SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2001.
OR
__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________.

COMMISSION FILE NUMBER 0-14703

NBT BANCORP INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE	16-1268674
(State of Incorporation)	(I.R.S. Employer Identification No.)

52 SOUTH BROAD STREET, NORWICH, NEW YORK 13815
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (607) 337-2265

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15x(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter periods that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of April 30, 2001, there were 23,821,529 shares outstanding of the Registrant's common stock, $0.01 par value. There were no shares of the Registrant's preferred stock, par value $0.01, outstanding at that date.

An index to exhibits follows the signature page of this FORM 10-Q.

NBT BANCORP INC.
FORM 10-Q--Quarter Ended March 31, 2001

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NBT BANCORP INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS	MARCH 31, 2001	December 31, 2000	March 31, 2000
(in thousands)	(UNAUDITED)		(Unaudited)
ASSETS			
Cash and due from banks	$ 76,254	$ 96,429	$ 71,157
Short-term interest bearing accounts	5,677	14,233	2,882
Trading securities, at fair value	494	20,541	-
Securities available for sale, at fair value	572,480	576,372	602,467
Securities held to maturity (fair value - $93,555, $101,833 and $110,368)	93,562	102,413	114,518
Federal Reserve and Federal Home Loan Bank stock	18,421	27,647	27,654
Loans	1,725,072	1,726,482	1,540,725
Less allowance for loan losses	24,209	24,349	20,688
Net loans	1,700,863	1,702,133	1,520,037
Premises and equipment, net	44,665	43,457	46,202
Intangible assets, net	27,106	27,739	8,763
Other assets	41,135	44,824	53,683
TOTAL ASSETS	$2,580,657	$2,655,788	$2,447,363
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Demand (noninterest bearing)	$ 281,031	$ 302,137	$ 256,369
Savings, NOW, and money market	667,914	671,980	601,208
Time	1,022,330	1,066,121	965,994
Total deposits	1,971,275	2,040,238	1,823,571
Short-term borrowings	115,987	132,375	166,570
Long-term debt	242,935	234,872	240,157
Other liabilities	33,052	40,282	22,440
Total liabilities	2,363,249	2,447,767	2,252,738
Stockholders' equity:			
Preferred stock, $0.01 par value; shares authorized-2,500,000	-	-	-
Common stock, $0.01 par value; shares authorized-30,000,000; shares issued 24,237,323, 24,237,322, and 23,793,509	242	242	238
Additional paid-in-capital	183,572	185,041	180,162
Retained earnings	40,279	36,689	46,580
Accumulated other comprehensive (loss) income	2,198	(2,864)	(21,044)
Common stock in treasury at cost 415,794, 513,523, and 522,567 shares at March 31, 2001, December 31, 2000 and March 31, 2000, respectively	(8,883)	(11,087)	(11,311)
Total stockholders' equity	217,408	208,021	194,625
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,580,657	$2,655,788	$2,447,363

See notes to unaudited interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	Three months ended March 31, 2001	2000
	(Unaudited)	
Interest, fee and dividend income:		
Interest and fees on loans	$37,276	$ 32,282
Securities available for sale	9,390	10,538
Securities held to maturity	1,378	1,581
Other	622	510
Total interest, fee and dividend income	48,666	44,911
Interest expense:		
Deposits	19,528	16,066
Short-term borrowings	1,442	2,094
Long-term debt	3,229	3,450
Total interest expense	24,199	21,610
Net interest income	24,467	23,301
Provision for loan losses	951	1,454
Net interest income after provision for loan losses	23,516	21,847
Noninterest income:		
Service charges on deposit accounts	2,321	1,948
Broker/dealer fees	1,022	11
Trust	908	860
Net securities transactions	503	-
Gain on sale of a branch building	1,367	-
Other	1,989	1,422
Total noninterest income	8,110	4,241
Noninterest expense:		
Salaries and employee benefits	9,067	8,425
Office supplies and postage	799	728
Occupancy	1,642	1,459
Equipment	1,310	1,391
Professional fees and outside services	809	856
Data processing and communications	2,034	1,362
Amortization of intangible assets	633	321
Merger, acquisition and reorganization costs	-	1,215
Deposit overdraft write-offs	2,125	-
Other operating	1,813	1,959
Total noninterest expense	20,232	17,716
Income before income taxes	11,394	8,372
Income taxes	3,756	3,092
NET INCOME	$ 7,638	$ 5,280
Earnings per share:		
Basic	$ 0.32	$ 0.23
Diluted	$ 0.32	$ 0.23

See notes to unaudited interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

