
2014

ANNUAL REPORT



NBT Bancorp 2014 Annual Report

Corporate Headquarters

NBT Bancorp Inc.
52 South Broad Street
Norwich, N.Y. 13815
607.337.6416

Company Profile

- › Financial holding company
- › Incorporated in 1986 in the state of Delaware
- › Primarily operates through NBT Bank, N.A. and two financial services companies
- › NBT Bank, N.A. offers personal banking, asset management and business services through over 155 locations in six states, including New York, Pennsylvania, Vermont, Massachusetts, New Hampshire and Maine.
- › EPIC Advisors, Inc., based in Rochester, N.Y., is a full-service 401(k) plan recordkeeping firm.
- › NBT-Mang Insurance Agency, based in Norwich, N.Y., is a full-service insurance agency.

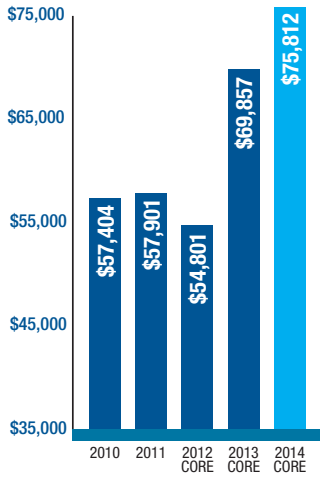
financial highlights

(dollar amounts in thousands except share and per share data)

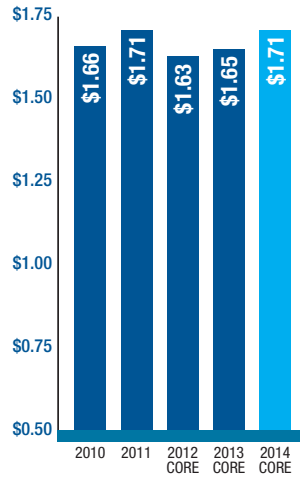
FOR THE YEAR	2014	2013
CORE PERFORMANCE*		
Net income	\$ 75,812	\$ 69,857
Diluted earnings per common share.....	\$ 1.71	\$ 1.65
Return on average assets.....	0.98%	0.96%
Return on average tangible equity.....	14.03%	14.76%
PERFORMANCE		
Net income	\$ 75,074	\$ 61,747
Return on average assets.....	0.97%	0.85%
Return on average tangible equity.....	13.90%	13.11%
Net interest margin	3.61%	3.66%
PER COMMON SHARE DATA		
Basic earnings.....	\$ 1.71	\$ 1.47
Diluted earnings	\$ 1.69	\$ 1.46
Cash dividends.....	\$ 0.84	\$ 0.81
Dividend yield.....	3.20%	3.13%
At December 31		
BALANCE SHEET DATA		
Total assets.....	\$ 7,797,926	\$ 7,652,175
Total loans	\$ 5,595,271	\$ 5,406,795
Allowance for loan losses	\$ 66,359	\$ 69,434
Deposits	\$ 6,299,605	\$ 5,890,224
Total shareholders' equity.....	\$ 864,181	\$ 816,569
ASSET QUALITY		
Nonperforming loans.....	\$ 46,015	\$ 53,702
Nonperforming assets	\$ 49,979	\$ 56,606
Nonperforming loans to total loans.....	0.82%	0.99%
CAPITAL		
Tier 1 capital ratio	12.32%	11.74%
Total risk-based capital ratio.....	13.50%	12.99%
Book value per share	\$ 19.69	\$ 18.77
Tangible book value per share	\$ 13.22	\$ 12.09
Closing stock price.....	\$ 26.27	\$ 25.90
Ending shares outstanding.....	43,896,454	43,513,050
Market capitalization.....	\$ 1,153,160	\$ 1,126,988
ASSETS UNDER MANAGEMENT		
Assets managed in a fiduciary capacity....	\$ 4,866,548	\$ 4,576,541

*Excludes merger-related expenses, gains on sales of securities, reorganization expenses and other non-core items. A reconciliation of core results with GAAP results and analysis regarding why these measures provide useful information about our results are included in Item 7 of the 2014 Form 10-K.

