



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

September 10, 2007

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**NBT Bank, National Association  
Charter Number: 1354**

**52 South Broad Street  
Norwich, NY 13815**

**Office of the Comptroller of the Currency**

**Upstate New York (Syracuse)  
231 Salina Meadows Parkway, Suite 105  
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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of **NBT Bank, National Association** (NBT) with respect to the Lending, Investment, and Service Tests:

Performance Levels	NBT Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels that reflect an excellent responsiveness by NBT to the credit needs of its assessment areas (AAs).
- Excellent distribution of loans among borrowers of different income levels throughout the AAs.
- Good distribution of loans among geographies of different income levels throughout the AAs, along with an excellent ratio of loans originated inside the AAs.
- A high level of community development lending that had a positive impact on the bank's lending performance.
- Flexible lending products that had a positive impact on the bank's lending performance.
- An overall good level of investments that are responsive to the community development needs of the AAs.
- Service delivery systems that are accessible to geographies and individuals of different income levels in the AAs.
- Good performance in providing community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

NBT Bank, National Association (NBT) is an interstate bank headquartered in Norwich, New York, and operating in the States of New York and Pennsylvania. NBT is a wholly owned subsidiary of NBT Bancorp, Inc. (NBTB). NBTB had average assets of \$5.2 billion as of December 31, 2007. In addition to NBT, NBTB also owns NBT Financial Services Inc., a securities and insurance business, and Hathaway Agency Inc., an insurance agency. NBT has several subsidiaries: NBT Capital Corp. (NCC), a Small Business Investment Company (SBIC); NBT Services, which owns an 80% interest in a title insurance company; Pennstar Realty and CNB Realty, both Real Estate Investment Trusts (REITS); Pennstar Bank Service Co., which provides administrative and support services to the bank; and Broad Street Property Associates, a property management company. The operating subsidiaries had no impact on the bank's capacity to lend in its AAs.

NBT is a full service bank with 118 branches serving the central, northern, eastern, and southern regions of New York State and the northeastern section of Pennsylvania. NBT AAs cover 18 counties in New York State and six counties in Pennsylvania. In Pennsylvania, NBT operates under the name of Pennstar Bank.

NBT offers a wide range of financial services. In addition to traditional deposit and loan products, NBT also offers trust services. As of December 31, 2007, NBT's total assets included \$3.4 billion in net loans, representing 65% of total assets. The bank's loan mix consisted of 59% real estate loans, 19% loans to individuals, 17% commercial and industrial loans, 2% agricultural, and 3% other loans. Since December 31, 2004, total assets increased 23.7% due to growth in all loan categories. As of June 30, 2007, NBT reported net Tier 1 capital of \$357 million.

NBT operates in a competitive financial services market with mortgage companies, large regional banks, credit unions, savings banks and community banks. NBT is not subject to any known financial, legal or regulatory restrictions that would impede its ability to help meet the credit needs of its assessment areas.

NBT's last CRA exam was July 6, 2004, at which time the bank's performance was rated "Outstanding."

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The Lending Test evaluation covers two time periods, January 1, 2004, through December 31, 2006, and January 1, 2003, through December 31, 2003, for Home Mortgage Disclosure Act (HMDA) loans, small business loans, and small farm loans. A separate evaluation of the 2003 time period was required due to the US Census Bureau's remapping of Metropolitan Statistical Areas (MSAs), which became effective January 1, 2004. HMDA loans include home purchase, home improvement and refinance loans. The 2003 Lending Evaluation covered only HMDA loans, as bank management was unable to provide (due to software difficulties) the small business and small farm micro loan data for 2003, which is necessary for the evaluation. The



evaluation period for Community Development (CD) loans, investments, and services is July 6, 2004 through September 9, 2007. This represents the time period between the start of the bank's last and current CRA exams. The market share and peer comparisons are based on the information contained in the aggregate HMDA and Small Business/Farm Registers for 2006. The aggregate HMDA and Small Business/Farm Registers are available for public review. We did not consider the bank's multifamily dwelling loans for either state due to the limited activity for this product.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business/Farm Registers for 2006. Any lender with significant mortgage loan activity operating in NBT's nine AAs would be required to file a HMDA report for 2006. Small business reporting is required only of bank and thrift institutions with assets of \$1.033 billion or more as of December 31 of the prior two calendar years preceding the reporting year.

The Tables section of this evaluation includes only the tables for the 2004-2006 time period. We elected not to include the 2003 Lending Test tables in order to keep the report to a reasonable size. However, we do discuss the bank's lending performance in 2003 in the Lending Test.

### **Data Integrity**

We performed a data integrity exam of the loan information indicated above by reviewing the bank's recent internal audit of the data. We took our own sample of the bank's loan sample to validate the quality of the audit work. The audit testing of HMDA was of sufficient scope and quality for us to place reliance on its results. While the scope of the testing of the small business and small farm data was good, the audits failed to detect a couple of key exceptions. As a result, management had to conduct further data scrubbing of this data for the CRA examination. After completing the data scrub, management provided us the corrected data to use for the examination.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, a sample of AAs within that state was selected for full-scope reviews. Refer to the Scope section under each state rating for details regarding how the areas were selected and why they are believed to be representative of overall bank performance.

### **Ratings**

The bank's overall rating is a blend of its state ratings for New York State and the State of Pennsylvania. In arriving at the overall rating, greater weight was given to the New York State rating due to it representing a significantly greater portion of the bank's overall business activity than the State of Pennsylvania. Please refer to the Description of Operations section for each state rating for further details.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the Scope section under each state rating for details regarding how the areas were weighted in arriving at each overall state rating.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## State Rating

### New York State

**CRA Rating for New York State: Outstanding**

**The lending test is rated:** Outstanding

**The investment test is rated:** High Satisfactory

**The service test is rated:** High Satisfactory

The major factors that support this rating include:

- Lending levels that reflect an excellent responsiveness by NBT to the credit needs of its assessment areas (AAs).
- Excellent distribution of loans among borrowers of different income levels throughout the AAs.
- Good distribution of loans among geographies of different income levels throughout the AAs, along with an excellent ratio of loans originated inside the AAs.
- A high level of community development lending that had a positive impact on the bank's lending performance.
- Flexible lending products that had a positive impact on the bank's lending performance.
- Investments that reflect a good responsiveness to the credit and community development needs of the AAs.
- Service delivery systems that are accessible to geographies and individuals of different income levels in the AAs.
- Good performance in providing community development services.

### Description of Institution's Operations in New York State

NBT has six AAs within the State of New York. They include the Southern Tier Region AA, the Albany Region AA, the Mohawk Valley Region AA, the Broome/Tioga Region AA, the Fulton Region AA, and the North Region AA. NBT has 80 branches within the state, representing 68% of the bank's total branch network. Seventy-eight percent of NBT's total deposits are from New York State. The bank ranked 26<sup>th</sup> in the state for deposit market share with 37% of deposits. During the evaluation period, NBT originated 76% of its total HMDA and small business/small farm loans within New York.

Refer to the Market Profiles for the State of New York in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

## Scope of Evaluation in New York State

We conducted full-scope reviews of the Southern Tier Region AA and the Mohawk Valley Region AA. The two areas combined represent 51% of the total lending activity evaluated, 40% of the total number of branches, and 49% of the total deposits in the state. The Southern Tier Region AA was weighted more heavily as 36% of the statewide lending activity, 42% of the statewide deposits and 30% of the statewide branches are located there. Home mortgage loans were given the greatest weight, as they accounted for 54% of the number and 45% of the dollar volume of loans evaluated. Small business lending followed closely, representing 35% of the number and 47% of the dollar volume of loans evaluated. We gave the least weight to small farm loans, which represented only 10% of the number and 8% of the dollar volume of loans evaluated.

Of the home mortgage lending products, we gave the greatest weight to refinances, which represented 57% of home mortgage loans, followed by home purchase loans (28%) and home improvement loans (14%).

For 2003 loan data, we used the Albany Region AA as a full-scope AA instead of the Mohawk Valley Region AA (formally referred to as the Utica-Rome MSA AA). The bank's Albany Region AA represented a larger share of NBT's business activity prior to the Census Bureau's 2004 MSA remapping. This review consisted only of the HMDA loan data for the year as mentioned earlier in the Evaluation Period/Products Evaluated section of the report.

We conducted two community contacts during this evaluation. Of the two contacts, one was made in the Mohawk Valley Region AA and one was made in the Southern Tier Region AA. The organizations contacted were involved with affordable housing for low- and moderate-income individuals. Both contacts confirmed the need for affordable housing assistance in their respective AAs. Both contacts stressed the need for new homebuyer counseling and financial literacy programs in conjunction with affordable loan programs. There also is a great need for counseling for home repairs, and delinquency and foreclosure situations. Both contacts stressed the need for reverse mortgages as many elderly residents with strained finances have resorted to reverse mortgages to help pay their bills. At this time, residents can only obtain reverse mortgage loans from out of the area lenders in Chenango and Broome counties in the Southern Tier Region AA. Reverse mortgages are a product local lenders could offer to assist lower income residents in this AA. Two in market lenders are offering reverse mortgages in the Mohawk Valley Region AA. The need for affordable housing related loans, investments and services in the AAs was considered in our evaluation of NBT's performance in the State of New York under the Lending, Investment and Service Tests. Refer to the Market Profile section in Appendix C for more information.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in New York State is rated Outstanding. Based on full-scope reviews, the bank's performance in the Southern Tier Region AA and in the Albany Region AA (2003) was excellent. NBT's performance in the Mohawk Valley Region AA (2004-2006) was good.

## **Lending Activity**

Refer to Table 1 Lending Volume in the New York State section of Appendix D for the facts and data used to evaluate the bank's lending activity.

NBT's overall lending activity in the two full-scope AAs is excellent. NBT's lending activity is excellent in the Southern Tier Region AA. NBT ranks first for deposits with a 38.41% market share. Based on 2006 aggregate HMDA data, NBT is the number one originator/purchaser of refinance loans (16.04% market share) and home improvement loans (19.94% market share). NBT was the number two originator/purchaser of home purchase loans (7.97% market share), exceeded only by a very large national mortgage company. Based on 2006 CRA aggregate data, NBT ranks 6<sup>th</sup> as originator/purchaser of small loans to businesses (5.86% market share) and the number one originator/purchaser of small loans to farms (73.84% market share). In small business lending, NBT is outranked only by large national credit card companies for the number of loans made. These companies made average loans of less than \$11,000 compared to NBT's average loan of \$82,000. NBT is the number one lender for dollars extended for small business loans with a 27.83% market share.

