

NBT Bancorp Inc. Announces Record Net Income of \$76.4 Million; Declares Cash Dividend

January 25, 2016

NORWICH, N.Y., Jan. 25, 2016 (GLOBE NEWSWIRE) -- NBT Bancorp Inc. (NBT) (NASDAQ:NBTB) reported net income for the year ended December 31, 2015 of \$76.4 million, up from \$75.1 million from the prior year. Earnings per diluted share for the year ended December 31, 2015 was \$1.72, up from \$1.69 for the prior year.

Net income for the three months ended December 31, 2015 was \$19.1 million, up from \$18.5 million for the same period last year. Diluted earnings per share for the three months ended December 31, 2015 was \$0.43, up from \$0.42 for the same period last year.

2015 Highlights:

- 2015 organic loan growth of 5.1%
- Average demand deposits for 2015 up 11.2% from 2014
- Improvement in asset quality indicators:
 - Nonperforming loans to total loans improved to 0.64% at December 31, 2015 from 0.82% at December 31, 2014
 - Past due loans to total loans improved to 0.62% at December 31, 2015 from 0.69% at December 31, 2014
 - Net charge-offs to average loans improved to 0.38% for 2015 from 0.41% in 2014

"We are pleased to report strong financial performance in 2015, including record net income of \$76.4 million, in a very challenging environment," said NBT President and CEO Martin Dietrich. "Our organic deposit and loan growth and improvement in our asset quality indicators demonstrate the ongoing efforts of our employees to deliver quality financial solutions and build lasting relationships while constantly striving to enhance the experience we deliver to our customers. We remain confident that NBT is well positioned for future success and will continue investing in our company to create long-term value for our shareholders."

Net interest income was \$252.6 million for the year ended December 31, 2015, up \$0.7 million from 2014. Fully taxable equivalent ("FTE") net interest margin was 3.50% for the year ended December 31, 2015, down from 3.61% for the year ended December 31, 2014. Average interest earning assets were up \$241.8 million, or 3.4%, for the year ended December 31, 2015 as compared to 2014. This increase from last year was driven primarily by organic loan growth in both years. Yields on earning assets decreased from 3.94% during 2014 to 3.78% for 2015, more than offsetting the growth in earning assets, resulting in a 0.7% decrease in interest income for the year ended December 31, 2015 as compared to the year ended December 31, 2014. The yield compression was driven by a 20 basis-point decrease in loan yields from 2014 to 2015. Average interest bearing liabilities increased \$21.0 million, or 0.4%, from the year ended December 31, 2014 to the year ended December 31, 2015. Total average deposits increased \$344.2 million, or 5.6%, for the year ended December 31, 2015 as compared to last year driven primarily by an 11.2% increase in non-interest bearing demand deposits, as well as increases in money market deposit accounts and savings deposits in 2015. This increase was partially offset by a decrease in average long-term borrowings of \$93.9 million for the year ended December 31, 2015 as compared to last year due to the debt restructuring strategy completed during the third quarter of 2014. In addition, average short-term borrowings decreased \$42.6 million for the year ended December 31, 2015 as compared to last year driven by deposit growth. The rates paid on interest bearing liabilities decreased by 5 basis-points for the year ended December 31, 2015 as compared to 2014. This decrease resulted primarily from a shift in deposits into lower cost core deposits as well as the aforementioned debt restructuring.

Net interest income was \$63.5 million for the fourth quarter of 2015, down \$0.7 million from the previous quarter, and down \$0.5 million from the fourth quarter of 2014. FTE net interest margin was 3.42% for the three months ended December 31, 2015, down from 3.48% for the previous quarter and down from 3.61% for the fourth quarter of 2014. Average interest earning assets were up \$49.2 million, or 0.7%, for the fourth quarter of 2015 as compared to the prior quarter, and up \$341.5 million, or 4.8%, from the same period in 2014. The increase from the third quarter of 2015 was driven primarily by organic loan production. Yields on earning assets decreased by 7 basis-points from 3.77% during the third quarter of 2015 to 3.70% for the fourth quarter of 2015. This decrease in yield was partially offset by the growth in earning assets during the fourth quarter of 2015, and resulted in the 1.0% decrease in interest income for the fourth quarter of 2015 as compared to the prior quarter. The yield compression was driven primarily by a 9 basis-point decrease in loan yields from the third quarter of 2015 to the fourth quarter of 2015. Average interest bearing liabilities decreased nominally from the third quarter of 2015 to the fourth quarter of 2015. The rate paid on interest bearing liabilities was 0.40% for both the fourth and third quarters of 2015 and contributed to the relatively flat interest expense for the fourth quarter of 2015 as compared to the prior quarter.