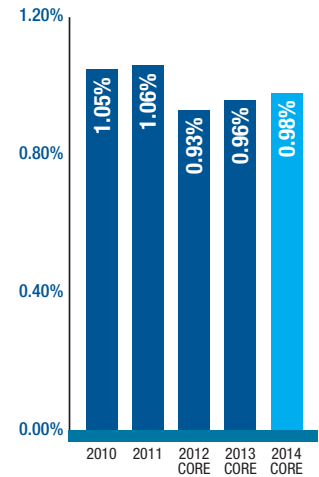
NET INCOME



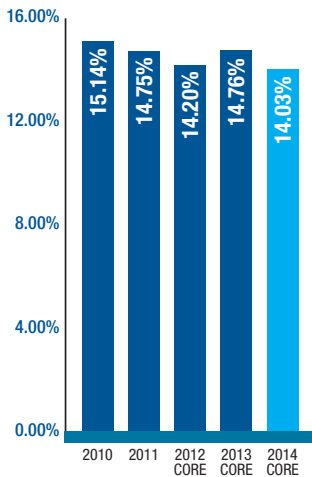
DILUTED EARNINGS PER SHARE



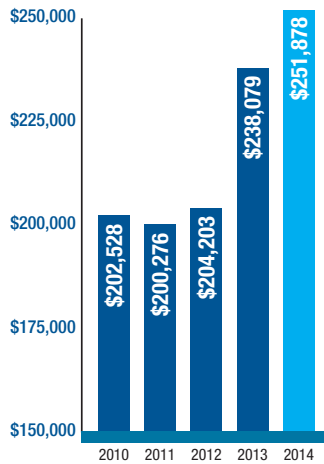
RETURN ON AVERAGE ASSETS



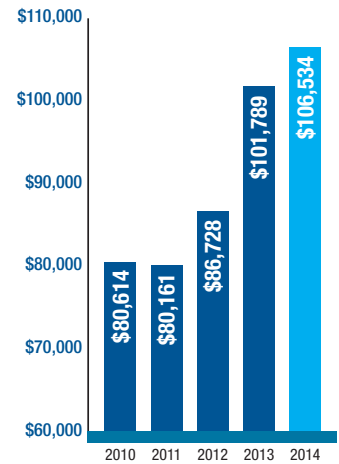
RETURN ON AVERAGE TANGIBLE EQUITY



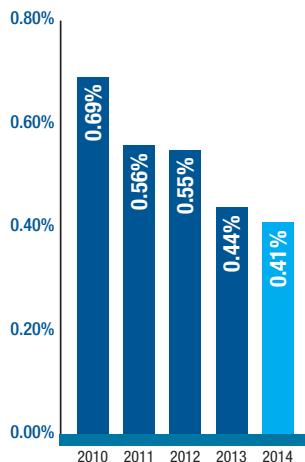
NET INTEREST INCOME



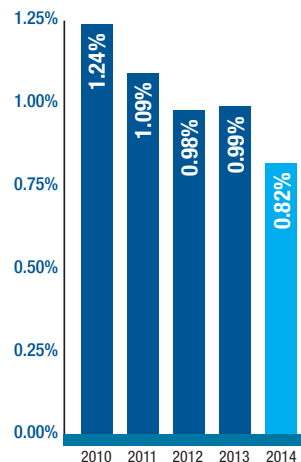
NONINTEREST INCOME*



NET CHARGE-OFFS TO AVERAGE LOANS



TOTAL NONPERFORMING LOANS TO TOTAL LOANS



Dollar amounts in thousands except per share data

Prior to 2012, core performance approximated reported performance.

*Shown excluding net securities gains and the gain on sale of an equity investment in 2014

to our shareholders

Fellow Shareholders,

We added another remarkable chapter to your company's ever-evolving story in 2014, a story that's been nearly 160 years in the making. A story that is as much about staying true to our community focus and corporate values, as it is about change.

\$75.8
MILLION

Core Net Income
2014

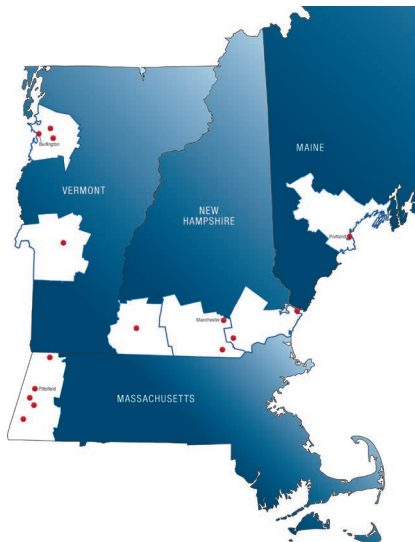
From a performance standpoint, NBT Bancorp Inc. (NBT) set a new earnings record for the second consecutive year, generating \$75.8 million in core net income for the 12 months ended December 31, 2014, up 8.5% from \$69.9 million for 2013. Core diluted

earnings per share for 2014 was \$1.71—our second highest ever—up from \$1.65 for the prior year.