NBT's lending activity in the Mohawk Valley Region AA is excellent. In the Mohawk Valley Region AA, NBT ranks 8<sup>th</sup> for deposits with a 4.99% market share. Based on 2006 aggregate HMDA data, NBT ranked 5<sup>th</sup> for refinance loans (3.52%), 18<sup>th</sup> for originator/purchaser of home purchase loans (1.63% market share), and 14<sup>th</sup> for home improvement loans (1.87% market share). Based on 2006 CRA aggregate data, NBT is the 8<sup>th</sup> largest originator/purchaser of small loans to businesses (4.16% market share) and the largest originator/purchaser of small loans to farms (56.74% market share). In small business lending, NBT is outranked only by large national credit card companies for the number of loans made. These companies made average loans of less than \$13,000 compared to NBT's average loan of \$149,000. NBT is the number one lender for dollars extended for small business loans with a 25.96% market share.

## **Distribution of Loans by Income Level of the Geography**

The geographic distribution of NBT's small loans to businesses, home mortgage loans and small loans to farms reflects good penetration throughout the full-scope AA geographies. Performance is good in the Southern Tier Region AA, adequate in the Mohawk Valley Region AA and good in the Albany Region AA. There are no low-income geographies in the Southern Tier Region AA. The Mohawk Valley Region and Albany Region AAs each contain only a small percentage of owner-occupied housing (2.64% in the Mohawk Valley Region AAs and 2.19% in the Albany Region AA) in low-income geographies. Thus, we gave greater weight to the bank's lending performance in the moderate-income geographies.

### ***Home Mortgage Loans***

The overall geographic distribution of home mortgage loans is good. The geographic distribution is good in the Southern Region Tier AA, adequate in the Mohawk Valley Region AA and good in the Albany Region AA.

Refer to Tables 2, 3, 4 and 5 in the State of New York section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The overall geographic distribution of home purchase loans is good. The geographic distribution was good in the Southern Tier Region AA, Mohawk Valley Region AA (2004-2006 only), and the Albany Region AA (2003 only). During 2004-2006, the portion of home purchase loans made in moderate-income geographies in the Southern Tier Region AA was near to the portion of owner-occupied housing units that are in those geographies. In 2003, the portion of home purchase loans made in moderate-income geographies in the Southern Tier Region AA was somewhat lower than the portion of owner-occupied housing units in those geographies. The market share of loans originated in moderate-income geographies in the Southern Tier Region AAs is somewhat lower than the bank's overall market share. During 2004-2006, the portion of home purchase loans made in moderate-income geographies in the Mohawk Valley Region AA was near to the portion of owner-occupied housing units located in those geographies. NBT made no home purchase loans in the low-income geographies in this AA. NBT's market share of home purchase loans originated in moderate-income geographies in the Mohawk Valley Region AA substantially met the bank's overall market share of home purchase loans. In 2003, the portion of home purchase loans made in moderate-income geographies in the Albany Region AA exceeded the portion of owner-occupied housing units in those geographies. NBT made no home purchase loans in the low-income geographies in this AA.

The overall geographic distribution of home improvement loans is adequate. The geographic distribution was good in the Southern Tier Region AA, adequate in the Mohawk Valley Region AA (2004-2006 only), and adequate in the Albany Region AA (2003 only). During 2004-2006, the portion of home improvement loans made in moderate-income geographies in the Southern Tier Region AA was near to the portion of owner-occupied housing units that are in those geographies. In 2003, the portion of home improvement loans made in moderate-income geographies in the Southern Tier Region AA was significantly lower than the portion of owner-occupied housing units in those geographies. The market share of loans originated in moderate-income geographies in the Southern Tier Region AA substantially met the bank's overall market share. During 2004-2006, the portion of home improvement loans made in moderate-income geographies in the Mohawk Valley Region AA was somewhat lower than the portion of owner-occupied housing units located in those geographies. NBT made no home improvement loans in the low-income geographies in this AA. NBT's market share of home improvement loans originated in moderate-income geographies in the Mohawk Valley Region AA was significantly lower than the bank's overall market share of home improvement loans. In 2003, the portion of home improvement loans made in moderate-income geographies in the Albany Region AA was somewhat lower than the portion of owner-occupied housing units in those geographies. NBT made no home improvement loans in the low-income geographies in this AA.

The overall geographic distribution of refinance loans is good. The geographic distribution was good in the Southern Tier Region AA, adequate in the Mohawk Valley Region AA (2004-2006 only), and good in the Albany Region AA (2003 only). During 2004-2006, the portion of refinance loans made in moderate-income geographies in the Southern Tier Region AA was near to the portion of owner-occupied housing units that are in those geographies. In 2003, the portion of refinance loans made in moderate-income geographies in the Southern Tier

Region AA was somewhat lower than the portion of owner-occupied housing units in those geographies. The market share of loans originated in moderate-income geographies in the Southern Tier Region AA exceeded the bank's overall market share. During 2004-2006, the portion of refinance loans made in moderate-income geographies in the Mohawk Valley Region AA was somewhat lower than the portion of owner-occupied housing units located in those geographies. NBT made no refinance loans in the low-income geographies in this AA. NBT's market share of refinance purchase loans originated in moderate-income geographies in the Mohawk Valley Region AA was lower than the bank's overall market share of refinance loans. In 2003, the portion of refinance loans made in moderate-income geographies in the Albany AA exceeded the portion of owner-occupied housing units in those geographies. NBT made no refinance loans in the low-income geographies in this AA.

### ***Small Loans to Businesses***

Refer to Table 6 in the State of New York section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses is excellent. The geographic distribution is excellent in both the Southern Tier Region and the Mohawk Valley Region AAs. In the Southern Tier Region AA, the portion of small loans to businesses made in moderate-income geographies exceeded the portion of businesses that are in those geographies. The Southern Tier Region AAs market share of loans originated in moderate-income geographies also exceeded the bank's overall market share. In the Mohawk Valley Region AA, the portion of small loans to businesses made in moderate-income geographies exceeded the portion of businesses that are in those geographies, while in low-income geographies the portion of small loans to businesses was near to the portion of businesses that are in those geographies. The Mohawk Valley Region AAs market share of loans originated in moderate-income geographies exceeded the bank's overall market share, while its market share of loans originated in low-income geographies was near to its overall market share of small business loans.

### ***Small Loans to Farms***

Refer to Table 7 in the State of New York section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The overall geographic distribution of small loans to farms is good. The geographic distribution is good in the Southern Tier Region AA and adequate in the Mohawk Valley Region AA. In the Southern Tier Region AA, the portion of small loans to farms made in moderate-income geographies is near to the portion of farms that are in those geographies. The Southern Tier Region's AA market share of loans originated in moderate-income geographies exceeds the bank's overall market share. In the Mohawk Valley Region AA, the portion of small loans to farms made in moderate-income geographies is somewhat lower than the portion of farms that are in those geographies. The portion of small loans to farms made in low-income geographies is lower than the portion of farms that are in those geographies. The lack of farm loans in low-income geographies is insignificant with less than 1% of the AA farms located in those geographies. There are only seven farms located in a low-income geography. The Mohawk Valley Region AAs market share of farm loans originated in moderate-income geographies is near to the bank's overall market share of farm loans.

### ***Lending Gap Analysis***

Reports detailing NBT's lending activity over the evaluation period for home mortgage loans, small loans to businesses and farms were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

This portion of the evaluation was performed at the bank level. A substantial majority (93%) of the home mortgage loans, small business loans, small farm loans and CD loans were made within the bank's AAs. By product, 95% of the bank's home mortgage loans, 94% of the small loans to businesses, 80% of the small loans to farms, and 100% of the CD loans were within the bank's AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

### **Distribution of Loans by Income Level of the Borrower**

The borrower distribution of NBT's home mortgage, small loans to businesses and small loans to farms reflects an excellent dispersion among borrowers of different income levels. The dispersion among borrowers in the full-scope AAs is excellent. In the evaluation of borrower distribution, we gave consideration to the high poverty level in each of the AAs. The poverty level in the Southern Tier Region and Mohawk Valley Region AAs was 13%, while the poverty level in the Albany Region AA was 9%. Due to reasons of affordability, it is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. Accordingly, we considered this in evaluating the bank's lending distribution to low-income borrowers.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the State of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home mortgage loans in the full-scope AAs is excellent.

Home purchase loan borrower distribution is excellent. In the Southern Tier Region AA, performance is excellent. In 2004-2006, the portion of home purchase loans to moderate-income borrowers exceeded the portion of families defined as such. The portion of home purchase loans to low-income borrowers was somewhat lower than the portion of low-income families, but excellent when considering the 13% of AA households living below the poverty level. In 2003, the portion of home purchase loans to moderate-income borrowers was near to the portion of families defined as such. The portion of home purchase loans to low-income borrowers was lower than the portion of low-income families, but excellent when considering 13% of AA households were living below the poverty level. The market share for loans made to both low- and moderate-income borrowers exceeded NBT's overall market share in the AA for home purchase loans. In 2004-2006, performance in the Mohawk Valley Region AA was excellent. The portion of home purchase loans to moderate-income borrowers exceeded the portion of families defined as such. The portion of home purchase loans to low-income



borrowers was near to the portion of low-income families, but excellent when considering the 13% of AA households living below the poverty level. The market share for loans made to low income borrowers exceeded and for moderate-income was near to NBT's overall market share in the AA for home purchase loans. Performance in the Albany Region AA was excellent in 2003. The portion of home purchase loans to moderate-income borrowers exceeded the portion of families defined as such. The portion of home purchase loans to low-income borrowers was somewhat lower than the portion of low-income families, but excellent when considering 9% of AA households were living below the poverty level.

