



August 9, 2012

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve  
System  
20th Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation,  
550 17th Street, N.W.  
Washington, D.C. 20429

Office of the Comptroller of the Currency  
250 E Street, SW  
Mail Stop 2-3  
Washington, DC 20219

Re: Basel III Capital Proposals

Ladies and Gentlemen:

We are writing to request that the comment period for the Basel III proposals that were approved on June 7, 2012 and would revise and replace the current capital rules of the Board of Governors of the Federal Reserve, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively the “banking agencies”) be extended beyond the current deadline of October 22, 2012 for a minimum of an additional 45 days.

NBT Bank, NA (the “Bank”) is a wholly-owned banking subsidiary of NBT Bancorp Inc. (collectively, the “Company”), which has approximately \$6.0 billion in assets. The Company provides a wide variety of financial products and services to its customers in upstate New York, northeastern Pennsylvania, western Massachusetts, Burlington, Vermont, and southeastern New Hampshire. The Company serves its community by providing such products and services to its people, businesses, schools and other organizations. In these challenging economic times, the Company also prides itself on providing financial support to its community through sponsorships and donations as well as employment opportunities.

We anticipate that, based on the complexity of the Basel III proposals, there could be a significant immediate, ongoing, and material impact on capital and liquidity for both financial and non-financial businesses. It is important for our institution to fully understand how the implementation of Basel III will impact our lending capabilities to the communities and customers we serve. Considering the broad scope and complexity of the proposals and their applicability to all business lines, we need sufficient time to evaluate the operational intricacies of the proposals and understand their impact. For example, one area of community bank focus is determining the impact the phase out of Trust Preferred Securities will have on Tier One Capital, notwithstanding the inconsistencies this part of the proposals has compared to the Collins amendment under the Dodd-Frank Act. The Company has \$72 million of Trust Preferred

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<sup>1</sup> The proposals are titled: *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions; Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements; and Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rules; Market Risk Capital Rule.*



Securities permitted in our current regulatory capital calculations which were grandfathered under the Collins amendment. Beginning in 2013 we estimate the proposed phase out will have a 13 – 16 basis point impact on the regulatory capital levels of NBT Bancorp Inc. To offset the reduction, the Company would need to replace approximately \$7.2 million of Tier One Capital on an annual basis prior to the full phase-out in order to maintain our current capital ratios, all else being equal. We strongly recommend the proposal be revised to fully recognize the intent of the Collins amendment by permanently grandfathering outstanding Trust Preferred Securities issued before May 19, 2010 for institutions between \$500 million and \$15 billion.

We are concerned that the comment period, scheduled to end on October 22, 2012, does not provide sufficient time to adequately examine the implications and impact of these proposals. Further, we believe the current deadline will not allow us adequate time to assess the full impact so that we may provide such information to you in order for you to make fully informed decisions on these proposals. As you know, the proposals outlining the new capital requirements are the most material changes to U.S. capital standards since 1989. Therefore it is imperative our financial institution has the time and resources to effectively provide the banking agencies with well informed constructive comments during this process. Additionally, as we continue to analyze the changes outlined in the proposals, it is important to consider the impact of the proposed Basel III enhancements in context with other regulatory changes affecting the financial industry.

We therefore, respectfully request that the banking agencies consider extending the current October 22, 2012, comment period deadline for at least an additional 45 days.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael J. Chewens", with a long horizontal flourish extending to the right.

Michael J. Chewens  
Senior Executive Vice President  
Chief Financial Officer