And as we extended this upward earnings trajectory, asset quality improved and our growth strategies continued to flourish all across the company.

Our most visible growth initiative has been our expansion into New England. It's also a prime example of our willingness and ability to change, paired with the discipline to keep our community commitment the same—no matter where we take the company.

Not so long ago, New England wasn't even on our radar. Now, just five years after entering the market, NBT has 16 locations in four states, nearly 100 employees and over \$700 million in loans. In 2014 alone, we added a sixth office in Massachusetts (our second in Pittsfield), a fourth in Vermont (Rutland), and also established a presence in Maine with a new regional headquarters in Portland.



We embraced change—four new states in five years—and we did it our way: through acquisition and organic growth in vibrant markets with an appetite for our locally focused, customer-centric style of community banking. We believe this approach underlies our success in New England, and we see tremendous upside potential there as we continue to build strong teams of local bankers.

Wealth Management was another highlight in 2014 with total revenue up 14% over the prior year driven by gains in brokerage, investment and retirement plan income. Successful cross selling to existing bank and insurance customers was facilitated by a mutual referral program. We expect that cooperative effort will strengthen and continue to produce positive results for Wealth Management.

Commercial Banking ended 2014 with loans up 4% and deposits up 14% over the prior year. Here again, the underlying story harkens back to those values that compel us to engage and improve the communities we serve. And in the case of Commercial Banking, they literally have been transformational.

NBT provides tens of millions of dollars in financing to help make game-changing projects possible throughout our market areas. The projects featured below and others like them are transforming our communities by providing vital services, creating jobs, revitalizing downtowns and re-energizing rural areas.

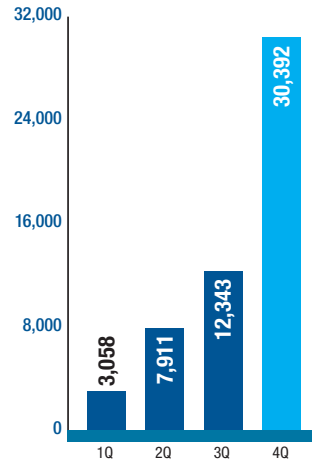
- Affordable housing in Norwich, New York (\$5.5 million)
- A Ronald McDonald House in Syracuse, New York (\$7.7 million)
- An urgent care center in Clifton Park, New York (\$9 million)
- A retirement home in Pittsfield, Massachusetts (\$14 million)
- An office building in St. Albans, Vermont (\$13 million)

If ever there was an intersection between our values as community bankers and our disposition as agents of change, this is truly it.

NBT also continued its leadership role in Small Business Administration lending, finishing 2014 as the top large community lender in the Syracuse District for the fourth consecutive year. We provided dozens of upstate New York businesses with SBA financing worth a total of \$10 million.

2014 SELF-SERVICE CUSTOMER TRANSACTIONS

When it comes to change, nowhere is it more prevalent than with technology. From digital branches with updated floor plans and new self-service options, to more versatile ATMs and enhanced mobile banking, last year we continued rolling out new means for customers to manage their money from wherever they are, however they want to, whenever they need to. Our investments in technology are paying off as the number of online and mobile transactions continue to trend higher. This not only satisfies customer needs and preferences, it makes our business more efficient.



Technology is making NBT more efficient in other ways, too. Ongoing efforts by teams throughout the company identified opportunities to cut expenses by streamlining certain processes, reducing the need for couriers and eliminating unnecessary reports. There is more to do, and this work will naturally continue.

Our record core earnings for 2014 reflect the first full year of benefits from the acquisition of Alliance Financial Corporation, completed in March 2013. The acquisition of this like-minded community bank in central New York was a perfect fit for NBT, and we're pleased to recognize its contribution to our solid performance.

We always strive to manage the company strategically to produce long-term value for our shareholders. Such was the case in 2014, when we leveraged a one-time gain from the sale of our equity interest in Springstone Financial to restructure our long-term borrowings and lowered the cost of the restructured long-term debt by approximately 200 basis points.

As planned, all of our Pennstar Bank branches in Pennsylvania and the Mang Insurance Agency were united under the NBT brand in 2014. This makes our locations easier to recognize, makes us more efficient and helps customers identify NBT with the full range of products and services offered by our increasingly diverse company.