Home improvement loan borrower distribution is excellent. In the Southern Tier Region AA, performance is excellent. In both the 2003 and 2004-2006 time periods, the portion of home improvement loans to both low- and moderate-income borrowers exceeded the portion of families defined as such. The market share for loans made to both low- and moderate-income borrowers exceeded NBT's overall market share in the AA for home improvement loans. In 2004-2006, performance in the Mohawk Valley Region AA was excellent. The portion of home improvement loans to both low- and moderate-income borrowers exceeded the portion of families defined as such. The market share for loans made to low income borrowers exceeded and for moderate-income was near to NBT's overall market share in the AA for home improvement loans. Performance in the Albany Region AA was excellent in 2003. The portion of home improvement loans to both low- and moderate-income borrowers exceeded the portion of families defined as such.

Home refinance loan borrower distribution is excellent. In the Southern Tier Region AA, performance is excellent. In 2004-2006, the portion of home refinance loans to moderate-income borrowers exceeded the portion of families defined as such. The portion of home refinance loans to low-income borrowers was somewhat lower than the portion of low-income families, but excellent when considering the 13% of AA households living below the poverty level. In 2003, the portion of home refinance loans to moderate-income borrowers was near to the portion of families defined as such. The portion of home refinance loans to low-income borrowers exceeded the portion of low-income families. The market share for loans made to both low- and moderate-income borrowers exceeded NBT's overall market share in the AA for home refinance loans. In 2004-2006, performance in the Mohawk Valley Region AA was excellent. The portion of home refinance loans to moderate-income borrowers exceeded the portion of families defined as such. The portion of home refinance loans to low-income borrowers was near to the portion of low-income families, but excellent when considering the 13% of AA households living below the poverty level. The market share for loans made to low- and moderate-income borrowers exceeded NBT's overall market share in the AA for home refinance loans. Performance in the Albany Region AA was excellent in 2003. The portion of home refinance loans to moderate-income borrowers exceeded the portion of families defined as such. The portion of home refinance loans to low-income borrowers was somewhat lower than the portion of low-income families, but good when considering 9% of AA households were living below the poverty level.

### ***Small Loans to Businesses***

Refer to Table 11 in the State of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses is excellent in both full-scope AAs. The portion of NBT loans to small businesses (businesses with revenues of \$1 million or less) significantly exceeds the portion of businesses that are defined as such in both AAs. The market share of small loans to businesses exceeds NBT's overall market share in both AAs.

### ***Small Loans to Farms***

Refer to Table 12 in the State of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The borrower distribution of small loans to farms is excellent. The portion of NBT loans to small farms (farms with revenues of \$500,000 or less) exceeds the portion of farms that are defined as such in the Southern Tier Region AA and is near to the portion of farms defined as such in the Mohawk Valley Region AA. The market share of small loans to small farms exceeds NBT's overall market share for small loans to all farms in both AAs.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the State of New York section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

NBT's substantial level of community development lending had a positive impact on the evaluation of its lending performance in the State of New York.

NBT originated six CD loans for \$11.4 million in its Southern Tier Region AA. Two loans for \$1.5 million were made for affordable housing for people with low- and moderate-income. Three loans for \$5.3 million support projects that are helping revitalize and stabilize moderate-income geographies or designated underserved and distressed middle-income geographies. The remaining loan for \$4.6 million was made to an organization providing community services targeted to people of low- and moderate-income.

NBT originated 21 CD loans for \$78.7 million in its Mohawk Valley Region AA. Six loans for \$12.8 million were made for affordable housing for people with low- and moderate-income. Five loans for \$27.9 million support projects that are helping revitalize and stabilize low- or moderate-income geographies. The remaining loans totaling \$38 million are loans to small sized businesses that are creating or retaining jobs for low- and/or moderate-income individuals, or are located in and creating and retaining jobs in low- or moderate-income geographies or in areas targeted for redevelopment by federal or state government.

### **Product Innovation and Flexibility**

NBT's innovative and flexible lending activity had a positive impact on the evaluation of its lending performance in the State of New York.

The bank offers an affordable housing mortgage product for people of low- or moderate-income in conjunction with a number of non-profit agencies involved in affordable housing.

The loan must be used in conjunction with a grant from an approved non-profit agency, and the borrower must complete a financial counseling program through an approved counseling service. These loans feature an interest rate 1/4 percent less than prevailing conventional mortgage rates, lower down payments (up to 98% loan to value) without requiring private mortgage insurance, no application fee, and the deferral of all closing costs until the time of closing. There were 12 loans for \$603,000 made in the Southern Tier Region AA and two loans for \$97,873 made in the Mohawk Valley Region AA during the evaluation period.

NBT participates in three programs with the State of New York Mortgage Agency (SONYMA) that are designed to assist low- and moderate-income people with home purchases. The Achieving the Dream Program is for low-income households only. It features a very low fixed interest rate, a 30 year loan term and up to 97% financing. The Low Interest Rate Program also allows for up to 97% financing. This program, which is available to both low- and moderate-income first time homebuyers, features a fixed interest rate that is less than current conventional rates and loan terms from 20-30 years. NBT originated 29 loans for \$2.6 million in the Southern Tier Region AA and six loans for \$399,570 in the Mohawk Valley Region AA under these programs.

NBT participates in the US Department of Agriculture (USDA) Rural Development Guaranteed Housing Program. This loan program is designed to help low- and moderate-income individuals purchase affordable single-family homes in rural areas. Rural areas include open country and places with a population of 10,000 or less and, under certain conditions, towns and cities with between 10,000 and 25,000 residents. Applicant(s) must have an adjusted household income that does not exceed the moderate-income limit established for the area. The applicant(s) must occupy the home as their primary residence. The home may be existing, new, or proposed construction. The guarantee program also includes new manufactured homes, new or existing modular homes, condos and town houses (if it meets the standards for Fannie Mae, Freddie Mac, VA, or FHA. Other features include:

- \* Flexible credit and qualifying ratios
- \* 30 year fixed rates and no mortgage insurance
- \* No down payment and no cash reserve requirements
- \* No maximum purchase price or mortgage limit

During the evaluation period, NBT made four loans for \$226,000 under this program in the Southern Tier Region AA. Since the bank began its participation in the program in 2007, it has not yet closed a loan in the Mohawk Valley Region AA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the limited-scope AAs of New York State is weaker than its rating in the full-scope AAs. Overall lending in the limited-scope AAs is good. The overall geographic distribution of lending in the limited-scope AAs was adequate compared to good in the full-scope AAs. The weaker performance in the limited-scope AAs did not lower the bank's rating under the Lending Test.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test in New York State is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Southern Tier Region and Mohawk Valley Region AAs is good.

Refer to Table 14 in the State of New York section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

NBT's largest investment activity in New York is in the NBT Capital Corporation, a Small Business Investment Corporation (SBIC). The investment in NBT Capital Corporation consists of a \$5 million prior period investment and a \$3 million current period investment. The Capital Corporation is a regional investment covering all of NBT's New York State AAs. The Corporation has several outstanding equity investments in companies that operate in the bank's New York full-scope AAs providing continued economic benefit to the AAs.

In the Southern Tier Region AA the level of investment was good. The investments made a positive impact on the AA. The investment activity for the AA consisted of \$4.1 million in direct investment activity that was primarily for the revitalization and stabilization of moderate-income geographies, and middle-income rural geographies which are designated distressed and underserved. The \$17 thousand in grants included in the total investments were primarily for community services targeted to people of low- or to moderate-income and affordable housing services for people with low- or moderate-income. The direct investment activity in the AA was augmented by the regional investment activity of NBT Capital Corporation.

The level of investment in the Mohawk Valley Region AA was good. The current period direct investments of \$117 thousand consisted of grants that were primarily for community services targeted to people with low- and moderate-income. The direct investment activity in the AA was significantly augmented by the regional investment activity of NBT Capital Corporation.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the limited-scope AAs is not inconsistent with its performance in the full-scope AAs. The impact of the NBT Capital Corporation investment was considered in arriving at the performance conclusion for the limited-scope AAs. Please refer to the Table 14 in the State of New York section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test in New York State is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Southern Tier Region AA is good and in the Mohawk Valley Region AA NBT's performance is adequate.

## Retail Banking Services

Refer to Table 15 in the State of New York section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

NBT's delivery systems are accessible to geographies and individuals of different income levels throughout the full-scope AAs. Accessibility is good in the Southern Tier Region AA and adequate in the Mohawk Valley Region AA.

In the Southern Tier Region AA, the distribution of NBT's offices in moderate-income geographies is somewhat lower than the distribution of the population living in such geographies. However, the bank's main office in Norwich, NY, which is located in middle-income census tract 9903, is very convenient to census tract 9904, a moderate-income census tract. A good portion of tract 9904 is nearer to the bank than portions of tract 9903. At its closest point, the office is within 25 feet of the tract 9904.

In the Mohawk Valley Region AA, NBT's office distribution in moderate-income geographies is near to the distribution of the population living in these geographies. NBT does not have an office in a low-income geography in this AA where 5.95% of the population resides.

NBT's branch openings and closings did not adversely affect its branch distribution in the full-scope AAs. There was limited branch opening and closing activity in the two full-scope AAs. There were no branch openings or closings in the Southern Tier Region AA during the examination period. In the Mohawk Valley Region AA, one branch opened in a middle-income geography.

NBT's hours and services offered throughout the full-scope AAs do not vary in a way to inconvenience any geographies or individuals. Hours and services are good in both the Southern Tier Region AA and Mohawk Valley Region AA. Services offered are comparable among locations regardless of the income level of the geography. Substantially all branch offices offer extended hours on various days of the week including Saturday hours, which are offered in the majority of the branches. Management sets branch hours based on customer needs and traffic patterns in each area.

NBT offers services that provide easy access to funds for low-income people who receive government assistance. All NBT branches in the two full-scope AAs will cash government checks for non-customers for a fee. Recipients (customer or non-customer) of New York State or Pennsylvania Public Assistance through the Electronic Benefits Transfer Program (EBT) can withdraw funds from any NBT ATM free of charge. The bank's Classic Checking Account, is a basic account without a monthly maintenance charge, an affordable option for people with low- or moderate-income. There are no balance requirements or check writing limits on the accounts.

NBT offers alternative delivery systems in the form of ATMs. A majority of the bank's ATMs are located in the full-scope AAs. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. Customers and non-customers alike can access their accounts through NBT ATMs, which are connected to

the NYCE and PLUS ATM systems. Customers may also use their NBT ATM card to obtain cash at non-proprietary ATMs throughout the world, which bear the NYCE or PLUS logos.