Noninterest income for the year ended December 31, 2015 was \$118.5 million, down \$7.5 million, or 6.0%, from the year ended December 31, 2014. The decrease from 2014 was primarily driven by a gain recognized in 2014 from the previously disclosed sale of our ownership interest in Springstone. This decrease was offset by a gain on the sale of an equity investment totaling \$3.0 million in the fourth quarter of 2015. In addition, retirement plan administration fees were up \$2.0 million, or 16.6%, from 2014 to 2015 due to new business generation as well as the 2015 acquisition of Third Party Administrators, Inc. ("TPA, Inc."). ATM and debit card fees were up \$1.1 million, or 6.5%, in 2015 as compared to 2014 due to an increase in debit card activity. Other noninterest income was up \$3.7 million in 2015 as compared with 2014 due primarily to charge-off recoveries on acquired loans of \$1.5 million and a favorable settlement of a prior accrual of \$1.6 million in 2015.

Noninterest income for the three months ended December 31, 2015 was \$32.5 million, up \$1.2 million from the prior period, and up \$5.4 million from the same period in 2014. The increase from 2014 was primarily driven by the aforementioned \$3.0 million gain from the 2015 sale of an equity investment. In addition, retirement plan administration fees were up \$1.2 million during the three months ended December 31, 2015 as compared with the same period in 2014, due primarily to the aforementioned acquisition of TPA, Inc. Other noninterest income was up \$2.1 million in fourth quarter of 2015 as compared with the same period in 2014 due primarily to the aforementioned favorable settlement of a prior accrual in 2015.

Noninterest expense for the year ended December 31, 2015 was \$236.2 million, down \$9.9 million from 2014. This decrease was driven primarily by \$17.9 million in prepayment penalties resulting from the debt restructuring in 2014. This decrease was partially offset by an increase in salaries and

employee benefits of \$4.7 million, or 3.9%, from 2014 to 2015. This increase was driven primarily by higher post retirement expenses as well as contract termination costs accrued in the fourth quarter of 2015. In addition, other operating expenses were up \$4.6 million in 2015 as compared with 2014. This increase was driven primarily by branch reorganization expenses totaling \$3.8 million in 2015.

Noninterest expense for the three months ended December 31, 2015 was \$60.6 million, up \$0.7 million from the previous quarter, and up \$3.9 million from the same period in 2014. The increase from the prior quarter was due primarily to an increase in salaries and employee benefits driven by higher post retirement costs as well as the aforementioned contract termination costs in the fourth quarter of 2015. This increase was partially offset by a \$2.9 million decrease in other operating expenses for the fourth quarter of 2015 as compared with the third quarter of 2015. This decrease was driven by the aforementioned branch reorganization expenses, which were mostly incurred during the third quarter of 2015. The increase in noninterest expense from the fourth quarter of 2014 to the fourth quarter of 2015 was driven primarily by the aforementioned increase in salaries and employee benefits.

Asset Quality

Net charge-offs were \$21.6 million for the year ended December 31, 2015, down from \$22.6 million for the year ended December 31, 2014. Provision expense was \$18.3 million for the year ended December 31, 2015, as compared with \$19.5 million for 2014. Net charge-offs to average loans for 2015 was 0.38%, compared with 0.41% for 2014. Included in these net charge-offs were \$1.3 million and \$3.0 million during the fourth quarter of 2015 and 2014, respectively, related to one acquired commercial loan relationship.

Net charge-offs were \$7.6 million for the three months ended December 31, 2015, up from \$5.1 million for the prior quarter, and down from \$9.9 million for the fourth quarter of 2014. Provision expense was \$5.8 million for the three months ended December 31, 2015, as compared with \$5.0 million for the prior quarter, and \$6.9 million for the fourth quarter of 2014. Annualized net charge-offs to average loans for the fourth quarter of 2015 was 0.51%, compared with 0.35% for the third quarter of 2015 and 0.70% for the fourth quarter of 2014.

Nonperforming loans to total loans was 0.64% at December 31, 2015, down from 0.79% for the prior quarter, and down from 0.82% at December 31, 2014. Past due loans as a percentage of total loans were 0.62% at December 31, 2015, down slightly from 0.63% at September 30, 2015, and down from 0.69% at December 31, 2014.

The allowance for loan losses totaled \$63.0 million at December 31, 2015, compared to \$64.9 million at September 30, 2015, and \$66.4 million at December 31, 2014. The allowance for loan losses as a percentage of loans was 1.07% (1.18% excluding acquired loans with no related allowance recorded) at December 31, 2015, compared to 1.10% (1.21% excluding acquired loans with no related allowance recorded) at September 30, 2015 and 1.19% (1.36% excluding acquired loans with no related allowance recorded) at December 31, 2014. The decrease in the allowance for loan losses as a percentage of loans from prior periods was due primarily to continued positive trends in asset quality metrics of the originated loan portfolio.

Balance Sheet

Total assets were \$8.3 billion at December 31, 2015, up \$455.3 million, or 5.8% from December 31, 2014. Loans were \$5.9 billion at December 31, 2015, up \$287.9 million from December 31, 2014, due to organic loan growth in 2015. Total deposits were \$6.6 billion at December 31, 2015, up \$305.2 million, or 4.8%, from December 31, 2014. Stockholders' equity was \$882.0 million, representing a total equity-to-total assets ratio of 10.67% at December 31, 2015, compared with \$864.2 million or a total equity-to-total assets ratio of 11.07% at December 31, 2014.