Moving forward, we know that talented, dedicated employees will continue to be our primary competitive advantage. Accordingly, we remain focused on recruiting, retaining and supporting the very best people. They are the ones who will write the next chapters in our story and execute on the plans so vital to our success.

Our employees must also shoulder much of the responsibility for ensuring that NBT remains in compliance with evolving banking regulations and consumer protection laws. We manage this crucial task proactively by designing procedures, policies and products with compliance top of mind.

The Bank of Norwich, which would ultimately become NBT, opened for business in a small storefront on July 15, 1856. It started out with \$125,000 in capital. At the end of 2014, NBT closed its books with \$864,000,000 in equity, \$1 billion in market capitalization and \$7.8 billion in assets. That alone is quite a story.

How then does a bank preparing for the milestone of \$10 billion in assets, with over 155 locations in six states, get to call itself a "community" bank? It's those enduring community and corporate values that guide the personal way we go about our business—always seeking to put the customer first.

enduring
community and
corporate values

We can't stop the world or our industry from changing. We can only carefully measure how we adapt to those changes based on the principles that have brought us success. And in that endeavor, we thank you for your support.

Martin A. Dietrich
President and
Chief Executive Officer

Daryl R. Forsythe
Chairman of the Board

NBT Bancorp leadership

Executive Management Team

Martin A. Dietrich

President and
Chief Executive Officer

Michael J. Chewens

Senior Executive
Vice President and
Chief Financial Officer

Howard L. Atkinson

Executive Vice President,
Strategic Operations

Timothy L. Brenner

Executive Vice President
and President of
Wealth Management

Jeffrey M. Levy

Executive Vice President
and President of
Commercial Banking

F. Sheldon Prentice

Executive Vice President,
General Counsel and
Corporate Secretary

David E. Raven

Executive Vice President,
President of Retail Banking
and President of Pennsylvania

Catherine M. Scarlett

Executive Vice President
and Chief Human Resources
Officer

Joseph R. Stagliano

Executive Vice President
and Chief Information Officer

Jack H. Webb

Executive Vice President,
Strategic Support

*Additional information
regarding our Executive
Management Team and
the NBT Bancorp Board of
Directors can be found in
the proxy statement for our
2015 Annual Meeting of
Shareholders.*

board listings

NBT Bancorp Inc.

Daryl R. Forsythe,
Chairman

Martin A. Dietrich,
President and CEO

Richard Chojnowski

Patricia T. Civil

Timothy E. Delaney

James H. Douglas

John C. Mitchell

Michael M. Murphy

Joseph A. Santangelo

Lowell A. Seifter, Esq.

Paul M. Solomon

Robert A. Wadsworth

Jack H. Webb

NBT Bank, N.A.

Daryl R. Forsythe,
Chairman

Martin A. Dietrich,
President and CEO

Richard Chojnowski

Patricia T. Civil

Timothy E. Delaney

Donald H. Dew

James H. Douglas

Brian K. Hanaburgh

Andrew S. Kowalczyk III, Esq.

Susan H. Kwiatek

Thomas G. Mazzotta, Esq.

John C. Mitchell

Michael M. Murphy

V. Daniel Robinson II

Matthew J. Salanger

Joseph A. Santangelo

Lowell A. Seifter, Esq.

Paul M. Solomon

Russell B. Strait

Robert A. Wadsworth

Jack H. Webb

Honorary Directors

Carl Barbic

J. Peter Chaplin

Peter B. Gregory, DDS

Paul D. Horger, Esq.

Janet H. Ingraham

Andrew S. Kowalczyk Jr., Esq.

Van Ness D. Robinson

Paul O. Stillman

J.K. Weinman

NASDAQ
SYMBOL

NBTB

shareholder information

Annual Meeting

Tuesday, May 5, 2015, 10:00 a.m.
 DoubleTree by Hilton Hotel
 225 Water Street
 Binghamton, N.Y. 13901
 607.722.7575

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.nbtbankcorp.com or by writing to Chief Financial Officer Michael J. Chewens at the corporate headquarters address provided on the back cover.

Shareholder Relations

Information regarding NBT Bancorp, our dividend reinvestment and stock repurchase plan, and direct deposit of dividends can be found on our website at www.nbtbankcorp.com.

Those seeking additional information should contact Shareholder Relations by phone at 800.NBT.BANK (800.628.2265), Option 7, or by mail in the care of NBT Bank at 20 Mohawk Street, Canajoharie, N.Y. 13317.