NBT also offers alternative delivery systems of bank-by-phone and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on NBT loans, transfer funds, and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail banking services on low- and moderate-income geographies and individuals.

## **Community Development Services**

NBT's performance in providing community development services is good in both of its full-scope AAs.

Management and bank employees provide a high level of support to various organizations in the communities served by the bank by offering financial expertise to such groups. Numerous employees are members of the boards of directors or finance committees of organizations that provide community development services.

In the Southern Tier Region AA, NBT employees provide a high level of support to various community development organizations. Members of the NBT employees participated in 29 community organizations that are involved in community development activities, devoting nearly 700 hours per year to such activities during the evaluation period. The activities primarily involve community services targeted to low- and moderate-income people and economic development through financing small businesses that are involved in job creation and retention for people of low- and moderate-income, or are located in low- or moderate-income geographies, or are located in distressed and underserved middle-income geographies, or are located in areas designated for economic development by federal, state or local government.

In the Mohawk Valley Region AA, NBT employees also provide a high level of support to various community development service organizations. NBT employees participated in seven organizations that are involved in community development activities, devoting nearly 170 hours per year to such activities during the evaluation period. The activities primarily involve affordable housing opportunities for people with low- and moderate-income or support economic development by financing small businesses that are involved in job creation and retention for people of low- and moderate-income, or are located in low- or moderate-income geographies, or are located in distressed and underserved middle-income geographies, or are located in areas designated for economic development by federal, state or local government.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, NBT's overall performance under the Service Test in the four limited-scope AAs is not inconsistent with its performance in the full-scope AAs. Refer to Table 15 in the State of New York section of Appendix D for the facts and data that support these conclusions.

## State Rating

### Pennsylvania

#### CRA Rating for State of Pennsylvania: **High Satisfactory**

<b>The lending test is rated:</b>	High Satisfactory
<b>The investment test is rated:</b>	Outstanding
<b>The service test is rated:</b>	Outstanding

The major factors that support this rating include:

- Lending levels that reflect an excellent responsiveness by NBT to the credit needs of its assessment areas (AAs).
- Excellent distribution of loans among borrowers of different income levels throughout the AAs.
- Adequate distribution of loans among geographies of different income levels throughout the AAs, along with an excellent ratio of loans originated inside the AAs.
- A high level of community development lending that had a positive impact on the bank's lending performance.
- Flexible lending products that had a positive impact on the bank's lending performance.
- Investments that reflect an excellent responsiveness to the credit and community development needs of the AAs.
- Service delivery systems that are readily accessible to geographies and individuals of different income levels in the AAs.
- Good performance in providing community development services.

### Description of Institution's Operations in the State of Pennsylvania

NBT has three AAs within the State of Pennsylvania. They include the Lackawanna/Luzerne Region AA, the Northeast Region AA, and the Pike Region AA. NBT has 38 branches within the state, representing 32% of the bank's total branch network. Twenty-two percent of NBT's total deposits are from Pennsylvania. The bank ranked 33<sup>rd</sup> in the state for deposit market share with 33% of deposits. During the evaluation period, NBT originated 24% of its total HMDA and small business/small farm loan volume within Pennsylvania.

Refer to the Market Profiles for the State of Pennsylvania in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

## Scope of Evaluation in the State of Pennsylvania

We conducted a full-scope review of the Lackawanna/Luzerne Region AA. The area has 53% of the total number of branches, and 51% of the total deposits in the state. Loan originations in the AA represented 54% of the bank's loan originations in Pennsylvania in the 2004-2006 time period and 59% in 2003.

Home mortgage loans were given the greatest weight, as they accounted for 72% of the number and 65% of the dollar volume of loans in Pennsylvania.

Of the home mortgage lending products, we gave the greatest weight to refinances, which represented 71% of home mortgage loans, followed by home purchase loans (21%) and home improvement loans (8%).

We conducted one community contact in the full-scope AA during this evaluation. The non-profit organization contacted is involved in small business financing for an eight county area in Pennsylvania. The contact stressed the need for bank support of its revolving loan fund for small businesses. The organization makes loans to small businesses that cannot obtain a bank loan. Banks can also provide assistance through financial support of counseling programs as well as providing their own cash flow planning and management counseling directly to small business owners. The financial counseling programs are in great demand. The quality of small business credit applicants has declined in the last year, both the applicants to the contact organization as well as to local banks, underscoring the need for more financial counseling. The need for small business related loans, investments and services in the AA were considered in our evaluation of NBT's performance in the State of Pennsylvania under the Lending, Investment and Service Tests. Refer to the Market Profile section in Appendix C for more information.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the State of Pennsylvania is rated High Satisfactory. Based on the full-scope review, the bank's performance in the Lackawanna/Luzerne Region AA is good.

### Lending Activity

Refer to Table 1 Lending Volume in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the bank's lending activity.

NBT's overall lending activity in the full-scope AA is excellent. NBT's lending activity is excellent in the Lackawanna/Luzerne Region AA. NBT ranks 8<sup>th</sup> for deposits with a 4.32% market share. Based on 2006 aggregate HMDA data, NBT ranks 3<sup>rd</sup> as originator/purchaser of refinance loans (4.24% market share), 21<sup>st</sup> as originator/purchaser of home improvement loans (1.36% market share) and 42<sup>nd</sup> as originator/purchaser of home purchase loans (.74% market share). Based on 2006 CRA aggregate data, NBT ranks 17<sup>th</sup> as originator/purchaser of small



loans to businesses (1.54% market share). NBT ranks in the top 25% against its market peers for each of the lending products, with its best performance in refinance loans, where it is in the top 1% of all the lenders (3/268 lenders). This compares favorably to its ranking for deposits, where it ranks in the 30% level (8/26).

## **Distribution of Loans by Income Level of the Geography**

The geographic distribution of NBT's small loans to businesses, home mortgage loans and small loans to farms reflects adequate penetration throughout the Lackawanna/Luzerne full-scope AA geographies.

### ***Home Mortgage Loans***

The overall geographic distribution of home mortgage loans is adequate based on performance in the Lackawanna/Luzerne Region full-scope AA. There is very little owner-occupied housing available in the AAs low-income geographies (.04%), thus the rating for this category is mainly based upon performance in moderate-income geographies. Performance in low-income geographies is only mentioned when there is loan activity.

Refer to Tables 2, 3, 4 and 5 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The overall geographic distribution of home purchase loans is good. During 2004-2006, the portion of home purchase loans made in low- and moderate-income geographies in the Lackawanna/Luzerne Region AA exceeded the portion of owner-occupied housing units that are in those geographies. In 2003, the portion of home purchase loans made in moderate-income geographies was somewhat lower than the portion of owner-occupied housing units in those geographies. The market share of loans originated in moderate-income geographies was somewhat lower than the bank's overall market share of home purchase loans.

The overall geographic distribution of home improvement loans is adequate. During 2004-2006, the portion of home improvement loans made in moderate-income geographies in the Lackawanna/Luzerne Region AA was somewhat lower than the portion of owner-occupied housing units that are in those geographies. In 2003, the portion of home improvement loans made in moderate-income geographies was significantly lower than the portion of owner-occupied housing units in those geographies. The market share of loans originated in moderate-income geographies exceeded the bank's overall market share of home improvement loans.

The overall geographic distribution of refinance loans is adequate. During 2004-2006, the portion of refinance loans made in moderate-income geographies was somewhat lower than the portion of owner-occupied housing units that are in those geographies. During 2003, the portion of refinance loans made in moderate-income geographies was lower than the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in moderate-income geographies was somewhat lower than the bank's overall market share of refinance loans.

### ***Small Loans to Businesses***

Refer to Table 6 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses in the Lackawanna/Luzerne Region AA is good. The portion of small loans to businesses made in moderate-income geographies was somewhat lower than, and in low-income geographies was near to, the portion of businesses that are in those geographies. The market share of loans originated in moderate-income geographies substantially met, and in low-income geographies exceeded, NBT's overall market share of small loans to businesses.

### ***Lending Gap Analysis***

Reports detailing NBT's lending activity over the evaluation period for home mortgage loans, small loans to businesses and farms were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

This portion of the evaluation was performed at the bank level. A substantial majority (93%) of the home mortgage loans, small business loans, small farm loans and CD loans were made within the bank's AAs. By product, 95% of the bank's home mortgage loans, 94% of the small loans to businesses, 80% of the small loans to farms and 100% of the CD loans were within the bank's AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

### **Distribution of Loans by Income Level of the Borrower**

The borrower distribution of NBT's home mortgage, small loans to businesses and small loans to farms reflects an excellent dispersion among borrowers of different income levels. In the evaluation of borrower distribution, we gave consideration to the high poverty level in the AA. The poverty level in the Lackawanna/Luzerne Region AA is 12%. Due to reasons of affordability, it is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. Accordingly, we considered this in evaluating the bank's lending distribution to low-income borrowers.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home mortgage loans in the Lackawanna/Luzerne AA is excellent.

Home purchase loan borrower distribution is good in the Lackawanna/Luzerne full-scope AA. In the 2004-2006 and 2003 time periods, the portion of home purchase loans to moderate-income borrowers was near to the portion of families defined as such. The portion of home

purchase loans to low-income borrowers was somewhat lower than the portion of low-income families, but excellent when considering the 12% of AA households living below the poverty level. The bank's market share of home purchase loans made to low-income borrowers exceeded, and its market share of home purchase loans made to moderate-income borrowers was lower than, its overall market share for home purchase loans in the AA.

Home improvement loan borrower distribution is excellent in the Lackawanna/Luzerne full-scope AA. In 2004-2006, the portion of home improvement loans to low-income borrowers was near to the portion of families defined as such, and excellent when considering the 12% of AA households living below the poverty level. In 2003, the portion of home improvement loans to low-income borrowers exceeded the portion of families defined as such. In both 2004-2006 and 2003, the portion of home improvement loans made to moderate-income borrowers exceeded the portion of families defined as such. The bank's market share of home improvement loans made to moderate-income borrowers exceeded, and its market share of home improvement loans made to low-income borrowers was somewhat lower than, its overall market share of home improvement loans in the AA.

Home refinance loan borrower distribution is excellent in the Lackawanna/Luzerne full-scope AA. In 2004-2006 and 2003, the portion of home refinance loans to moderate-income borrowers exceeded the portion of families defined as such, while the portion of home refinance loans to low-income borrowers was somewhat lower than the portion of low-income families, but excellent when considering the 12% of AA households living below the poverty level. The bank's market share of home refinance loans made to moderate-income borrowers substantially met and its market share of home refinance loans made to low-income borrowers exceeded its overall market share of home refinance loans in the AA.