Stock Repurchase Program

The Company purchased 1,047,152 shares of its common stock during the year ended December 31, 2015 at an average price of \$25.59 per share under previously announced plans. As of December 31, 2015, there were 952,848 shares available for repurchase under the repurchase plan that was announced on July 27, 2015, which expires on December 31, 2016.

Dividend

The NBT Board of Directors declared a 2016 first-quarter cash dividend of \$0.22 per share at a meeting held today. The dividend will be paid on March 15, 2016 to shareholders of record as of March 1, 2016.

Corporate Overview

NBT Bancorp Inc. is a financial holding company headquartered in Norwich, N.Y., with total assets of \$8.3 billion at December 31, 2015. The company primarily operates through NBT Bank, N.A., a full-service community bank, and through two financial services companies. NBT Bank, N.A. has 155 banking locations with offices in 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. More information about NBT and its divisions can be found on the Internet at: www.nbtbancorp.com, www.nbtbank.com, www.epic1st.com and www.nbtmang.com.

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 update forward-looking statements to reflect subsequent circumstances or events.

Non-GAAP Measures

This press release contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America (GAAP). These measures adjust GAAP measures to exclude the effects of acquisition related intangible amortization expense on earnings and equity as well as providing a fully taxable equivalent yield on securities and loans. Where non-GAAP disclosures are used in this press release, the comparable GAAP measure, as well as a reconciliation to the comparable GAAP measure, is provided in the accompanying tables. Management believes that these non-GAAP measures provided useful information that is important to an understanding of the results of NBT's core business as well as provide information standard in the financial institution industry. Non-GAAP measures should not be considered a substitute for financial measures determined in accordance with GAAP and investors should consider NBT's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of NBT.

NBT Bancorp Inc. and Subsidiaries

SELECTED FINANCIAL DATA

(unaudited, dollars in thousands except per share data)

| | 2015 | | | | 2014 |
|---|------------|------------|------------|------------|------------|
| | 4th Q | 3rd Q | 2nd Q | 1st Q | 4th Q |
| Profitability: | | | | | |
| Diluted Earnings Per Share | \$ 0.43 | \$ 0.45 | \$ 0.43 | \$ 0.41 | \$ 0.42 |
| Weighted Average Diluted | | | | | |
| Common Shares Outstanding | 44,072,049 | 44,262,426 | 44,530,123 | 44,641,913 | 44,535,274 |
| Return on Average Assets (1) | 0.93 | % 0.97 | % 0.97 | % 0.94 | % 0.94 |
| Return on Average Equity (1) | 8.58 | % 8.97 | % 8.81 | % 8.46 | % 8.46 |
| Return on Average Tangible Common Equity (1)(3) | 13.04 | % 13.66 | % 13.47 | % 13.08 | % 13.09 |
| Net Interest Margin (1)(2) | 3.42 | % 3.48 | % 3.51 | % 3.60 | % 3.61 |

12 Months ended December 31,

| | 2015 | 2014 |
|--|------------|------------|
| Profitability: | | |
| Diluted Earnings Per Share | \$ 1.72 | \$ 1.69 |
| Weighted Average Diluted | | |
| Common Shares Outstanding | 44,389,356 | 44,394,560 |
| Return on Average Assets | 0.96 | % 0.97 |
| Return on Average Equity | 8.70 | % 8.84 |
| Return on Average Tangible Common Equity (4) | 13.31 | % 13.90 |
| Net Interest Margin (2) | 3.50 | % 3.61 |

(1) Annualized

(2) Calculated on a Fully Tax Equivalent ("FTE") basis

(3) Excludes amortization of intangible assets (net of tax) from net income and average tangible common equity is calculated as follows:

| | 2015 | | | | 2014 |
|--|------------|------------|------------|------------|------------|
| | 4th Q | 3rd Q | 2nd Q | 1st Q | 4th Q |
| Net Income | \$ 19,127 | \$ 19,851 | \$ 19,281 | \$ 18,166 | \$ 18,513 |
| Amortization of intangible assets (net of tax) | 750 | 712 | 725 | 784 | 749 |
| | \$ 19,877 | \$ 20,563 | \$ 20,006 | \$ 18,950 | \$ 19,262 |
| Average stockholders' equity | \$ 884,743 | \$ 878,305 | \$ 878,164 | \$ 871,074 | \$ 868,634 |
| Less: average goodwill and other intangibles | 279,904 | 281,048 | 282,272 | 283,508 | 284,743 |
| Average tangible common equity | \$ 604,839 | \$ 597,257 | \$ 595,892 | \$ 587,566 | \$ 583,891 |

(4) Excludes amortization of intangible assets (net of tax) from net income and average tangible common equity is calculated as follows:

12 Months ended December 31,

| 2015 | 2014 |
|------|------|
|------|------|

| | | |
|--|------------|------------|
| Net Income | \$ 76,425 | \$ 75,074 |
| Amortization of intangible assets (net of tax) | 2,971 | 3,083 |
| | \$ 79,396 | \$ 78,157 |
| Average stockholders' equity | \$ 878,110 | \$ 849,465 |
| Less: average goodwill and other intangibles | 281,671 | 287,013 |
| Average tangible common equity | \$ 596,439 | \$ 562,452 |

Note: Year-to-date (YTD) EPS may not equal sum of quarters due to share count differences.

