

**NBT Bancorp Inc.**  
**Audit and Risk Management Committee Policy Statement and Charter**

**PURPOSE OF THE COMMITTEE:**

The Board of Directors of NBT Bancorp Inc. (“NBT” or, the “Company”) established the Audit and Risk Management Committee for the purpose of assisting the Board in fulfilling its oversight responsibilities to NBT, its subsidiaries and its shareholders for the Company’s accounting and financial reporting process and the audits of the financial statements of the Company and to meet the Company’s regulatory and legal requirements. The Committee’s primary duties and responsibilities are to:

- Monitor the integrity of and oversee the Company’s accounting and financial reporting processes and systems of internal control regarding finance, accounting and legal compliance.
- Ensure the independence and monitor the performance of the Company’s independent auditors and the Risk Management Division (which includes the Internal Audit Department) personnel.
- Assume the direct responsibility for the appointment, compensation, retention, and oversight of the work of any registered public accounting firm engaged by the Company (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. Each registered public accounting firm employed by the Company shall report directly to the Committee.
- Be directly responsible for the appointment, compensation and oversight of the Senior Risk Management Division Officer.
- Provide an avenue of communication among the independent auditors, Management, the Risk Management Division and the Board of Directors.

**COMMITTEE MEMBERSHIP AND INDEPENDENCE:**

The Audit and Risk Management Committee will be comprised of:

- A minimum of three directors, each of whom meets the financial literacy requirements of Section 36(g)1(C)(i) of the rules and regulations of the Federal Deposit Insurance Corporation, the Nasdaq Stock Market and any other applicable rules or regulations and the independence requirements under applicable rules of the Securities and Exchange Commission (SEC), FDIC and Nasdaq Stock Market.
- At least one member who is an “audit committee financial expert” within the meaning of § 407 of the Sarbanes-Oxley Act of 2002 and the rules of the SEC thereunder.

The Chairperson and members of the Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. Committee members may be removed and replaced by the Board, but all replacements shall be made on the recommendation of the Nominating and Corporate Governance Committee.

**Independence:**

The Audit and Risk Management Committee has adopted a definition of independence that is consistent with SEC, the Sarbanes-Oxley Act of 2002 (and the related rules of the SEC thereunder), National Association of Securities Dealers (NASD) and other applicable requirements. In brief: “Members of the Committee shall be considered independent if they have no relationship to NBT that may interfere with the exercise of their independence from Management and the Company.”

**NBT Bancorp Inc.**  
**Audit and Risk Management Committee Policy Statement and Charter**

The Board of Directors will assess the Committee members' independence in accordance with the applicable rules and regulations on an annual basis. All Committee members will reaffirm and attest to their independence on an annual basis.

**COMMITTEE POWERS, AUTHORITY, DUTIES and RESPONSIBILITIES:**

The purpose of this Policy Statement and Charter is to confirm the authority and organization of the Audit and Risk Management Committee of the Board of Directors of NBT. The Policy Statement/Charter will:

- Be approved by the full Board of Directors.
- Specify the scope of the Committee's responsibilities.
- Specify how the Committee carries out those responsibilities, including structure, processes and membership requirements.
- Require an annual review and reassessment regarding the adequacy of the Policy Statement/Charter and this Committee (annual reviews and reassessments will be reviewed and ratified by Nominating and Corporate Governance Committee and ultimately the full Board).
- Be available on the Company's website at [www.nbtbancorp.com/corporategov.html](http://www.nbtbancorp.com/corporategov.html).

The Audit and Risk Management Committee shall:

- Meet the requirements set forth by the SEC, the NASD and other applicable government and regulatory agencies.
- Report regularly and directly to the Board of Directors.
- Be selected by and composed of independent members of the Board of Directors.
- Hold quarterly meetings and such other special meetings as deemed necessary.
- Meet privately in executive session at all meetings, with the independent auditors and the Senior Risk Management Division Officer to discuss any matters that the Committee believes should be discussed.
- Have access to and the authority to engage outside parties as needed to advise and assist in Committee matters.
- Have access to the independent auditors and Risk Management Division personnel (who will be independent and held accountable to this Committee and the Board of Directors).

In general, the Audit and Risk Management Committee shall be responsible to the Board of Directors for the following:

- Review, as required by FDICIA §112, Management's annual assertion with respect to the system of internal controls at certain banking subsidiaries. Review the independent auditors' reports and attestations regarding the same.
- Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations.
- Review for potential conflict of interest situations and approve, on an ongoing basis, related party transactions required to be disclosed pursuant to Item 404 of SEC Regulation S-K.
- Provide governance, guidance and oversight of the Company's internal control structure.
- Review all regulatory examination reports and required Management responses.
- Review the internal audit function including coordination of plans with the independent auditors. Approve the annual internal audit plan. Review progress made throughout the year in

**NBT Bancorp Inc.**  
**Audit and Risk Management Committee Policy Statement and Charter**

completing the annual internal audit plan. Consider and review audit reports issued and Management responses received or updated since the previous meeting.