### ***Small Loans to Businesses***

Refer to Table 11 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses is excellent in the Lackawanna/Luzerne full-scope AA. The portion of NBT loans to small businesses (businesses with revenues of \$1 million or less) significantly exceeded the portion of businesses that are defined as such in the AA. The bank's market share of small loans to businesses exceeded its overall market share of these loans in the AA.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

NBT's substantial level of community development lending had a positive impact on the evaluation of its lending performance in the State of Pennsylvania.

NBT originated five CD loans for \$17.5 million in its Lackawanna/Luzerne Region AA. Three loans for \$8 million are loans to small sized businesses that are creating or retaining jobs for low- and/or moderate-income individuals or are located in and creating and retaining jobs in low- or moderate-income geographies or in areas targeted for redevelopment by federal or state government. The remaining two loans for \$9.5 million support projects that are helping revitalize and stabilize low- or moderate-income geographies.

### **Product Innovation and Flexibility**

The bank offers an affordable housing mortgage product for people of low- or moderate-income in conjunction with a number of non-profit agencies involved in affordable housing. The loan must be used in conjunction with a grant from an approved non-profit agency, and the borrower must complete a financial counseling program through an approved counseling service. These loans feature an interest rate 1/4 percent less than prevailing conventional mortgage rates, lower down payments (up to 98% loan to value) without requiring private mortgage insurance, no application fee, and the deferral of all closing costs until the time of closing. There were seven loans for \$765,014 made in the Lackawanna/Luzerne Region AA during the evaluation period.

NBT participates in the US Department of Agriculture (USDA) Rural Development Guaranteed Housing Program. This loan program is designed to help low- and moderate-income individuals purchase affordable single-family homes in rural areas. Rural areas include open country and places with a population of 10,000 or less and, under certain conditions, towns and cities with between 10,000 and 25,000 residents. Applicant(s) must have an adjusted household income that does not exceed the moderate-income limit established for the area. The applicant(s) must occupy the home as their primary residence. The home may be existing, new, or proposed construction. The guarantee program also includes new manufactured homes, new or existing modular homes, condos and town houses (if it meets the standards for Fannie Mae, Freddie Mac, VA, or FHA. Other features include:

- \* Flexible credit and qualifying ratios
- \* 30 year fixed rates and no mortgage insurance
- \* No down payment and no cash reserve requirements
- \* No maximum purchase price or mortgage limit

Since the bank began its participation in the program in 2007, it has not yet closed a loan in the Lackawanna/Luzerne Region AA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the limited-scope AAs of the State of Pennsylvania is not inconsistent with its rating under the Lending Test for the full-scope AA.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on the full-scope review of the Lackawanna Luzerne Region AA, NBT's performance under the Investment Test in Pennsylvania is rated Outstanding. Refer to Table 14 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The level of investment in the Lackawanna/Luzerne Region AA was excellent. NBT made current period investments of \$2.7 million in the AA. The largest investments consisted of a \$2.1 million investment that supported the revitalization and stabilization of a state designated economic development zone and a \$338 thousand investment that supported affordable housing for people of low- and moderate-income. The bank made \$147 thousand in grants to a variety of CD organizations.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Pike Region AA is not inconsistent with performance in the full-scope AA. Performance in the Northeast Region AA was weaker than its performance in the full-scope AA. The weaker performance was due to a much lower level of investment activity in this AA. Consideration was given to more limited investment opportunities available in this AA than in the full-scope AA. The weaker performance in this AA did not change the bank's overall rating under the Investment Test. Refer to the Table 14 in the State of Pennsylvania section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test in the State of Pennsylvania is rated Outstanding based on its performance in the Lackawanna/Luzerne Region AA.

### **Retail Banking Services**

Refer to Table 15 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

NBT's delivery systems are readily accessible to geographies and individuals of different income levels throughout the full-scope AA.

In the Lackawanna/Luzerne Region AA, the distribution of NBT's offices in low-income geographies significantly exceeds the distribution of the population living in such geographies. The distribution of offices in moderate-income geographies also exceeds the distribution of the population living in such geographies.

There were two offices closed during the examination period in this AA, both in middle-income geographies. One office was opened in an upper-income geography. A branch located in a low-income geography in Scranton, PA (Lackawanna Ave.), was consolidated into a branch located across the street (Steamtown Mall), qualifying as a short distance relocation.

NBT's hours and services offered in the Lackawanna/Luzerne Region AA are excellent. Services offered are comparable among locations regardless of the income level of the geography. Substantially all branch offices offer extended hours on various days of the week including Saturday hours, which are offered at nearly all branches and some branches have Sunday hours. The Steamtown branch, which is located in a low-income geography, has full-day Saturday and part-day Sunday hours. Management sets branch hours based on customer needs and traffic patterns in each area.

NBT offers services that provide easy access to funds for low-income people who receive government assistance. All NBT branches in the full-scope AA will cash government checks for non-customers for a fee. Recipients (customer or non customer) of New York State or Pennsylvania Public Assistance through the Electronic Benefits Transfer Program (EBT) can withdraw funds from any NBT ATM free of charge. The bank's Classic Checking Account, is a basic account without a monthly maintenance charge that provides an affordable option for people with low- or moderate-income. There are no balance requirements and or check writing limits on the account.

NBT offers alternative delivery systems in the form of ATMs. A majority of the bank's ATMs are located in the full-scope AA. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. Customers and non-customers alike can access their accounts through NBT ATMs, which are connected to the NYCE and PLUS ATM systems. Customers may also use their NBT ATM card to obtain cash at non-proprietary ATMs throughout the world, which bear the NYCE or PLUS logos.

NBT also offers alternative delivery systems of bank-by-phone and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on NBT loans, transfer funds, and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail banking services on low- and moderate-income geographies and individuals.

## **Community Development Services**

NBT's performance in providing community development services in the State of Pennsylvania is good.

NBT management and employees provide a high level of support to various community development service organizations. NBT employees, including members of management, actively participated in 13 CD related organizations by serving on the boards of directors, loan or finance committees of these organizations, expending approximately 350 hours per year on such activities. The organizations either provide community services targeted to low- and moderate-income people, or support affordable housing for low- and moderate-income individuals, or support economic development by financing small businesses that are creating and retaining jobs for low- and moderate-income people, or are located in a low- or moderate-

income geographies, distressed and underserved middle-income geographies, or areas designated for economic development by federal, state or local government.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, NBT's performance under the Service Test in the Pike Region AA is weaker than its performance in the full-scope AA. The weaker performance is due to a less favorable distribution of branches in moderate-income geographies compared to the population of the geographies. The Northeast Region AA does not have any low- or moderate-income geographies, but had a reasonable distribution of branches among the middle- and upper-income geographies in the AA. The weaker performance in the Pike Region AA did not change the rating assigned to the Service Test based upon the full-scope AA review. Refer to Table 15 in the State of Pennsylvania section of Appendix D for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 1/1/2003 to 12/31/2006 Investment and Service Tests and CD Loans: 7/6/2004 to 9/9/2007	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
NBT Bank, N.A. Norwich, NY	Home Purchase, Home Improvement, and Refinance Loans reported on the HMDA LAR, Small Business and Small Farm Loans reported on the CRA Register, and CD Loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N.A.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
New York State  Southern Tier Region Mohawk Valley Region  Broome-Tioga Region Fulton County Region North Region Albany Region  Pennsylvania  Lackawanna/Luzerne  Pike Region Northeast (NE)	  Full-Scope Full-Scope  Limited-Scope Limited-Scope Limited-Scope Limited-Scope  Full-Scope  Limited-Scope Limited-Scope	See Descriptions of the Assessment Areas for further information on the Full-scope Assessment Areas.





## Appendix C: Market Profiles for Full-Scope Areas

### State of New York Full-Scope Areas

#### 2006 NY Southern Tier

Demographic Information for Full-scope Area: 2006 NY Southern Tier						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	47	0.00	6.38	85.11	6.38	2.13
Population by Geography	183,667	0.00	5.15	89.84	3.61	1.41
Owner-Occupied Housing by Geography	52,793	0.00	4.53	94.15	1.32	0.00
Business by Geography	12,195	0.00	5.59	92.14	2.25	0.02
Farms by Geography	886	0.00	5.98	93.00	1.02	0.00
Family Distribution by Income Level	46,882	19.65	21.13	22.79	36.43	0.00
Distribution of Low and Moderate-income Families throughout AA Geographies	19,119	0.00	6.58	92.66	0.76	0.00
Median Family Income		44,331	Median Housing Value		72,619	
HUD Adjusted Median Family Income for 2007		52,724	Unemployment Rate January		6.90%	
Households Below Poverty Level		13%	2008 Chenango County			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2007 HUD updated MFI

The Southern Tier Region AA consists of the counties of Chenango, Delaware and Otsego, the southern-most sections of Madison, and the western portions of Greene and Ulster Counties. The AA is primarily a non-metropolitan area, but does include a very small portion of the Syracuse MSA. Although there are no branch offices located in the MSA, NBT has branch offices located close to the borders of the MSA. Management included the geographies in the MSA that are serviced by those branch offices. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The composition of the AA geographies by income level is: 0% low-income, 6% moderate-income, 85% middle-income, 6% upper-income and 2% unclassified for income.

The Southern Tier Region AA is by far the largest geographically of the bank's six AAs in New York State. The AA has the largest representation of branch offices in New York with 31% of the bank's total branches. Forty-two percent of the bank's total deposits in New York State were domiciled in the AA as of June 30, 2006. Loan originations in the AA represented 36.48% of loan originations in New York State for 2004-2006 time period and 38.82% in 2003.

The Southern Tier Region AA is a fairly competitive market for financial services. NBT competes with large mortgage companies, several large regional banks, credit unions, and

various community and savings banks. According to the FDIC market share report as of June 30, 2006, NBT is ranked number one for market share of deposits in the AA with a 38.41% share. NBT is a full-service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity loans, and consumer loans. The bank's business focus is primarily on retail lending and commercial lending.