NBT Bancorp Inc. and Subsidiaries

SELECTED FINANCIAL DATA

(unaudited, dollars in thousands except per share data)

| | 2015 | | | | 2014 | |
|--|--------------|--------------|--------------|--------------|--------------|---|
| | 4th Q | 3rd Q | 2nd Q | 1st Q | 4th Q | |
| Balance Sheet Data: | | | | | | |
| Securities Available for Sale | \$ 1,174,544 | \$ 1,058,397 | \$ 1,129,249 | \$ 1,071,654 | \$ 1,013,171 | |
| Securities Held to Maturity | 471,031 | 470,758 | 454,312 | 456,773 | 454,361 | |
| Net Loans | 5,820,115 | 5,806,129 | 5,705,929 | 5,557,664 | 5,528,912 | |
| Total Assets | 8,262,646 | 8,178,976 | 8,081,892 | 7,877,527 | 7,807,340 | |
| Total Deposits | 6,604,843 | 6,600,627 | 6,371,479 | 6,479,437 | 6,299,605 | |
| Total Borrowings | 674,124 | 594,163 | 743,893 | 425,143 | 548,943 | |
| Total Liabilities | 7,380,642 | 7,302,760 | 7,205,921 | 7,000,033 | 6,943,159 | |
| Stockholders' Equity | 882,004 | 876,216 | 875,971 | 877,494 | 864,181 | |
| Asset Quality: | | | | | | |
| Nonaccrual Loans | \$ 33,744 | \$ 42,524 | \$ 42,286 | \$ 45,053 | \$ 41,074 | |
| 90 Days Past Due and Still Accruing | 3,662 | 3,790 | 1,994 | 2,601 | 4,941 | |
| Total Nonperforming Loans | 37,406 | 46,314 | 44,280 | 47,654 | 46,015 | |
| Other Real Estate Owned | 4,666 | 4,855 | 4,649 | 4,387 | 3,964 | |
| Total Nonperforming Assets | 42,072 | 51,169 | 48,929 | 52,041 | 49,979 | |
| Allowance for Loan Losses | 63,018 | 64,859 | 64,959 | 65,359 | 66,359 | |
| Asset Quality Ratios (Total): | | | | | | |
| Allowance for Loan Losses to Total Loans | 1.07 | % 1.10 | % 1.13 | % 1.16 | % 1.19 | % |
| Total Nonperforming Loans to Total Loans | 0.64 | % 0.79 | % 0.77 | % 0.85 | % 0.82 | % |
| Total Nonperforming Assets to Total Assets | 0.51 | % 0.63 | % 0.61 | % 0.66 | % 0.64 | % |
| Allowance for Loan Losses to Total Nonperforming Loans | 168.47 | % 140.04 | % 146.70 | % 137.15 | % 144.21 | % |
| Past Due Loans to Total Loans | 0.62 | % 0.63 | % 0.61 | % 0.54 | % 0.69 | % |
| Net Charge-Offs to Average Loans (3) | 0.51 | % 0.35 | % 0.30 | % 0.34 | % 0.70 | % |
| Asset Quality Ratios (Originated) (1): | | | | | | |
| Allowance for Loan Losses to Loans | 1.18 | % 1.21 | % 1.24 | % 1.29 | % 1.36 | % |
| Nonperforming Loans to Loans | 0.61 | % 0.63 | % 0.59 | % 0.69 | % 0.72 | % |
| Allowance for Loan Losses to Nonperforming Loans | 193.00 | % 192.49 | % 208.99 | % 188.68 | % 187.88 | % |
| Past Due Loans to Loans | 0.64 | % 0.67 | % 0.64 | % 0.56 | % 0.73 | % |
| Capital: | | | | | | |
| Equity to Assets | 10.67 | % 10.71 | % 10.84 | % 11.14 | % 11.07 | % |
| Book Value Per Share | \$ 20.31 | \$ 20.29 | \$ 20.05 | \$ 19.95 | \$ 19.69 | |
| Tangible Book Value Per Share (2) | \$ 13.79 | \$ 13.80 | \$ 13.61 | \$ 13.52 | \$ 13.22 | |
| Tier 1 Leverage Ratio | 9.44 | % 9.34 | % 9.57 | % 9.72 | % 9.39 | % |

| | | | | | | | | | |
|------------------------------------|----------|---|----------|---|----------|---|----------|---|----------|
| Common Equity Tier 1 Capital Ratio | 10.20 | % | 10.04 | % | 10.22 | % | 10.46 | % | N/A |
| Tier 1 Capital Ratio | 11.73 | % | 11.57 | % | 11.78 | % | 12.05 | % | 12.32 |
| Total Risk-Based Capital Ratio | 12.74 | % | 12.62 | % | 12.84 | % | 13.15 | % | 13.50 |
| Common Stock Price (End of Period) | \$ 27.88 | | \$ 26.94 | | \$ 26.17 | | \$ 25.06 | | \$ 26.27 |

(1) Excludes acquired loans

(2) Stockholders' equity less goodwill and intangible assets divided by common shares outstanding