(in thousands, except share and per share data)	Common Stock	Additional Paid-in-Capital	Retained Earning	Accumulated Other Comprehensive (Loss)/Income	Treasury Stock	Total
BALANCE AT DECEMBER 31, 1999	$23,786	$156,112	$44,949	$(21,710)	$(11,665)	$191,472
Net income			5,280			5,280
Cash dividends - $0.17 per share			(3,649)			(3,649)
Issuance of 11,405 shares to employee benefits plans and other stock plans, including tax benefit	7	495			354	856
Change $1.00 stated value per share to $0.01 par value per share	(23,555)	23,555				-
Other comprehensive income				666		666
BALANCE AT MARCH 31, 2000	$ 238	$180,162	$46,580	$(21,044)	$(11,311)	$194,625
BALANCE AT DECEMBER 31, 2000	$ 242	$185,041	$36,689	$(2,864)	$(11,087)	$208,021
Net income			7,638			7,638
Cash dividends - $0.170 per share			(4,048)			(4,048)
Purchase of 20,100 treasury shares					(303)	(303)
Issuance of 117,829 shares to employee benefit plans and other stock plans, including tax benefit		(1,469)			2,507	1,038
Other comprehensive income				5,062		5,062
BALANCE AT MARCH 31, 2001	$ 242	$183,572	$40,279	$ 2,198	$ (8,883)	$217,408

See notes to interim consolidated financial statements.

Note:

Dividend per share data represents historical dividends per share of NBT Bancorp Inc. stand-alone.

NBT BANCORP INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Three Months Ended March 31, 2001 (Unaudited)	2000
Operating activities:		
Net income	$ 7,638	$ 5,280
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	951	1,454
Depreciation of premises and equipment	1,081	1,244
Net accretion on securities	(481)	(490)
Amortization of intangible assets	633	321
Proceeds from sale of loans held for sale	1,033	1,943
Origination and purchases of loans held for sale	(2,232)	(1,073)
Net (gains) losses on sales of loans	(20)	419
Net (gain) losses on sale of other real estate owned	(14)	92
Net security transactions	(503)	-
Proceeds from sale of trading securities	20,467	-
Gain on sale of branch building	(1,367)	-
Net (increase) decrease in other assets	11,011	(2,378)
Net (decrease) increase in other liabilities	(7,229)	2,452
Net cash provided by operating activities	30,968	9,264
INVESTING ACTIVITIES:		
Securities available for sale:		
Proceeds from maturities	32,698	8,433
Proceeds from sales	1,070	200
Purchases	(20,805)	(3,041)
Securities held to maturity:		
Proceeds from maturities	12,504	7,738
Purchases	(3,653)	(8,942)
Net decrease (increase) in loans	1,289	(75,582)
Purchase of premises and equipment, net	(2,289)	(317)
Proceeds from sales of other real estate owned	88	428
Net cash provided by (used in) investing activities	20,902	(71,083)
FINANCING ACTIVITIES:		
Net (decrease) increase in deposits	(68,963)	46,532
Net increase (decrease) in short-term borrowings	(16,388)	27,878
Proceeds from issuance of long-term debt	20,000	5,000
Repayments of long-term debt	(11,937)	(20,388)
Proceeds from issuance of shares to employee benefit plans and other stock plans	1,038	856
Purchase of treasury stock	(303)	-
Cash dividends and payment for fractional shares	(4,048)	(3,649)
Net cash (used in) provided by financing activities	(80,601)	56,229
Net decrease in cash and cash equivalents	(28,731)	(5,590)
Cash and cash equivalents at beginning of period	110,662	79,629
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 81,931	$ 74,039
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 25,891	$ 21,065
Income taxes	137	770

See notes to interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Three Months Ended March 31, 2001	2000
	(Unaudited)	
Net Income	$ 7,638	$ 5,280
Other comprehensive income, net of tax		
Unrealized holding gains arising during period [pre-tax amounts of $8,742 and $1,139]	5,209	666
Less: Reclassification adjustment for net gains included in net income [pre-tax amounts of $(245) and $-]	(147)	-
Total other comprehensive income	5,062	666
Comprehensive income	$12,700	$ 5,946

See notes to interim consolidated financial statements.

NBT BANCORP INC. and Subsidiary
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2001

BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements include the accounts of NBT Bancorp Inc. (the Registrant) and its wholly-owned subsidiaries, NBT Bank, N.A. (NBT) and NBT Financial Services, Inc. All intercompany transactions have been eliminated in consolidation. Amounts in the prior period financial statements are reclassified whenever necessary to conform to current period presentation.

The consolidated balance sheet at December 31, 2000 has been derived from audited consolidated financial statements at that date. The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to FORM 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. For further information, refer to the consolidated financial statements and footnotes thereto included in the Registrant's annual report on FORM 10-K for the year ended December 31, 2000 and notes thereto referred to above. The March 31, 2000 unaudited interim consolidated financial statements have been restated to give effect to the merger with Pioneer American Holding Company Corp., which closed on July 1, 2000 and was accounted for as a pooling-of-interest.