Ninety-five percent of the housing in the AA is one to four family units, and 5% are multifamily units. Seventeen percent of the housing is mobile homes. Of total housing units, 55% are owner-occupied, 19% are renter-occupied, and 26% are vacant. The median housing value was \$72,619 in the 2000 census. Housing stock consists mostly of older homes with the median year built of 1959. Sixteen percent of the population is over age 65.

According to the 2006 business demographics, there are 13,081 businesses in the AA, of which 886 are farms. Small businesses represent 59% of the businesses reporting revenues. Approximately 64% of businesses reported have less than 10 employees. The primary industries in the AA are services 31%, retail trade 16%, and construction 7%. Major employers in the AA include NBT Bank, Chenango Memorial Hospital, Bassett Healthcare, Amphenol Corporation, Mead Westvaco, Mirabito Fuel Group and the Raymond Corporation.

There are a variety of community development opportunities available in the AA as evidenced by the bank's CD activities, information from community contacts and other public information.

**2006 NY Mohawk Valley Region**

Demographic Information for Full-scope Area: 2006 NY Mohawk Valley Region						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	92	10.87	18.48	52.17	17.39	1.09
Population by Geography	299,896	5.95	13.31	60.65	20.07	0.02
Owner-Occupied Housing by Geography	79,126	2.64	9.37	65.32	22.66	0.00
Business by Geography	17,662	9.43	12.73	58.18	19.66	0.00
Farms by Geography	746	0.94	3.89	80.83	14.34	0.00
Family Distribution by Income Level	76,588	19.89	18.20	23.06	38.84	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	29,176	9.80	18.37	60.31	11.52	0.00
Median Family Income HUD Adjusted Median Family Income for 2007 Households Below Poverty Level		44,180 52,600 13%	Median Housing Value Unemployment Rate January 2008 Utica Rome		68,126 5.90%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2007 HUD updated MFI

The Mohawk Valley Region AA consists of Herkimer and Oneida counties in the Utica-Rome MSA (46540). The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The composition of the AA geographies by income level is: 11% low-income, 18% moderate-income, 52% middle-income, 17% upper-income and 1% unclassified for income.

The AA houses 10% of the NBT's branch offices in New York State. Eight percent of the bank's total deposits in New York State were domiciled in the AA as of June 30, 2006. Loan originations in the AA represented 14.75% of loan originations in New York State for 2004-2006 time period and 12% in 2003.

The Mohawk Valley Region AA is a fairly competitive market for financial services. NBT competes with large mortgage companies, several large regional banks, credit unions, and various community and savings banks. According to the FDIC market share report as of June 30, 2006, NBT is ranked eighth for market share of deposits in the AA with a 4.99% share. NBT is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity loans, and consumer loans. The bank's business focus is primarily on retail lending and commercial lending.

Ninety percent of the housing in the AA is one to four family units, and 10% are multifamily units. Nine percent of the housing is mobile homes. Of total housing units, 59% are owner-occupied, 28% are renter-occupied, and 14% are vacant. The median housing value was \$68,126 in the 2000 census. Housing stock consists mostly of older homes with the median year built of 1953. Seventeen percent of the population is over age 65.

According to the 2006 business demographics, there are 18,408 businesses in the AA, of which 746 are farms. Small businesses represent 59% of the businesses reporting revenues. Approximately 63% of businesses reported have less than 10 employees. The primary industries in the AA are services 40%, retail trade 20%, and construction 8%. Major area employers are Metropolitan Life Insurance Co., St. Luke's Memorial Hospital Center, Graphic Arts Mutual Insurance Co., Bank of America Services Corp, and St. Elizabeth Medical Center.

There are a variety of community development opportunities available in the AA as evidenced by the bank's CD activities, information from community contacts and other public information.

## State of Pennsylvania Full-Scope Areas

### 2006 PA Lackawanna Luzerne Region

Demographic Information for Full-scope Area: 2006 PA Lackawanna Luzerne Region						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	136	0.74	13.24	72.79	13.24	0.00
Population by Geography	453,161	0.57	11.29	71.08	17.05	0.00
Owner-Occupied Housing by Geography	126,182	0.04	8.99	72.49	18.48	0.00
Business by Geography	26,168	4.07	9.38	68.11	18.44	0.00
Farms by Geography	469	0.21	3.62	62.47	33.69	0.00
Family Distribution by Income Level	119,285	18.97	18.67	22.62	39.74	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	44,898	0.46	16.37	72.93	10.23	0.00

Median Family Income	43,893	Median Housing Value	88,724
HUD Adjusted Median Family Income for 2006	53,600	Unemployment Rate (January 2008 Scranton Wilkes Barre)	6.40%
Households Below Poverty Level	12%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 US Census and 2006 HUD updated MFI

The Lackawanna/Luzerne Region AA consists of the entire county of Lackawanna, the northeast portion of Luzerne County, and the eastern portion of Wyoming County. The AA is part of the Scranton/Wilkes-Barre MSA (42540). The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The composition of the AA geographies by income level is: 1% low-income, 13% moderate-income, 73% middle-income, and 13% upper-income.

The Lackawanna/Luzerne Region AA is the largest of the bank’s three AAs in the State of Pennsylvania. The AA has the 53% of the bank’s branches in Pennsylvania. Fifty percent of the bank’s total deposits in Pennsylvania were domiciled in the AA as of June 30, 2006. Loan originations in the AA represented 54% of the bank’s loan originations in Pennsylvania in the 2004-2006 time period and 59% in 2003.

The Lackawanna/Luzerne Region AA is a very competitive market for financial services. NBT competes with large mortgage companies, several large regional banks, credit unions, and various community and savings banks. According to the FDIC market share report as of June 30, 2006, NBT is ranked eighth for market share of deposits in the AA at 4.32% share. NBT is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity loans, and consumer loans. The bank’s business focus is primarily on retail lending and commercial lending.

Ninety-one percent of the housing in the AA is one to four family units and 9% is multifamily units. Three percent of the housing is mobile homes. Of total housing units, 62% are owner-occupied, 29% are renter-occupied, and 9% are vacant. The median housing value was \$88,724 in the 2000 census. Housing stock consists mostly of older homes with the median year built of 1950.

According to the 2006 business demographics, there are 26,637 businesses in the AA, of which 469 are farms. Small businesses represent 69% of the businesses. Approximately 72% of businesses reported having less than 10 employees. The primary industries in the AA are services 40%, retail trade 20%, construction 8% and finance 8%. Major employers in the AA include Wyoming Valley Healthcare System, Commonwealth Telephone, Techneglas Inc, US Veterans Hospital, Allied Services, Community Medical Center, Gentex Corporation and Mercy Hospital.

There are a variety of community development opportunities available in the AA as evidenced by the bank’s CD loan and service activities, and information from community contacts and public information.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with

revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.



**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: NEW YORK STATE						Evaluation Period: JANUARY 1, 2004 TO December 31, 2006				
MA/Assessment Area (2007):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
2006 NY Mohawk Valley	14.75	665	43,674	1,115	166,885	288	21,258	21	78,710	2,089	310,510	7.59
2006 NY South	36.48	2,517	157,573	1,645	128,979	952	50,846	6	11,367	5120	348,765	41.53
<b>Limited Review:</b>												
2006 NY Albany	9.65	521	44,774	735	81,858	97	6,122	10	23,697	1,363	156,451	10.59
2006 NY Broome Tioga	9.66	565	34,466	669	88,724	120	11,136	0	0	1,354	134,326	6.82
2006 NY Fulton Mont	13.64	924	50,644	755	64,872	233	10,571	3	19,500	1,915	145,587	23.13
2006 NY North	15.82	1,079	76,908	1,067	97,278	72	3,226	0	0	2,218	177,412	10.34

\* Loan Data as of December 31, 2006. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from July 06, 2004 to September 09, 2007.

\*\*\* Deposit Data as of June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: NBT Bank, N.A. – Charter #1354

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2006		Geography: NEW YORK STATE								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 NY Mohawk Valley Region	241	12.93	2.64	0.00	9.37	7.88	65.33	77.18	22.66	14.94	1.63	0.00	1.41	1.97	1.03
2006 NY Southern Tier	763	40.93	0.00	0.00	4.53	3.80	94.15	95.15	1.32	1.05	7.91	0.00	5.50	8.04	6.82
<b>Limited Review:</b>															
2006 NY Albany Region	155	8.32	2.90	1.29	13.93	38.71	50.42	49.68	32.75	10.32	0.31	0.00	0.51	0.40	0.12
2006 NY Broome Tioga Region	151	8.10	1.13	0.66	10.56	7.95	55.49	74.17	32.82	17.22	1.31	0.00	0.32	2.06	0.74
2006 NY Fulton Montgomery Region	236	12.66	0.00	0.00	12.54	6.78	87.46	93.22	0.00	0.00	3.58	0.00	1.34	4.09	0.00
2006 NY North Region	318	17.06	0.00	0.00	5.72	1.57	87.32	94.34	6.96	4.09	3.36	0.00	0.00	3.72	1.91

\* Based on 2006 Peer Mortgage Data (NE)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2006		Geography: NEW YORK STATE								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 NY Mohawk Valley Region	99	9.01	2.64	0.00	9.37	5.05	65.33	79.80	22.66	15.15	1.82	0.00	0.40	2.40	1.24
2006 NY Southern Tier	467	42.49	0.00	0.00	4.53	4.50	94.15	95.29	1.32	0.21	19.94	0.00	16.67	20.34	7.69
<b>Limited Review:</b>															
2006 NY Albany Region	72	6.55	2.90	0.00	13.93	41.67	50.42	48.61	32.75	9.72	1.05	0.00	3.50	0.81	0.38
2006 NY Broome Tioga Region	65	5.91	1.13	0.00	10.56	7.69	55.49	84.62	32.82	7.69	2.64	0.00	1.91	4.24	0.51
2006 NY Fulton Montgomery Region	221	20.11	0.00	0.00	12.54	8.14	87.46	91.86	0.00	0.00	15.74	0.00	6.41	17.06	0.00
2006 NY North Region	175	15.92	0.00	0.00	5.72	0.57	87.32	95.43	6.96	4.00	4.31	0.00	0.00	4.62	3.67

\* Based on 2006 Peer Mortgage Data (NE)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: NBT Bank, N.A. – Charter #1354