(3) Annualized

NBT Bancorp Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(unaudited, dollars in thousands)

| ASSETS | December 31, December 31, | |
|--|---------------------------|---------------------|
| | 2015 | 2014 |
| Cash and due from banks | \$ 130,593 | \$ 139,635 |
| Short term interest bearing accounts | 9,704 | 7,001 |
| Securities available for sale, at fair value | 1,174,544 | 1,013,171 |
| Securities held to maturity (fair value of \$473,140 and \$454,994 at December 31, 2015 and December 31, 2014, respectively) | 471,031 | 454,361 |
| Trading securities | 8,377 | 7,793 |
| Federal Reserve and Federal Home Loan Bank stock | 36,673 | 32,626 |
| Loans | 5,883,133 | 5,595,271 |
| Less allowance for loan losses | 63,018 | 66,359 |
| Net loans | 5,820,115 | 5,528,912 |
| Premises and equipment, net | 88,826 | 89,258 |
| Goodwill | 265,957 | 263,634 |
| Intangible assets, net | 17,265 | 20,317 |
| Bank owned life insurance | 117,044 | 114,251 |
| Other assets | 122,517 | 136,381 |
| TOTAL ASSETS | \$ 8,262,646 | \$ 7,807,340 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|---------------------|---------------------|
| Deposits: | | |
| Demand (noninterest bearing) | \$ 1,998,165 | \$ 1,838,622 |
| Savings, NOW, and money market | 3,697,851 | 3,417,160 |
| Time | 908,827 | 1,043,823 |
| Total deposits | 6,604,843 | 6,299,605 |
| Short-term borrowings | 442,481 | 316,802 |
| Long-term debt | 130,447 | 130,945 |
| Junior subordinated debt | 101,196 | 101,196 |
| Other liabilities | 101,675 | 94,611 |
| Total liabilities | 7,380,642 | 6,943,159 |
| Total stockholders' equity | 882,004 | 864,181 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 8,262,646 | \$ 7,807,340 |

NBT Bancorp Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(unaudited, dollars in thousands except per share data)

Three Months Ended Twelve Months Ended

| | December 31, | | December 31, | |
|---|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Interest, fee and dividend income: | | | | |
| Loans | \$ 60,781 | \$ 61,577 | \$ 241,828 | \$ 243,324 |
| Securities available for sale | 5,204 | 5,000 | 20,418 | 24,464 |
| Securities held to maturity | 2,317 | 2,357 | 9,233 | 5,261 |
| Other | 469 | 480 | 1,745 | 2,032 |
| Total interest, fee and dividend income | 68,771 | 69,414 | 273,224 | 275,081 |
| Interest expense: | | | | |
| Deposits | 3,613 | 3,856 | 14,257 | 13,638 |
| Short-term borrowings | 222 | 143 | 783 | 845 |
| Long-term debt | 848 | 846 | 3,355 | 6,555 |
| Junior subordinated debt | 576 | 545 | 2,221 | 2,165 |
| Total interest expense | 5,259 | 5,390 | 20,616 | 23,203 |
| Net interest income | 63,512 | 64,024 | 252,608 | 251,878 |
| Provision for loan losses | 5,779 | 6,892 | 18,285 | 19,539 |
| Net interest income after provision for loan losses | 57,733 | 57,132 | 234,323 | 232,339 |
| Noninterest income: | | | | |
| Insurance and other financial services revenue | 6,139 | 6,007 | 24,211 | 24,517 |
| Service charges on deposit accounts | 4,350 | 4,656 | 17,056 | 17,941 |
| ATM and debit card fees | 4,541 | 4,266 | 18,248 | 17,135 |
| Retirement plan administration fees | 4,135 | 2,962 | 14,146 | 12,129 |
| Trust | 4,769 | 4,793 | 19,026 | 18,950 |
| Bank owned life insurance income | 916 | 1,894 | 4,334 | 5,349 |
| Net securities gains | 3,044 | 33 | 3,087 | 92 |
| Gain on the sale of Springstone investment | - | - | 4,179 | 19,401 |
| Other | 4,577 | 2,435 | 14,194 | 10,513 |
| Total noninterest income | 32,471 | 27,046 | 118,481 | 126,027 |
| Noninterest expense: | | | | |
| Salaries and employee benefits | 33,078 | 30,058 | 124,318 | 119,667 |
| Occupancy | 5,291 | 5,256 | 22,095 | 22,128 |
| Data processing and communications | 3,990 | 4,092 | 16,588 | 16,137 |
| Professional fees and outside services | 3,378 | 3,564 | 13,407 | 14,426 |
| Equipment | 3,491 | 3,211 | 13,408 | 12,658 |
| Office supplies and postage | 1,545 | 1,762 | 6,367 | 6,983 |
| FDIC expenses | 1,312 | 1,302 | 5,145 | 4,944 |
| Advertising | 780 | 963 | 2,654 | 2,831 |
| Amortization of intangible assets | 1,228 | 1,226 | 4,864 | 5,047 |
| Loan collection and other real estate owned | 1,027 | 702 | 2,620 | 3,248 |
| Prepayment penalties on long-term debt | - | - | - | 17,902 |
| Other operating | 5,499 | 4,607 | 24,710 | 20,092 |
| Total noninterest expense | 60,619 | 56,743 | 236,176 | 246,063 |
| Income before income taxes | 29,585 | 27,435 | 116,628 | 112,303 |
| Income taxes | 10,458 | 8,922 | 40,203 | 37,229 |
| Net income | \$ 19,127 | \$ 18,513 | \$ 76,425 | \$ 75,074 |
| Earnings Per Share: | | | | |
| Basic | \$ 0.44 | \$ 0.42 | \$ 1.74 | \$ 1.71 |
| Diluted | \$ 0.43 | \$ 0.42 | \$ 1.72 | \$ 1.69 |

