

NBT BANCORP INC.
AUDIT AND RISK MANAGEMENT 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 and Risk Management Committee (the “Committee”) to assist the Board in the oversight of:

- 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 risk management activities;
- the Company’s compliance with legal and regulatory requirements; and
- the performance of the Company’s Risk Management Division personnel.

II. COMMITTEE MEMBERSHIP AND INDEPENDENCE

- 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.
- At least one member will qualify as an “audit committee financial expert” as defined by the SEC.
- The Chairperson and members of the Committee shall be annually appointed by the Board.
- Committee members will serve NBT Bancorp Inc. and its subsidiaries.

III. AUTHORITY

The Committee shall be directly responsible for the appointment, compensation and oversight of the work of the independent auditor. 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 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, Risk Management 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 obligated to make such funding available.

IV. SPECIFIC DUTIES AND RESPONSIBILITIES

The Board set forth the Audit and Risk Management 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 relevant professional standards and SEC 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 and Risk Management 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. 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 reviews any delegated decisions at its next scheduled meeting.
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:

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- 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.

Risk Management Division

13. Approve the appointment and replacement of the Senior Risk Management Division Officer and the Director of Audit. The Senior Risk Management Division Officer and the Director of Audit shall report directly to the Committee.
14. Review the performance of the Senior Risk Management Division Officer and the Director of Audit annually.
15. Review and approve the annual internal audit, compliance and loan review plans and any significant changes to such plans.
16. Review the reports to management prepared by the Internal Audit Department, including any reports required by applicable laws, rules and regulations. Review management's responses to the reports.
17. Review with the Senior Loan Review Officer the results of completed reviews and management's responses.
18. Review periodic reports prepared by the Corporate Compliance Officer to evaluate the Company's program for complying with applicable laws, rules and regulations.
19. Review the Corporate Security Officer's annual report.
20. Review regulatory examination reports and management's responses.
21. Review any legal or regulatory 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 the Company's insurance program and adequacy of coverages.
23. Review third parties to be used for performance of portions of internal audit, compliance and/or loan review workplans.

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24. Review and approve other periodic reports or policies as required by applicable laws, rules and regulations.

25. Review the Internal Audit charter annually.

Other

26. 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.

27. Review management's annual report of potential conflicts of interest for Board and executive management.

28. 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.

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

- The Committee will meet at least four times a year. The Committee has the right to call additional meetings as necessary to perform their duties.
- The Committee shall meet in executive sessions quarterly with management, the independent auditor and Risk Management Division personnel.
- The Committee shall keep written minutes of each meeting 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/.