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2006			Geography: NEW YORK STATE								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 NY Mohawk Valley Region	320	9.82	2.64	0.00	9.37	4.69	65.33	70.94	22.66	24.38	3.52	0.00	1.54	3.77	3.66
2006 NY Southern Tier	1,275	39.12	0.00	0.00	4.53	4.00	94.15	95.53	1.32	0.47	16.00	0.00	18.05	16.04	5.41
<b>Limited Review:</b>															
2006 NY Albany Region	289	8.87	2.90	1.04	13.93	44.98	50.42	40.14	32.75	13.84	0.84	0.19	2.33	0.66	0.41
2006 NY Broome Tioga Region	338	10.37	1.13	0.59	10.56	3.25	55.49	83.43	32.82	12.72	6.62	0.00	0.81	10.03	2.66
2006 NY Fulton Montgomery Region	461	14.15	0.00	0.00	12.54	7.81	87.46	92.19	0.00	0.00	9.40	0.00	6.20	9.93	0.00
2006 NY North Region	576	17.67	0.00	0.00	5.72	2.08	87.32	93.06	6.96	4.86	8.56	0.00	2.19	9.27	4.63

\* Based on 2006 Peer Mortgage Data (NE)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY 31, 2006			Geography: NEW YORK STATE						Evaluation Period: JANUARY 1, 2004 TO DECEMBER							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid
<b>Full Review:</b>																
2006 NY Mohawk Valley Region	5	10.20	22.57	0.00	25.82	0.00	38.62	40.00	12.99	60.00	5.26	0.00	0.00	0.00	20.00	
2006 NY Southern Tier	12	24.49	0.00	0.00	11.50	8.33	85.60	91.67	2.90	0.00	33.33	0.00	0.00	36.36	0.00	
<b>Limited Review:</b>																
2006 NY Albany Region	5	10.20	18.49	20.00	13.14	20.00	46.62	60.00	21.74	0.00	4.35	0.00	0.00	8.82	0.00	
2006 NY Broome Tioga Region	11	22.45	18.21	27.27	38.84	36.36	26.84	27.27	16.12	9.09	11.54	0.00	18.18	8.33	0.00	
2006 NY Fulton Montgomery Region	6	12.24	0.00	0.00	48.95	33.33	51.05	66.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2006 NY North Region	10	20.41	0.69	0.00	7.05	0.00	87.28	90.00	4.98	10.00	11.54	0.00	0.00	9.09	100.00	

\* Based on 2006 Peer Mortgage Data (NE)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2006			Geography: NEW YORK STATE								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 NY Mohawk Valley Region	1,115	18.63	9.43	9.33	12.73	14.35	58.18	51.12	19.66	25.20	4.16	4.00	6.04	3.71	4.87
2006 NY Southern Tier	1,645	27.48	0.00	0.00	5.59	6.14	92.14	93.19	2.25	0.67	5.86	0.00	8.82	6.41	1.18
<b>Limited Review:</b>															
2006 NY Albany Region	735	12.28	12.29	6.53	13.23	16.73	46.60	51.16	27.85	25.58	0.98	1.46	1.39	0.94	0.84
2006 NY Broome Tioga Region	669	11.18	10.45	10.91	19.33	9.12	45.32	59.79	24.89	20.18	3.64	6.48	1.42	4.75	2.31
2006 NY Fulton Montgomery Region	755	12.61	0.00	0.00	18.31	11.92	81.69	88.08	0.00	0.00	9.74	0.00	8.68	10.49	0.00
2006 NY North Region	1,067	17.82	0.15	0.00	7.37	4.59	83.93	84.63	8.32	10.78	4.87	0.00	2.05	5.19	6.28

\* Based on 2006 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2006).

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**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2006			Geography: NEW YORK STATE								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006						
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*						
	#	% of Total**	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
2006 NY Mohawk Valley Region	288	16.37	0.94	0.00	3.89	2.08	80.83	92.71	14.34	5.21	56.74	0.00	50.00	56.44	66.67		
2006 NY Southern Tier	952	54.12	0.00	0.00	5.98	5.78	93.00	94.22	1.02	0.00	73.84	0.00	88.89	74.49	50.00		
<b>Limited Review:</b>																	
2006 NY Albany Region	97	5.51	2.15	0.00	16.78	69.07	52.07	26.80	29.00	4.12	29.41	0.00	60.47	18.75	0.00		
2006 NY Broome Tioga Region	117	6.65	0.98	0.00	6.86	0.00	71.24	100.00	20.92	0.00	41.07	0.00	0.00	45.10	0.00		
2006 NY Fulton Montgomery Region	233	13.25	0.00	0.00	4.15	0.00	95.85	100.00	0.00	0.00	67.74	0.00	0.00	70.00	0.00		
2006 NY North Region	72	4.09	0.00	0.00	7.06	2.78	89.28	95.83	3.66	1.39	9.92	0.00	28.57	9.50	0.00		

\* Based on 2006 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2006).



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**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE 31, 2006		Geography: NEW YORK STATE								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families 1	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 NY Mohawk Valley Region	241	12.93	19.89	16.18	18.20	28.63	23.06	26.14	38.84	29.05	1.85	2.82	1.51	1.93	1.82
2006 NY Southern Tier	763	40.93	19.65	10.26	21.13	22.63	22.79	24.34	36.43	42.76	9.32	11.83	13.06	10.57	7.54
<b>Limited Review:</b>															
2006 NY Albany Region	155	8.32	19.03	17.42	18.52	32.26	22.87	20.65	39.58	29.68	0.37	1.43	0.37	0.22	0.33
2006 NY Broome Tioga Region	151	8.10	18.67	14.09	18.72	26.17	22.80	31.54	39.81	28.19	1.51	3.11	1.51	1.86	0.92
2006 NY Fulton Montgomery Region	236	12.66	19.40	9.32	20.50	30.08	23.08	27.97	37.02	32.63	4.39	11.59	3.71	4.80	3.80
2006 NY North Region	318	17.06	20.28	7.26	18.66	21.14	22.45	26.81	38.61	44.79	3.89	5.15	4.76	4.72	3.06

\* Based on 2006 Peer Mortgage Data (NE)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.3% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

1 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2006		Geography: NEW YORK STATE								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families**	% BANK Loans****	% Families2	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans***	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 NY Mohawk Valley Region	99	9.01	19.89	20.20	18.20	23.23	23.06	24.24	38.84	32.32	1.87	4.18	1.73	1.11	1.70
2006 NY Southern Tier	467	42.49	19.65	21.41	21.13	25.48	22.79	28.05	36.43	25.05	21.00	37.60	21.92	23.98	13.21
<b>Limited Review:</b>															
2006 NY Albany Region	72	6.55	19.03	34.72	18.52	27.78	22.87	16.67	39.58	20.83	1.10	4.40	1.72	0.30	0.48
2006 NY Broome Tioga Region	65	5.91	18.67	27.69	18.72	32.31	22.80	30.77	39.81	9.23	2.74	6.04	2.35	3.96	0.74
2006 NY Fulton Montgomery Region	221	20.11	19.40	23.08	20.50	30.77	23.08	26.70	37.02	19.46	16.42	41.33	18.11	14.53	8.56
2006 NY North Region	175	15.92	20.28	19.43	18.66	20.57	22.45	26.86	38.61	33.14	4.47	8.81	2.84	4.64	3.79

\* Based on 2006 Peer Mortgage Data (NE)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

2 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2006		Geography: NEW YORK STATE										Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total*	% Families***	% BANK Loans****	% Families3	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
2006 NY Mohawk Valley Region	320	9.82	19.89	15.99	18.20	23.82	23.06	27.59	38.84	32.60	4.04	7.79	4.47	4.51	2.80	
2006 NY Southern Tier	1,275	39.12	19.65	15.46	21.13	23.08	22.79	27.86	36.43	33.59	19.00	47.57	25.00	15.69	14.12	
<b>Limited Review:</b>																
2006 NY Albany Region	289	8.87	19.03	20.07	18.52	22.15	22.87	30.10	39.58	27.68	1.00	2.22	1.00	0.99	0.76	
2006 NY Broome Tioga Region	338	10.37	18.67	17.51	18.72	27.30	22.80	28.49	39.81	26.71	7.74	11.98	9.01	8.43	5.40	
2006 NY Fulton Montgomery Region	461	14.15	19.40	12.17	20.50	29.78	23.08	27.17	37.02	30.87	11.23	19.44	14.29	9.59	9.47	
2006 NY North Region	576	17.67	20.28	10.09	18.66	19.48	22.45	29.74	38.61	40.70	10.18	24.55	11.22	9.17	9.00	

\* Based on 2006 Peer Mortgage Data (NE)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.2% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

3 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2006		Geography: NEW YORK STATE			Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
2006 NY Mohawk Valley Region	1,115	18.63	59.05	65.65	62.96	19.01	18.03	4.16	6.63
2006 NY Southern Tier	1,645	27.48	59.01	78.05	81.03	11.67	7.29	5.86	11.44
<b>Limited Review:</b>									
2006 NY Albany Region	735	12.28	61.12	76.46	69.52	20.82	9.66	0.98	2.21
2006 NY Broome Tioga Region	669	11.18	62.06	66.22	65.92	19.28	14.80	3.64	6.45
2006 NY Fulton Montgomery Region	755	12.61	58.92	79.07	78.68	13.91	7.42	9.74	17.37
2006 NY North Region	1,067	17.82	52.87	74.41	76.29	14.90	8.81	4.87	10.05

\* Based on 2006 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2006			Geography: NEW YORK STATE				Evaluation Period: JANUARY 1, 2004 TO			
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*		
	#	% of Total*	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less	
<b>Full Review:</b>										
2006 NY Mohawk Valley Region	288	16.37	94.50	93.75	77.78	15.63	6.60	56.74	63.16	
2006 NY Southern Tier	952	54.12	96.05	98.32	83.82	13.66	2.52	73.84	79.18	
<b>Limited Review:</b>										
2006 NY Albany Region	97	5.51	93.20	94.85	78.35	18.56	3.09	29.41	37.50	
2006 NY Broome Tioga Region	117	6.65	95.10	84.62	73.50	23.93	2.56	41.07	43.88	
2006 NY Fulton Montgomery Region	233	13.25	96.19	96.14	88.41	11.16	0.43	67.74	72.41	
2006 NY North Region	72	4.09	90.77	94.44	87.50	12.50	0.00	9.92	10.05	