NBT Bancorp Inc. and Subsidiaries

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(unaudited, dollars in thousands except per share data)

| | 4th Q | 3rd Q | 2nd Q | 1st Q | 4th Q |
|---|------------------|------------------|------------------|------------------|------------------|
| Interest, fee and dividend income: | | | | | |
| Loans | \$ 60,781 | \$ 61,656 | \$ 59,873 | \$ 59,518 | \$ 61,577 |
| Securities available for sale | 5,204 | 5,125 | 5,144 | 4,945 | 5,000 |
| Securities held to maturity | 2,317 | 2,318 | 2,315 | 2,283 | 2,357 |
| Other | 469 | 401 | 395 | 480 | 480 |
| Total interest, fee and dividend income | 68,771 | 69,500 | 67,727 | 67,226 | 69,414 |
| Interest expense: | | | | | |
| Deposits | 3,613 | 3,554 | 3,517 | 3,573 | 3,856 |
| Short-term borrowings | 222 | 296 | 144 | 121 | 143 |
| Long-term debt | 848 | 845 | 836 | 826 | 846 |
| Junior subordinated debt | 576 | 560 | 545 | 540 | 545 |
| Total interest expense | 5,259 | 5,255 | 5,042 | 5,060 | 5,390 |
| Net interest income | 63,512 | 64,245 | 62,685 | 62,166 | 64,024 |
| Provision for loan losses | 5,779 | 4,966 | 3,898 | 3,642 | 6,892 |
| Net interest income after provision for loan losses | 57,733 | 59,279 | 58,787 | 58,524 | 57,132 |
| Noninterest income: | | | | | |
| Insurance and other financial services revenue | 6,139 | 5,862 | 5,836 | 6,374 | 6,007 |
| Service charges on deposit accounts | 4,350 | 4,349 | 4,285 | 4,072 | 4,656 |
| ATM and debit card fees | 4,541 | 4,780 | 4,679 | 4,248 | 4,266 |
| Retirement plan administration fees | 4,135 | 3,249 | 3,566 | 3,196 | 2,962 |
| Trust | 4,769 | 4,611 | 5,196 | 4,450 | 4,793 |
| Bank owned life insurance income | 916 | 931 | 928 | 1,559 | 1,894 |
| Net securities gains | 3,044 | 3 | 26 | 14 | 33 |
| Gain on the sale of Springstone investment | - | 4,179 | - | - | - |
| Other | 4,577 | 3,297 | 3,699 | 2,621 | 2,435 |
| Total noninterest income | 32,471 | 31,261 | 28,215 | 26,534 | 27,046 |
| Noninterest expense: | | | | | |
| Salaries and employee benefits | 33,078 | 30,227 | 30,831 | 30,182 | 30,058 |
| Occupancy | 5,291 | 5,326 | 5,412 | 6,066 | 5,256 |
| Data processing and communications | 3,990 | 4,207 | 4,288 | 4,103 | 4,092 |
| Professional fees and outside services | 3,378 | 3,137 | 3,395 | 3,497 | 3,564 |
| Equipment | 3,491 | 3,352 | 3,316 | 3,249 | 3,211 |
| Office supplies and postage | 1,545 | 1,576 | 1,627 | 1,619 | 1,762 |
| FDIC expenses | 1,312 | 1,355 | 1,280 | 1,198 | 1,302 |
| Advertising | 780 | 421 | 734 | 719 | 963 |
| Amortization of intangible assets | 1,228 | 1,165 | 1,187 | 1,284 | 1,226 |
| Loan collection and other real estate owned | 1,027 | 699 | 22 | 872 | 702 |
| Other operating | 5,499 | 8,426 | 5,872 | 4,913 | 4,607 |
| Total noninterest expense | 60,619 | 59,891 | 57,964 | 57,702 | 56,743 |
| Income before income taxes | 29,585 | 30,649 | 29,038 | 27,356 | 27,435 |
| Income taxes | 10,458 | 10,798 | 9,757 | 9,190 | 8,922 |
| Net income | \$ 19,127 | \$ 19,851 | \$ 19,281 | \$ 18,166 | \$ 18,513 |
| Earnings per share: | | | | | |
| Basic | \$ 0.44 | \$ 0.45 | \$ 0.44 | \$ 0.41 | \$ 0.42 |
| Diluted | \$ 0.43 | \$ 0.45 | \$ 0.43 | \$ 0.41 | \$ 0.42 |

Note: Year-to-date (YTD) EPS may not equal sum of quarters due to share count differences.