Stock

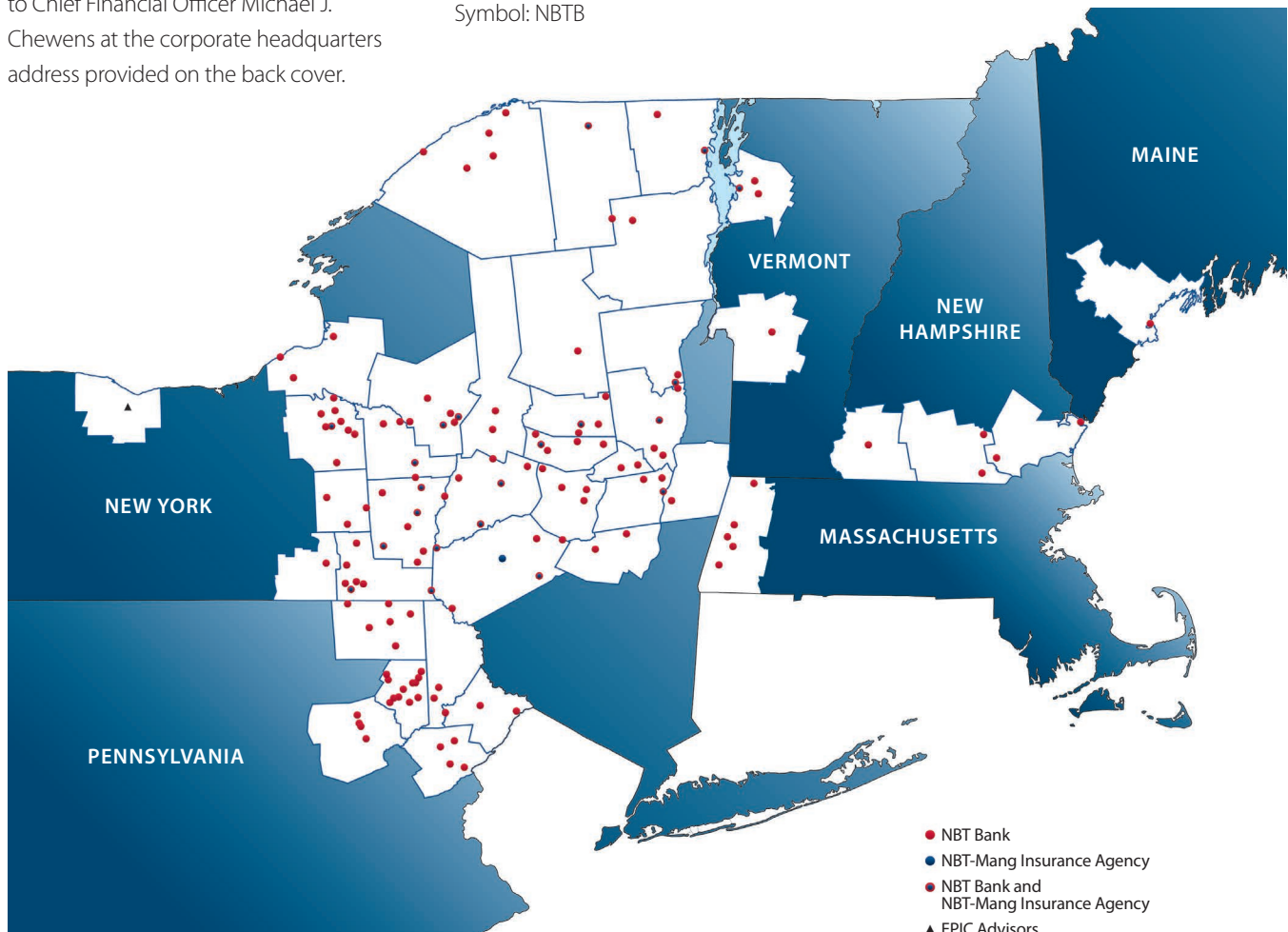
Traded on:
 NASDAQ Global Select Market
 Symbol: NBTB

Stock Transfer and Registrar Agent

NBT Bank
 20 Mohawk Street
 Canajoharie, N.Y. 13317
 800.NBT.BANK
 (800.628.2265), Option 7

Independent Auditors

KPMG LLP
 515 Broadway
 Albany, N.Y. 12207





52 South Broad Street | Norwich, N.Y. 13815 | www.nbtbancorp.com



www.nbtbank.com



www.nbtmang.com



www.epic1st.com