

**NBT BANCORP INC.**  
**AUDIT COMMITTEE POLICY STATEMENT AND CHARTER**

**I. PURPOSE OF THE COMMITTEE**

The Board of Directors (the “Board”) of NBT Bancorp Inc. (the “Company”) has established the Audit Committee (the “Committee”) to assist the Board in the oversight of the following activities as required by the rules and regulations of the U.S. Securities and Exchange Commission (the “Commission”) and the National Association of Securities Dealers Automated Quotations (the “NASDAQ”):

- The preparation, presentation and integrity of the Company’s financial statements;
- The qualifications, independence and performance of the Company’s Independent Registered Public Accounting firm (the “independent auditor”);
- The system of internal control; and
- The Company’s compliance with legal and regulatory requirements.

**II. COMMITTEE MEMBERSHIP AND INDEPENDENCE**

In accordance with rules and regulations of the Commission and NASDAQ, the Committee shall observe the following independence and experience requirements:

- The Committee will have a minimum of 3 members each of whom shall be independent as determined by the Board in accordance with applicable laws, rules and regulations;
- Each member of the Committee shall meet the financial literacy and experience requirements of applicable laws, rules and regulations; and
- At least one member will qualify as an “audit committee financial expert” as defined by the Commission and as a “financially sophisticated audit committee member” as defined by NASDAQ.

The Chairperson and members of the Committee shall be annually appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. Members of the Committee shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Committee members may be replaced by the Board at any time.

**III. AUTHORITY**

The Committee shall be directly responsible for the appointment, compensation and oversight of the work of the independent registered public accounting firm (the “independent auditor”) engaged by the Company for the purpose of preparing or issuing an audit report or related work (subject, if applicable, to stockholder ratification). Oversight includes the resolution of disagreements between management and the independent auditor regarding financial reporting which involves any independent auditor report or related work.

The Committee shall have sole and full authority to:

- Conduct or authorize any investigation appropriate to fulfill its responsibilities;
- Engage independent counsel and other advisors as the Committee deems necessary to carry out their responsibilities; and
- Have direct access to independent auditors, internal audit personnel and other Company personnel.

The Committee shall determine, in its sole discretion, the level of funding to compensate the independent auditor and any counsel or advisor employed by the Committee. The Company shall be

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obligated to make such funding available.

#### **IV. SPECIFIC DUTIES AND RESPONSIBILITIES**

The Board set forth the Audit Committee's duties in this policy statement and charter and by resolution. Accordingly, the Committee shall have the following responsibilities and duties.

##### Financial Statements and Reporting

1. Review the Company's annual audited consolidated financial statements and unaudited quarterly financial statements prior to their filing or distribution. The review shall include discussion with management and the independent auditors of significant issues regarding accounting principles, practices and judgments. Discuss earnings press releases and financial information.
2. Review with management and the independent auditor other significant financial statements and reports of a financial nature. Discuss with the independent auditor its views or judgments on the integrity of the information.
3. Review with management and the independent auditor all matters required to be communicated and discussed with the Committee under the professional standards of the Public Company Accounting Oversight Board relating to the audit, Commission requirements, and other legal and regulatory rules as required.
4. Discuss significant deficiencies and material weaknesses, if any, in the design or operation of the internal control system and any fraud or potential fraud, if any, involving management or employees concerning any internal control function.
5. Review and approve internal control reports as required.
6. Review and approve the Audit Committee report required to be included in the Company's annual proxy statement.

##### Relationship with Independent Auditors

7. Have direct responsibility for the selection, appointment, retention, compensation and oversight of the independent auditor (subject to, if applicable, stockholder ratification). The independent auditor shall report directly to the Committee.
8. Review with the independent auditor the proposed scope of services and plan for the annual audit.
9. Review and pre-approve all audit and permissible nonaudit services performed by the independent auditor, subject to the requirements of applicable laws, rules and regulations. The Committee may delegate pre-approval authority for audit and nonaudit services to one or more members of the Committee, provided that the Committee ratifies any delegated decisions at its next scheduled meeting.

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10. Evaluate the independent auditor's qualifications, performance and independence. As part of such evaluation, at least annually, obtain and review a written statement provided by the independent auditor describing:
  - Its internal quality control procedures;
  - Any material issues raised by the most recent internal quality control review, or external peer or regulatory reviews, and steps taken to deal with any such issues; and
  - All relationships between the independent auditor and the Company, which could impair the auditors' independence.
11. Ensure appropriate audit partner rotations and any independent auditor rotations that may be required by applicable laws, rules and regulations.
12. Review the proposed hiring of employees of the Company's independent auditor or former employees who have worked for the independent auditor within the past three years.

Internal Audit Function

13. Ensure that the Company has an internal audit function and approve the appointment and replacement of the director of audit. The director of audit shall report directly to the Committee.
14. Confirm and assure the independence and objectivity of the director of audit.
15. Review the performance and compensation of the director of audit annually.
16. Discuss with the director of audit and management the scope of services provided by the internal audit function, budget, and staffing.
17. Review and approve the annual internal audit and compliance plans and any significant changes to such plans, and periodically review performance versus such plans.
18. Review the reports to management prepared by the internal audit function, including any reports required by applicable laws, rules and regulations. Review management's responses to the reports.
19. Review periodic reports prepared by the chief compliance officer to evaluate the Company's program for complying with applicable laws, rules and regulations.
20. Review regulatory examination reports and management's responses.
21. Review any legal, regulatory, compliance or risk management matters that could have a significant impact on the Company's financial statements and the Company's compliance with applicable laws, rules and regulations.
22. Review third parties to be used for performance of portions of internal audit and/or compliance workplans.

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23. Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics, and the *International Standards for Professional Practice of Internal Auditing*.
24. Review the charter of the internal audit function annually.

Other

25. Establish procedures to receive, retain, and treat complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
26. Review management's annual report of potential conflicts of interest for Board and executive management.
27. Perform such other additional duties or responsibilities consistent with this policy statement and charter, the Company's bylaws and governing laws, as the Committee or Board deems necessary.
28. Review and approve periodic reports or policies as required by applicable standards, laws, rules and regulations.

Administrative

29. Review and assess the adequacy of this policy statement and charter at least annually.
30. Report activities to the Board on a regular basis, making recommendations, as the Committee deems appropriate.
31. Conduct a self-assessment of the performance of the Committee annually and report results of the assessment to the Board.

**V. MEETINGS**

To fulfill its responsibilities, the Committee shall meet as often as it determines necessary. At a minimum, the Committee shall:

- Meet at least four times a year, and call additional meetings as necessary to perform their duties;
- Meet in executive sessions quarterly at its discretion or upon request with management, the independent auditor, senior internal audit personnel, and/or senior risk management personnel; and
- Keep written minutes of each meeting, approve such minutes, and provide copies of such minutes to the Board for its review and ratification.

**VI. DISCLOSURE OF CHARTER**

This policy statement and charter will be made available on the Company's web site at [www.nbtbancorp.com/bncp/corporategov.html/](http://www.nbtbancorp.com/bncp/corporategov.html/).