**NBT Bancorp Inc. and
Subsidiaries**
**AVERAGE QUARTERLY BALANCE
SHEETS**

(unaudited, dollars in thousands)

| | Average Balance Q4 - 2015 | Yield / Rates | Average Balance Q3 - 2015 | Yield / Rates | Average Balance Q2 - 2015 | Yield / Rates | Average Balance Q1 - 2015 | Yield / Rates | Average Balance Q4 - 2014 | Yield / Rates |
|--|---------------------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|
| ASSETS: | | | | | | | | | | |
| Short-term interest bearing accounts | \$ 13,494 | 0.34 % | \$ 8,100 | 0.32 % | \$ 9,854 | 0.36 % | \$ 9,156 | 0.30 % | \$ 5,895 | 0.51 % |
| Securities available for sale (1)(2) | 1,070,643 | 1.97 % | 1,079,206 | 1.92 % | 1,067,619 | 1.98 % | 1,018,880 | 2.02 % | 1,018,505 | 2.00 % |
| Securities held to maturity (1) | 470,027 | 2.43 % | 460,252 | 2.44 % | 452,948 | 2.49 % | 454,957 | 2.47 % | 458,038 | 2.45 % |
| Investment in FRB and FHLB Banks | 32,263 | 5.63 % | 37,358 | 4.19 % | 31,564 | 4.90 % | 30,931 | 6.20 % | 31,274 | 6.01 % |
| Loans (3) | 5,872,011 | 4.12 % | 5,824,311 | 4.21 % | 5,688,159 | 4.24 % | 5,586,942 | 4.33 % | 5,603,268 | 4.37 % |
| Total interest earning assets | \$ 7,458,438 | 3.70 % | \$ 7,409,227 | 3.77 % | \$ 7,250,144 | 3.79 % | \$ 7,100,866 | 3.89 % | \$ 7,116,980 | 3.92 % |
| Other assets | 693,981 | | 690,768 | | 685,523 | | 696,091 | | 709,955 | |
| Total assets | \$ 8,152,419 | | \$ 8,099,995 | | \$ 7,935,667 | | \$ 7,796,957 | | \$ 7,826,935 | |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | | | | | | | | | |
| Money market deposit accounts | \$ 1,626,644 | 0.22 % | \$ 1,557,651 | 0.22 % | \$ 1,598,898 | 0.20 % | \$ 1,544,488 | 0.21 % | \$ 1,524,881 | 0.20 % |
| NOW deposit accounts | 1,039,563 | 0.05 % | 963,744 | 0.05 % | 974,504 | 0.05 % | 972,263 | 0.05 % | 978,527 | 0.05 % |
| Savings deposits | 1,079,757 | 0.06 % | 1,085,680 | 0.06 % | 1,080,954 | 0.06 % | 1,040,031 | 0.06 % | 1,017,300 | 0.08 % |
| Time deposits | 918,875 | 1.05 % | 939,542 | 1.01 % | 968,714 | 1.00 % | 1,014,904 | 1.00 % | 1,058,615 | 1.03 % |
| Total interest bearing deposits | \$ 4,664,839 | 0.31 % | \$ 4,546,617 | 0.31 % | \$ 4,623,070 | 0.31 % | \$ 4,571,686 | 0.32 % | \$ 4,579,323 | 0.33 % |
| Short-term borrowings | 332,742 | 0.26 % | 456,663 | 0.26 % | 302,693 | 0.19 % | 265,420 | 0.19 % | 299,981 | 0.19 % |
| Junior subordinated debt | 101,196 | 2.26 % | 101,196 | 2.20 % | 101,196 | 2.16 % | 101,196 | 2.16 % | 101,196 | 2.13 % |
| Long-term debt | 130,522 | 2.58 % | 130,680 | 2.56 % | 130,743 | 2.56 % | 130,879 | 2.56 % | 131,000 | 2.56 % |
| Total interest bearing liabilities | \$ 5,229,299 | 0.40 % | \$ 5,235,156 | 0.40 % | \$ 5,157,702 | 0.39 % | \$ 5,069,181 | 0.40 % | \$ 5,111,500 | 0.42 % |
| Demand deposits | 1,944,820 | | 1,894,555 | | 1,815,705 | | 1,770,703 | | 1,759,482 | |
| Other liabilities | 93,557 | | 91,979 | | 84,096 | | 85,999 | | 87,319 | |
| Stockholders' equity | 884,743 | | 878,305 | | 878,164 | | 871,074 | | 868,634 | |
| Total liabilities and stockholders' equity | \$ 8,152,419 | | \$ 8,099,995 | | \$ 7,935,667 | | \$ 7,796,957 | | \$ 7,826,935 | |
| Interest rate spread | | 3.30 % | | 3.37 % | | 3.40 % | | 3.49 % | | 3.50 % |
| Net interest margin | | 3.42 % | | 3.48 % | | 3.51 % | | 3.60 % | | 3.61 % |

(1) Securities are shown at average amortized cost

(2) Excluding unrealized gains or losses

(3) For purposes of these computations, nonaccrual loans are included in the average loan balances outstanding