- Review and assess the annual Trust Division Audit(s).
- Review with the Senior Loan Review Officer the results of completed reviews and the status of reviews in progress. Reviews are conducted for the purpose of reporting on the quality of credits and credit administration.
- Review with the Compliance Officer (as needed) the status of the Company's Regulatory Compliance Program.
- Review the Security Officer's annual report on the status of the security at certain banking subsidiaries, in compliance with the Bank Protection Act of 1968 and OCC Regulation 12 CFR 21.
- Establish/maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company or any subsidiary regarding questionable accounting or auditing matters.
- Maintain a concurring role in the appointment/dismissal of the Senior Risk Management Division Officer through evaluations of his/her performance and independence.
- Engage an independent consulting firm to assess the effectiveness of the Audit, Compliance, Security and/or Loan Review Departments and incur such expense at its own discretion at such time as the Committee deems it necessary.
- Take all action necessary, advisable or proper to perform Committee duties for each Bank and non-Bank subsidiary.

With regard to the Company's Independent Auditors (i.e., the registered public accounting firms covered by this Charter and Section 10A of the Securities and Exchange Act of 1934), the Audit and Risk Management Committee shall be responsible to the Board of Directors for the following:

- Ensure that the independent auditors are ultimately accountable to the Board of Directors and the Committee.
- Select, appoint, oversee and authorize funding for the independent auditors.
- Prior to and during their annual review, meet with and evaluate the independent auditors. Discuss with the independent auditors their audit plans, staffing and scope for the annual audit.
- Review and pre-approve all audit and permissible non-audit services. The Committee shall review audit fees and compensation for all services performed.
- Review the information required by Statement on Auditing Standards (SAS) No. 61 on an annual basis with the independent auditors. Request that the independent auditors review, in accordance with SAS No. 100, the SEC Form 10-Q's, prior to their filing and update any material changes in SAS No. 61 information on a quarterly basis. Such updates to SAS No. 61 information may be communicated to the Committee Chairman.
- On an annual basis, the Committee shall review and discuss with the independent auditors all significant relationships they have with the Company, which could impair the auditors' independence. Independent auditors shall communicate their independence in writing on an annual basis in accordance with Independent Standards Board Standard No. 1.
- Assure regular rotation of the lead and/or concurring audit partner in accordance with Section 10A(j) of The Exchange Act.

**NBT Bancorp Inc.**  
**Audit and Risk Management Committee Policy Statement and Charter**

- Review the proposed hiring of employees of the Company’s independent auditor or former employees who have worked for the Company’s independent auditor within the past three years.
- Take all action necessary, advisable or proper to perform Committee duties for each Bank and non-Bank subsidiary.

Other duties for which the Audit and Risk Management Committee shall be responsible to the Board of Directors include the following:

- Review the Company’s quarterly unaudited and annual audited consolidated financial statements prior to their filing with the SEC. The review should include discussion with Management and independent auditors of significant issues regarding accounting principles and judgements. Also, the Committee shall receive and review the results of the annual audit and any other required communications from the independent auditors. Based on such reviews and discussions, the Committee shall advise the Board whether it recommends that the audited consolidated financial statements be included in the Company’s SEC Form 10-K to be filed with the SEC.
- Meet at least annually with Management, Risk Management Division personnel and the independent auditors to review NBT’s major financial risk exposures and the steps Management has taken to monitor and control such exposures.
- On at least an annual basis, review with appropriate parties any legal matters that could have a significant impact on the Organization’s financial statements, the Company’s compliance with applicable laws and regulations, and inquiries received from regulators or government agencies.
- Prepare/review the report(s) required by the rules of applicable agencies including the SEC and NASD to be included in the Audit and Risk Committee Report in the Company’s annual proxy statement.

The Committee may, at its discretion, request any special investigations of conflicts of interest, regulatory compliance, or any other significant matters of concern. The Committee has the ability to retain, at the Company’s expense, special legal, accounting or other consultants or experts that it deems necessary in the performance of its duties. The Committee will, at its discretion, meet privately with the independent auditors, Management and/or members of the Risk Management Division. The Committee may delegate certain of the above responsibilities to its Chairman or other Committee members, however, this in no way, relieves the Committee of overall responsibility.

While the Audit and Risk Management Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine independently of Management and the independent auditors that the Company’s consolidated financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

\* \* \* \* \*

\_\_\_\_\_  
Patricia T. Civil, Chairperson

\_\_\_\_\_  
Date