\* Based on 2006 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2006).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: NEW YORK STATE				Evaluation Period: July 6, 2004 TO September 9, 2007			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
2006 NY Mohawk Valley Region			8	117	8	117	0.006	0	0
2006 NY Southern Tier			19	4,137	19	4,137	19.462	0	0
<b>Limited Review:</b>									
2006 NY Albany Region			26	697	26	697	3.279	0	0
2006 NY Broome Tioga Region			7	14	7	14	0.001	0	0
2006 NY Fulton Montgomery Region			22	6113	22	6113	28.758	0	0
2006 NY North Region			13	2179	13	2179	10.251	0	0
Statewide - benefits AAs	1	5,000	1	3,000	2	8,000	37.635		

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: NEW YORK STATE				Evaluation Period: July 6, 2004 TO September9 2007					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
2006 NY Mohawk Valley Region	7.59	8	11.00	0.00	12.50	62.50	25.00	1		0	0	+ 1	0	5.95	13.31	60.65	20.07
2006 NY Southern Tier	41.53	25	29.00	0.00	4.00	96.00	0.00	0	0	0	0	0	0	0.00	5.15	89.84	3.61
<b>Limited Review:</b>																	
2006 NY Albany Region	10.59	13	16.00	7.69	0.00	69.23	23.08	2	0	+1	0	+1	0	7.61	15.98	48.03	28.17
2006 NY Broome Tioga Region	6.82	8	10.00	12.50	12.50	62.50	12.50	2	0	+1	+1	0	0	3.26	16.97	49.64	30.13
2006 NY Fulton Montgomery Region	23.13	14	20.00	0.00	21.42	78.58	0.00	0	0	0	0	0	0	0.00	17.60	82.40	0.00
2006 NY North Region	10.34	12	14.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.85	6.39	85.09	6.39

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**Table 1. Lending Volume**

LENDING VOLUME		Geography: NBT 2006 PA AA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area (2006):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
2006 PA Lackawanna Luzerne Region	54.06	1,286	94,361	838	99,641	0	0	5	17,504	2,129	211,506	50.56
<b>Limited Review:</b>												
2006 PA NE Region	34.64	879	59,177	480	43,573	2	18	0	0	1,361	102,768	42.48
2006 PA Pike Region	11.30	341	31,213	103	12,580	0	0	0	0	444	43,793	6.96

\* Loan Data as of December 31, 2006. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from July 06, 2004 to September 09, 2007.

\*\*\* Deposit Data as of June 30, 2007. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 31, 2006			Geography: NBT 2006 PA AA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
2006 PA Lackawanna Luzerne Region	298	53.02	0.04	0.34	8.99	9.73	72.49	64.43	18.48	25.50	0.74	0.00	0.47	0.72	0.95	
<b>Limited Review:</b>																
2006 PA NE Region	166	29.54	0.00	0.00	0.00	0.00	61.43	91.57	38.57	8.43	0.53	0.00	0.00	0.79	0.12	
2006 PA Pike Region	98	17.44	0.00	0.00	76.83	72.45	23.17	27.55	0.00	0.00	0.64	0.00	0.61	0.79	0.00	

\* Based on 2006 Peer Mortgage Data (NE)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT 31, 2006		Geography: NBT 2006 PA AA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 PA Lackawanna Luzerne Region	136	48.75	0.04	0.00	8.99	5.15	72.49	67.65	18.48	27.21	1.36	0.00	1.80	1.12	2.02
<b>Limited Review:</b>															
2006 PA NE Region	113	40.50	0.00	0.00	0.00	0.00	61.43	75.22	38.57	24.78	2.20	0.00	0.00	2.97	1.06
2006 PA Pike Region	30	10.75	0.00	0.00	76.83	76.67	23.17	23.33	0.00	0.00	2.91	0.00	2.80	3.31	0.00

\* Based on 2006 Peer Mortgage Data (NE)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2006			Geography: NBT 2006 PA AA								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 PA Lackawanna Luzerne Region	837	50.79	0.04	0.00	8.99	5.26	72.49	66.91	18.48	27.84	4.25	0.00	2.14	3.95	5.94
<b>Limited Review:</b>															
2006 PA NE Region	598	36.29	0.00	0.00	0.00	0.00	61.43	86.45	38.57	13.55	2.79	0.00	0.00	4.31	0.94
2006 PA Pike Region	213	12.92	0.00	0.00	76.83	58.69	23.17	41.31	0.00	0.00	3.17	0.00	2.63	4.77	0.00

\* Based on 2006 Peer Mortgage Data (NE)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY 2006			Geography: NBT 2006 PA AA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans**** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
2006 PA Lackawanna Luzerne Region	15	88.24	7.28	0.00	23.37	0.00	58.99	86.67	10.35	13.33	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
2006 PA NE Region	2	11.76	0.00	0.00	0.00	0.00	72.62	50.00	27.38	50.00	0.00	0.00	0.00	0.00	0.00	
2006 PA Pike Region	0	0.00	0.00	0.00	48.00	0.00	52.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2006 Peer Mortgage Data (NE)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2006			Geography: NBT 2006 PA AA								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 PA Lackawanna Luzerne Region	838	58.97	4.07	3.70	9.38	6.92	68.11	66.71	18.44	22.67	1.54	2.77	1.43	1.56	1.66
<b>Limited Review:</b>															
2006 PA NE Region	480	33.78	0.00	0.00	0.00	0.00	63.88	85.63	36.12	14.37	1.77	0.00	0.00	3.05	0.50
2006 PA Pike Region	103	7.25	0.00	0.00	65.99	62.14	34.01	37.86	0.00	0.00	1.16	0.00	1.50	0.79	0.00

\* Based on 2006 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2006).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2006			Geography: NBT 2006 PA AA								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 PA Lackawanna Luzerne Region	0	0.00	0.21	0.00	3.62	0.00	62.47	0.00	33.69	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
2006 PA NE Region	2	100.00	0.00	0.00	0.00	0.00	72.74	100.00	27.26	0.00	0.00	0.00	0.00	0.00	0.00
2006 PA Pike Region	0	0.00	0.00	0.00	62.16	0.00	37.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2006 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2006).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE 2006			Geography: NBT 2006 PA AA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families 4	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 PA Lackawanna Luzerne Region	298	53.02	18.97	10.31	18.67	15.12	22.62	22.34	39.74	52.23	0.87	1.48	0.38	0.98	0.96
<b>Limited Review:</b>															
2006 PA NE Region	166	29.54	15.30	9.04	16.85	18.07	21.78	22.29	46.07	50.60	0.63	2.40	1.55	0.68	0.45
2006 PA Pike Region	98	17.44	29.29	10.20	28.33	28.57	23.07	32.65	19.31	28.57	0.76	0.00	0.99	0.89	0.61

\* Based on 2006 Peer Mortgage Data (NE)

\*\* As a percentage of loans with borrower income information available. No information was available for 1.2% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

4 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2006		Geography: NBT 2006 PA AA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families**	% BANK Loans****	% Families5	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 PA Lackawanna Luzerne Region	136	48.75	18.97	15.79	18.67	27.82	22.62	26.32	39.74	30.08	1.39	0.94	2.99	1.68	0.52
<b>Limited Review:</b>															
2006 PA NE Region	113	40.50	15.30	12.39	16.85	21.24	21.78	28.32	46.07	38.05	2.28	6.25	3.36	2.43	1.54
2006 PA Pike Region	30	10.75	29.29	20.00	28.33	30.00	23.07	40.00	19.31	10.00	3.18	2.97	3.51	3.57	2.20

\* Based on 2006 Peer Mortgage Data (NE)

\*\* As a percentage of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

5 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2006			Geography: NBT 2006 PA AA								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families**	% BANK Loans****	% Families <sup>6</sup>	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2006 PA Lackawanna Luzerne Region	837	50.79	18.97	14.59	18.67	21.77	22.62	26.56	39.74	37.08	4.91	8.80	4.88	4.67	4.29
<b>Limited Review:</b>															
2006 PA NE Region	598	36.29	15.30	18.73	16.85	19.73	21.78	26.76	46.07	34.78	3.40	20.27	4.67	3.28	2.07
2006 PA Pike Region	213	12.92	29.29	23.94	28.33	38.50	23.07	20.19	19.31	17.37	3.90	6.44	4.47	2.37	3.40

\* Based on 2006 Peer Mortgage Data (NE)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.1% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>6</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2006		Geography: NBT 2006 PA AA			Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
2006 PA Lackawanna Luzerne Region	838	58.97	68.92	78.04	72.43	15.63	11.93	1.54	2.96
<b>Limited Review:</b>									
2006 PA NE Region	480	33.78	70.96	78.54	76.67	15.42	7.92	1.77	3.73
2006 PA Pike Region	103	7.25	74.39	81.55	71.84	16.50	11.65	1.16	2.80

\* Based on 2006 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS 31, 2006			Geography: NBT 2006 PA AA			Evaluation Period: JANUARY 1, 2004 TO DECEMBER			
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total*	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
2006 PA Lackawanna Luzerne Region	0	0.00	91.47	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
2006 PA NE Region	2	100.00	95.67	100.00	100.00	0.00	0.00	0.00	0.00
2006 PA Pike Region	0	0.00	97.30	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2006 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2006).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: NBT 2006 PA AA				Evaluation Period: July 6, 2004 TO September 9, 2007			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
2006 PA Lackawanna Luzerne Region	0	0	36	2669	36	2669	73.770	0	0
<b>Limited Review:</b>									
2006 PA NE Region	0	0	27	449	27	449	12.410	0	0
2006 PA Pike Region	0	0	6	500	6	500	13.812	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: NBT 2006 PA AA				Evaluation Period: July 6, 2004 TO September 19, 2007					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
2006 PA Lackawanna Luzerne Region	50.46	20	59.00	8.70	13.04	43.48	34.78	1	2	0	-2	+1	0.57	11.29	71.08	17.05	
<b>Limited Review:</b>																	
2006 PA NE Region	42.48	15	33.00	0.00	0.00	69.23	30.77	1	0	0	0	+1	0.00	0.00	61.89	38.11	
2006 PA Pike Region	6.96	3	8.00	0.00	33.33	66.67	0.00	0	0	0	0	0	0.00	75.85	24.15	0.00	