Note: Interest income for tax-exempt securities and loans has been adjusted to a taxable-equivalent basis using the statutory Federal income tax rate of 35%

NBT Bancorp Inc. and Subsidiaries

AVERAGE YEAR-TO-DATE BALANCE SHEETS

(unaudited, dollars in thousands)

| | Average Balance 2015 | Interest | Yield/ Rates | Average Balance 2014 | Interest | Yield/ Rates |
|--|----------------------------|------------|-----------------|----------------------------|------------|-----------------|
| Twelve Months ended December 31, | | | | | | |
| ASSETS: | | | | | | |
| Short-term interest bearing accounts | \$ 10,157 | \$ 33 | 0.33 % | \$ 4,344 | \$ 28 | 0.65 % |
| Securities available for sale (1)(2) | 1,059,284 | 20,888 | 1.97 % | 1,258,999 | 25,760 | 2.05 % |
| Securities held to maturity (1) | 459,589 | 11,296 | 2.46 % | 233,465 | 6,558 | 2.81 % |
| Investment in FRB and FHLB Banks | 33,044 | 1,712 | 5.18 % | 39,290 | 2,005 | 5.10 % |
| Loans (3) | 5,743,860 | 242,587 | 4.22 % | 5,528,015 | 244,162 | 4.42 % |
| Total interest earning assets | \$ 7,305,934 | \$ 276,516 | 3.78 % | 7,064,113 | \$ 278,513 | 3.94 % |
| Other assets | 691,583 | | | 691,934 | | |
| Total assets | \$ 7,997,517 | | | \$ 7,756,047 | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | | | | | |
| Money market deposit accounts | \$ 1,582,078 | 3,351 | 0.21 % | \$ 1,457,770 | \$ 2,532 | 0.17 % |
| NOW deposit accounts | 987,638 | 515 | 0.05 % | 949,759 | 509 | 0.05 % |
| Savings deposits | 1,071,753 | 651 | 0.06 % | 1,020,974 | 760 | 0.07 % |
| Time deposits | 960,188 | 9,740 | 1.01 % | 1,015,748 | 9,837 | 0.97 % |
| Total interest bearing deposits | \$ 4,601,657 | \$ 14,257 | 0.31 % | \$ 4,444,251 | \$ 13,638 | 0.31 % |
| Short-term borrowings | 339,885 | 783 | 0.23 % | 382,451 | 845 | 0.22 % |
| Junior subordinated debt | 101,196 | 2,221 | 2.19 % | 101,196 | 2,165 | 2.14 % |
| Long-term debt | 130,705 | 3,355 | 2.57 % | 224,556 | 6,555 | 2.92 % |
| Total interest bearing liabilities | \$ 5,173,443 | \$ 20,616 | 0.40 % | \$ 5,152,454 | \$ 23,203 | 0.45 % |
| Demand deposits | 1,857,027 | | | 1,670,188 | | |
| Other liabilities | 88,937 | | | 83,940 | | |
| Stockholders' equity | 878,110 | | | 849,465 | | |
| Total liabilities and stockholders' equity | \$ 7,997,517 | | | \$ 7,756,047 | | |
| Net interest income (FTE) | | 255,900 | | | 255,310 | |
| Interest rate spread | | | 3.38 % | | | 3.49 % |
| Net interest margin | | | 3.50 % | | | 3.61 % |
| Taxable equivalent adjustment | | 3,292 | | | 3,432 | |
| Net interest income | | \$ 252,608 | | | \$ 251,878 | |

(1) Securities are shown at average amortized cost

(2) Excluding unrealized gains or losses

(3) For purposes of these computations, nonaccrual loans are included in the average loan balances outstanding

Note: Interest income for tax-exempt securities and loans has been adjusted to a taxable-equivalent basis using the statutory Federal income tax rate of 35%

NBT Bancorp Inc. and Subsidiaries

CONSOLIDATED LOAN BALANCES

(unaudited, dollars in thousands)

| | 2015 | | | | 2014 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 4th Q | 3rd Q | 2nd Q | 1st Q | 4th Q |
| Residential real estate mortgages | \$ 1,196,780 | \$ 1,177,195 | \$ 1,154,416 | \$ 1,125,886 | \$ 1,115,715 |
| Commercial | 1,159,089 | 1,167,007 | 1,147,586 | 1,140,114 | 1,144,761 |
| Commercial real estate | 1,430,618 | 1,435,378 | 1,423,489 | 1,349,940 | 1,334,984 |
| Consumer | 1,568,204 | 1,549,844 | 1,495,160 | 1,452,070 | 1,430,216 |
| Home equity | 528,442 | 541,564 | 550,237 | 555,013 | 569,595 |
| Total loans | \$ 5,883,133 | \$ 5,870,988 | \$ 5,770,888 | \$ 5,623,023 | \$ 5,595,271 |

Contact:

Martin A. Dietrich, CEO

Michael J. Chewens, CFO

NBT Bancorp Inc.

52 South Broad Street

Norwich, NY 13815

607-337-6119

NBT Bancorp Inc.