

# 2019

ANNUAL REPORT



# to our shareholders

Fellow Shareholders,

As we write this letter, the COVID-19 pandemic is spreading across our country. The impact on our society and on our economy—while not yet fully known—is significant and unprecedented. In this time of disruption, we have been working in real time to protect the health and safety of our team while quickly providing the support and solutions needed for our customers and our communities as they face new challenges.

Even though last year feels like a long time ago, it is important for you to know that NBT Bancorp Inc. (NBT) recorded our most profitable year ever in 2019. Specifically, NBT posted the following full-year results:



- Seventh straight year of record net income at \$121 million and record earnings with diluted earnings per share of \$2.74—up 7.5% and 7%, respectively, from the prior year;
- Net interest margin at 3.58% and 2% growth in net interest income;
- Growth in loans of 3.6% and deposits of 3%;
- Year-over-year growth across all business lines in our New England Region, which represented 18% of NBT's assets at year-end; and
- Continued delivery of consistent dividends, with 2019 being the 162nd year of uninterrupted dividend payments to shareholders.

Outstanding 2019 financial results are clearly important to us all as shareholders. However, in the current operating environment our strong balance sheet, disciplined approach to credit and risk management, and diversified fee businesses are arguably even more important. These attributes provide NBT with significant flexibility as we protect and build on the long-term value of your investment. We had assets of \$9.7 billion at December 31, 2019. Importantly in this environment, our tangible common equity (TCE) ratio for 2019 of 8.84% was up 99 basis points from the prior year, and our tangible equity has grown 39% or \$235 million since 2015. NBT's key regulatory capital ratios have likewise continued to grow, and they are comfortably in excess of "well capitalized" levels as defined by the Office of the Comptroller of the Currency. We ended 2019 with a Common Equity Tier 1 Capital Ratio of 11.3% and Total Risk-Based Capital of 13.5%. Both our TCE and regulatory ratios demonstrate the strength and growth of our capital position.

It is important that you know your investment in NBT is supported by a platform that was purpose-built to endure difficult times. NBT was established in 1856 and has weathered numerous storms. Many of our bankers and executives possess relevant experience from several economic challenges and events we have faced over the last 20-plus years. Your Executive Management Team averages 25 years of experience in banking. Your Board of Directors is seasoned with many serving through both 9/11 and the 2008 financial crisis. Our team is applying lessons learned from those periods to the new challenges we face today. We are putting the deep knowledge our local bankers have of their markets and customers to work, addressing client needs, and managing risk and capital in a disciplined fashion.

Our technology investments over the past several years have positioned us to be responsive and resilient in the face of adverse conditions. We have long regarded our approach to technology as a source of differentiation and competitive advantage over typical community banks, and the current environment is putting those resources and investments to the test. When the Coronavirus began to dominate headlines early in 2020, we engaged our team to execute a well-developed pandemic response plan to prevent service disruptions and immediately address the most critical issues. We moved swiftly to deploy the vast majority of our non-branch team members to work remotely. We quickly stood up relief programs for clients. To accelerate the speed of our response, we applied our agile project management approach to further streamline and digitize our workflows and processes. We changed the way we conduct business in our retail branches by shifting service hours and pivoting to drive-up and

## 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 146 locations in New York, Pennsylvania, Vermont, Massachusetts, New Hampshire and Maine. NBT Bank is currently entering Connecticut.
- EPIC Retirement Plan Services is a full-service 401(k) recordkeeping firm based in Rochester, NY.
- NBT Insurance Agency, LLC is a full-service insurance agency based in Norwich, NY.

# financial highlights

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

ATM service to protect our employees and customers. We will not waiver in our commitment to providing excellent service and supporting the health and financial security of our customers and communities.

In good times and through challenges, NBT's culture remains our firm foundation. We strive to recruit, retain and develop a diverse workforce, and we promote an environment of inclusion and professional growth. In the face of the current challenge, we could not be happier to have added two strong new performers to our Executive Management Team in 2019. We welcomed Angela Kelley to the Company in August as Executive Vice President, General Counsel and Corporate Secretary. John Moran joined us in November as Executive Vice President and Chief Financial Officer to succeed the retiring Michael Chewens. We are thankful to Mike for his energy, insight and focus on operational excellence as a 25-year member of NBT's leadership team.

These are challenging times for all of us, and the entire NBT team stands with you. It is in our DNA to be at our best in times of disruption and adversity. We have a long-established history of emerging from such times a stronger organization. We also have a proud heritage of building long-term relationships with individuals, businesses and organizations of all sizes, and we remain dedicated to delivering high-quality service to customers and value to shareholders.

By remaining focused on the fundamentals of our business and by taking care of our employees, customers and communities, we will emerge stronger together.