EARNINGS PER SHARE

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. All share and per share data has been adjusted retroactively for stock dividends and splits.

The following is a reconciliation of basic and diluted earnings per share for the periods presented in the consolidated statements of income.

Three months ended March 31,	2001	2000
(in thousands, except per share data)		
Basic EPS:		
Weighted average common shares outstanding	23,651	23,198
Net income available to common shareholders	$ 7,638	$ 5,280
Basic EPS	$ 0.32	$ 0.23
Diluted EPS:		
Weighted average common shares outstanding	23,651	23,198
Dilutive potential common stock	217	148
Weighted average common shares and common share equivalents	23,868	23,346
Net income available to common shareholders	$ 7,638	$ 5,280
Diluted EPS	$ 0.32	$ 0.23

There were 410,385 stock options for the quarter ended March 31, 2001 and 765,158 stock options for the quarter ended March 31, 2000 that were not considered in the calculation of diluted earnings per share since the stock options' exercise price was greater than the average market price during these periods.

MERGERS AND ACQUISITIONS

On February 17, 2000, the Company consummated a merger, whereby Lake Ariel Bancorp, Inc. (Lake Ariel) and its subsidiaries were merged with and into the Company with each issued and outstanding share of Lake Ariel exchanged for 0.9961 of a share of NBT common stock. The transaction resulted in the issuance of approximately 5.0 million shares of NBT common stock. Lake Ariel's commercial banking subsidiary was LA Bank, N.A.

On July 1, 2000, the Company consummated a merger, whereby Pioneer American Holding Company Corp. (Pioneer Holding Company) and its subsidiary were merged with and into the Company with each issued and outstanding share of Pioneer Holding Company exchanged for 1.805 shares of NBT common stock. The transaction resulted in the issuance of approximately 5.2 million shares of NBT common stock. Pioneer Holding Company's commercial banking subsidiary was Pioneer American Bank, N.A.

The Lake Ariel and Pioneer Holding Company mergers qualified as tax-free exchanges and were accounted for as poolings-of-interests. accordingly, these consolidated financial statements have been restated to present the combined consolidated financial condition and results of operations of all companies as if the mergers had been in effect for all periods presented.

LA Bank, N.A. and Pioneer American Bank, N.A. were commercial banks headquartered in northeast Pennsylvania with approximately $570 million and $420 million, respectively, in assets at December 31, 1999, and twenty-two and eighteen branch offices, respectively, in five counties. Immediately following the mergers described above, NBT was the surviving holding company for NBT Bank, N.A., LA Bank, N.A., Pioneer American Bank, N.A. and NBT Financial Services, Inc. LA Bank, N.A. effected a name change on November 10, 2000 to Pennstar Bank, N.A. and on December 9, 2000, Pioneer American Bank, N.A. merged into Pennstar Bank, N.A. During the first quarter of 2001, the national bank charter of Pennstar Bank, N.A. was merged into that of NBT Bank, N.A.

On May 5, 2000, the Company consummated the acquisition of M. Griffith, Inc., a New Hartford, New York based securities firm offering investment, financial advisory and asset-management services, primarily in the Mohawk Valley region. At that time, M. Griffith, Inc., a full-service broker-dealer and a Registered Investment Advisor, became a wholly-owned subsidiary of NBT Financial Services, Inc. The acquisition was accounted for using the purchase method. As such, both the assets acquired and liabilities assumed have been recorded on the consolidated balance sheet of the Company at estimated fair value as of the date of acquisition. M. Griffith, Inc.'s results of operations are included in the Company's consolidated statement of income from the date of acquisition forward. To complete the transaction, the Company issued approximately 421,000 shares of its common stock, valued at $4.8 million. Goodwill, representing the cost over net assets acquired, was $3.4 million and is being amortized over fifteen years on a straight-line basis.

On June 2, 2000, one of NBT's subsidiaries, LA Bank, N.A., purchased two branches from Mellon Bank. Deposits from the Mellon Bank branches were approximately $36.7 million, including accrued interest payable. In addition, the Company received approximately $32.2 million in cash as consideration for net liabilities assumed. The acquisition was accounted for using the purchase method. As such, both the assets acquired and liabilities assumed have been recorded on the consolidated balance sheet of the Company at estimated fair value as of the date of the acquisition. Goodwill, representing the excess of cost over net assets acquired, was $4.3 million and is being amortized over 15 years on the straight-line basis. The branches' results of operations are included in the Company's consolidated statement of income from the date of acquisition forward.

