common Equity	\$ 1,043,383	\$ 1,027,846	\$ 929,332
<b>Return on Average Tangible Common Equity<sup>(1)</sup></b>	<b>13.23%</b>	<b>13.87%</b>	<b>13.13%</b>
Total Stockholder's Equity	\$ 1,461,955	\$ 1,441,415	\$ 1,210,493
Goodwill and Other Intangibles	(398,686)	(400,819)	(287,701)
Tangible Common Equity	\$ 1,063,269	\$ 1,040,596	\$ 922,792
Total Assets	\$ 13,501,909	\$ 13,439,199	\$ 11,890,497
Goodwill and Other Intangibles	(398,686)	(400,819)	(287,701)
Tangible Assets	\$ 13,103,223	\$ 13,038,380	\$ 11,602,796
<b>Tangible Common Equity to Tangible Assets</b>	<b>8.11%</b>	<b>7.98%</b>	<b>7.95%</b>
Common Shares Outstanding	47,165,369	47,155,015	42,826,764
<b>Book Value Per Share</b>	<b>\$ 31.00</b>	<b>\$ 30.57</b>	<b>\$ 28.26</b>
<b>Tangible Book Value Per Share</b>	<b>\$ 22.54</b>	<b>\$ 22.07</b>	<b>\$ 21.55</b>

1. Annualized.

# Reconciliation of Non-GAAP Measures

(Dollars in Thousands)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Net Interest Income	\$ 97,174	\$ 95,174	\$ 99,173	\$ 94,895	\$ 89,085
FTE Adjustment	658	658	669	568	402
Net Interest Income, Tax Equivalent	\$ 97,832	\$ 95,832	\$ 99,842	\$ 95,463	\$ 89,487

Average Total Interest Earning Assets	\$ 12,367,957	\$ 12,273,657	\$ 12,564,076	\$ 11,803,043	\$ 10,983,347
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Net Interest Margin, Tax Equivalent <sup>(1)</sup>	3.18%	3.14%	3.15%	3.21%	3.27%
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(Dollars in Thousands, Except Per Share Data)	Q2 2024	Q1 2024	Q2 2023
Net Income	\$ 32,716	\$ 33,823	\$ 30,072
Acquisition Expenses	-	-	1,189
Securities Losses (Gains)	92	(2,183)	4,641
Adjustments to Net Income	\$ 92	\$ (2,183)	\$ 5,830
Adjustments to Net Income, (Net of Tax)	\$ 72	\$ (1,703)	\$ 4,525
<b>Operating Net Income</b>	<b>\$ 32,788</b>	<b>\$ 32,120</b>	<b>\$ 34,597</b>
<b>Operating Diluted Earnings Per Share</b>	<b>\$ 0.69</b>	<b>\$ 0.68</b>	<b>\$ 0.80</b>
<b>Operating Return on Average Assets<sup>(1)</sup></b>	<b>0.98%</b>	<b>0.97%</b>	<b>1.17%</b>
<b>Operating Return on Average Tangible Common Equity<sup>(1)</sup></b>	<b>13.26%</b>	<b>13.20%</b>	<b>15.08%</b>

1. Annualized.

# Peer Group

Name	HQ City	State	Ticker
Berkshire Hills Bancorp, Inc.	Boston	MA	BHLB
Brookline Bancorp, Inc.	Boston	MA	BRKL
Community Financial System, Inc.	Dewitt	NY	CBU
Dime Community Bancshares, Inc.	Hauppauge	NY	DCOM
Eastern Bankshares, Inc.	Boston	MA	EBC
First Busey Corporation	Champaign	IL	BUSE
First Commonwealth Financial Corporation	Indiana	PA	FCF
First Financial Bancorp.	Cincinnati	OH	FFBC
First Merchants Corporation	Muncie	IN	FRME
Fulton Financial Corporation	Lancaster	PA	FULT
Independent Bank Corp.	Rockland	MA	INDB
Northwest Bancshares, Inc.	Columbus	OH	NWBI
OceanFirst Financial Corp.	Red Bank	NJ	OCFC
Park National Corporation	Newark	OH	PRK
Premier Financial Corp.	Defiance	OH	PFC
Provident Financial Services, Inc.	Jersey City	NJ	PFS
S&T Bancorp, Inc.	Indiana	PA	STBA
Tompkins Financial Corporation	Ithaca	NY	TMP
WesBanco, Inc.	Wheeling	WV	WSBC