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

Martin A. Dietrich  
Chairman of the Board

## FOR THE YEAR

### PERFORMANCE

	2019	2018
Net income . . . . .	\$121,021	\$112,566
Return on average assets . . . . .	1.26%	1.20%
Return on average tangible equity . . . . .	15.85%	16.71%
Net interest margin . . . . .	3.58%	3.58%

### PER COMMON SHARE DATA

Diluted earnings . . . . .	\$2.74	\$2.56
Cash dividends . . . . .	\$1.05	\$0.99
Dividend yield . . . . .	2.59%	2.86%
Tangible book value per share . . . . .	\$19.03	\$16.66

## AT DECEMBER 31

### BALANCE SHEET DATA

Total assets . . . . .	\$9,715,925	\$9,556,363
Total loans . . . . .	\$7,136,098	\$6,887,709
Allowance for loan losses . . . . .	\$72,965	\$72,505
Deposits . . . . .	\$7,587,820	\$7,368,211
Total shareholders' equity . . . . .	\$1,120,397	\$1,017,909

### ASSET QUALITY

Net charge-offs to average loans . . . . .	0.36%	0.38%
Nonperforming loans to total loans . . . . .	0.40%	0.44%
Nonperforming assets to total assets . . . . .	0.31%	0.35%
Allowance for loan losses to total loans . . . . .	1.02%	1.05%

### CAPITAL

Common equity tier 1 capital ratio . . . . .	11.29%	10.49%
Tier 1 capital ratio . . . . .	12.56%	11.79%
Total risk-based capital ratio . . . . .	13.52%	12.78%
Closing stock price . . . . .	\$40.56	\$34.59
Market capitalization . . . . .	\$1,776,391	\$1,510,648

## 2020 annual meeting

Tuesday, May 19, 2020

10:00 a.m.

[www.virtualshareholdermeeting.com/NBTB2020](http://www.virtualshareholdermeeting.com/NBTB2020)

NBT's Annual Meeting of Shareholders will be held online as a virtual shareholder meeting. Shareholders will have the opportunity to listen to the proceedings, view the presentation, submit questions and vote shares.

Complete details are provided in the proxy materials.

### 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  
Chief Executive Officer

### Timothy L. Brenner

Executive Vice President and  
President of Wealth Management

### Matthew K. Durkee

Executive Vice President and  
President of New England Region

### Sarah A. Halliday

Executive Vice President and  
President of Commercial Banking

### Shauna M. Hyle

Executive Vice President,  
Consumer Lending

### Angela Wolfe Kelley

Executive Vice President, General  
Counsel and Corporate Secretary

### John V. Moran, CFA®

Executive Vice President  
and Chief Financial Officer

### Catherine M. Scarlett

Executive Vice President  
and Chief Ethics and  
Human Resources Officer

### Joseph R. Stagliano

Executive Vice President  
and President of Retail  
Community Banking

### Amy Wiles

Executive Vice President and  
Chief Credit and Risk Officer

## Board of Directors

### Martin A. Dietrich

Chairman

### John H. Watt, Jr.

President and  
Chief Executive Officer

### Patricia T. Civil

Timothy E. Delaney

James H. Douglas

Andrew S. Kowalczyk, III, Esq.

John C. Mitchell

V. Daniel Robinson, II

Matthew J. Salanger

Joseph A. Santangelo

Lowell A. Seifter, Esq.

Robert A. Wadsworth

Jack H. Webb

## NBT Bank

### Honorary Directors

Richard Chojnowski

Daryl R. Forsythe

Paul D. Horger, Esq.

Janet H. Ingraham

Andrew S. Kowalczyk, Jr., Esq.

Van Ness D. Robinson

Paul M. Solomon

Paul O. Stillman

*Additional information regarding  
our Executive Management Team  
and Board of Directors can be found  
in the proxy statement for our 2020  
Annual Meeting of Shareholders.*

## Operating Committee

The following NBT leaders served  
on the Operating Committee  
in 2019 with the Executive  
Management Team:

### Kurt T. Edwards

Senior Vice President and  
Chief Consumer Credit Officer

### Kenneth J. Entenmann, CFA®

Senior Vice President and  
Chief Investment Officer

### Amy S. Hurta

Senior Vice President,  
Senior Director of Operations  
and Chief Diversity Officer

### David Krupski

Regional President  
Capital Region

### Jeffrey D. Lake

Regional President  
Greater Binghamton

### Tucker H. Lounsbury, CIC

President  
NBT Insurance Agency, LLC

### Mark R. Mershon

Corporate Senior Vice President  
and Treasurer

### Richard J. Shirtz

Regional President  
Central New York

### David R. Theleman

Senior Vice President and  
Chief Commercial Credit Officer

## Regional Presidents

### Andreas A. Kapetanopoulos

Connecticut

### David A. Kavney

Mohawk Valley

### David Krupski

Capital Region

### Jeffrey D. Lake

Greater Binghamton

### Stephen P. Lubelczyk

New Hampshire

### Richard J. Shirtz

Central New York

### Kimberly J. Twitchell

Maine

## EPIC Retirement Plan Services

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

## NBT Insurance Agency, LLC

Tucker H. Lounsbury, CIC  
President

# NBTB

# shareholder information

## Corporate Headquarters

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

## Stock

Symbol: NBTB  
Market: Nasdaq Global Select

## 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](http://www.nbtbancorp.com) or by  
writing to Chief Financial Officer  
John V. Moran at the corporate  
headquarters address.

## Shareholder 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](http://www.nbtbancorp.com).  
Those seeking additional  
information should contact  
Shareholder Relations by phone  
at 800.NBT.BANK (800.628.2265,  
Option 7), or by mail to: NBT Bank,  
52 South Broad Street, Norwich,  
NY 13815.

## Stock Transfer and Registrar Agent

American Stock Transfer  
& Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219  
800.NBT.BANK  
(800.628.2265, Option 7)  
[www.astfinancial.com](http://www.astfinancial.com)  
[help@astfinancial.com](mailto:help@astfinancial.com)



[www.nbtbancorp.com](http://www.nbtbancorp.com) | 800.NBT.BANK



[www.nbtinsurance.com](http://www.nbtinsurance.com)



[www.nbtbank.com](http://www.nbtbank.com)



[www.epicrps.com](http://www.epicrps.com)