On November 10, 2000, Pennstar Bank, N.A. purchased six branches from Sovereign Bank. deposits from Sovereign Bank branches were approximately $96.8 million, including accrued interest payable. Pennstar Bank, N.A. also purchased commercial loans associated with the branches with a net book balance of $42.4

million. In addition, the Company received $40.9 million in cash consideration for net liabilities assumed. The acquisition was accounted for using the purchase method. As such, both the assets acquired and liabilities assumed have been recorded on the consolidated balance sheet of the Company at estimated fair value as of the date of the acquisition. Goodwill, representing the excess of cost over net assets acquired, was $12.7 million and is being amortized over 15 years on a straight-line basis. The branches' results of operations are included in the Company's consolidated statement of income from the date of acquisition forward.

On January 2, 2001, the Company announced the signing of a definitive agreement to acquire First National Bancorp, Inc. (FNB) and its wholly owned subsidiary, The First National Bank of Northern New York (FNB Bank). FNB Bank is expected to be merged into NBT Bank, N.A. In the acquisition, shareholders of FNB will receive five shares of NBT common stock for each share of FNB common stock. NBT is expected to issue approximately 1.0 million shares of common stock, with a total value of approximately $15 million, based on the closing price of NBT stock on January 2, 2001. The acquisition is structured to be tax-free to shareholders of FNB and will be accounted for using the purchase method of accounting. The merger received the approval of FNB shareholders at a meeting held on April 6, 2001. Approval of the merger of the First National Bank of Northern New York into NBT Bank was received from the Office of the Comptroller of the Currency earlier the same week. The merger is expected to close in late May with the conversion of the FNB branches to the NBT Bank system slated to take place during the summer months. At December 31, 2000, FNB had consolidated assets of $114.2 million, deposits of $102.8 million and equity of $10.0 million. FNB Bank operates six full-service banking locations in New York State's North Country. NBT also announced a plan to repurchase in the market approximately 1 million shares of its common stock specifically for issuance in the transaction.

NEW ACCOUNTING PRONOUNCEMENTS

The Company adopted the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective January 1, 2001. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of the derivative financial instruments are reported in either net income or as a component of comprehensive income. Consequently, there may be increased volatility in net income, comprehensive income, and stockholders' equity on an ongoing basis as a result of accounting for derivatives in accordance with SFAS No. 133.

Special hedge accounting treatment is permitted only if specific criteria are met, including a requirement that the hedging relationship be highly effective both at inception and on an ongoing basis. Accounting for hedges varies based on the type of hedge - fair value or cash flow. Results of effective hedges are recognized in current earnings for fair value hedges and in other comprehensive income for cash flow hedges. Ineffective portions of hedges are recognized immediately in earnings and are not deferred.

The adoption of SFAS No. 133 by The Company on January 1, 2001 did not have a material effect on the Company's consolidated financial position or results of operations.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", a replacement of SFAS No. 125. SFAS 140 addresses implementation issues that were identified in applying SFAS No. 125. This statement revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of SFAS No. 125 provisions without reconsideration. SFAS 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. SFAS No. 140 is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. This statement is to be applied prospectively with certain exceptions. Other than those exceptions, earlier or retroactively application is not permitted. The adoption of SFAS No. 140 did not have a material effect on the Company's consolidated financial statements.

NBT BANCORP INC. and Subsidiary
Item 2 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this discussion and analysis is to provide the reader with a concise description of the financial condition and results of operations of NBT Bancorp Inc. (Bancorp) and its wholly owned subsidiaries, NBT Bank, N.A. (NBT) and NBT Financial Services, Inc. collectively referred to herein as the Company. This discussion will focus on Results of Operations, Financial Position, Capital Resources and Asset/Liability Management. Reference should be made to the Company's consolidated financial statements and footnotes thereto included in this FORM 10-Q as well as to the Company's 2000 FORM 10-K for an understanding of the following discussion and analysis.

On April 23, 2001, NBT Bancorp Inc. announced the declaration of a regular quarterly cash dividend of $0.17 per share. The cash dividend will be paid on June 15, 2001 to stockholders of record as of June 1, 2001.

FORWARD LOOKING STATEMENTS

Certain statements in this filing and future filings by the Company with the Securities and Exchange Commission, in the Company's press releases or other public or shareholder communications, or in oral statements made with the approval of an authorized executive officer, contain forward-looking statements, as defined in the Private Securities Litigation Reform Act. These statements may be identified by the use of phrases such as "anticipate," "believe," "expect," "forecasts," "projects," or other similar terms. There are a number of factors, many of which are beyond the Company's control that could cause actual results to differ materially from those contemplated by the forward looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) competitive pressures among depository and other financial institutions may increase significantly; (2) revenues may be lower than expected; (3) changes in the interest rate environment may reduce interest margins; (4) general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit; (5) legislative or regulatory changes, including changes in accounting standards, may adversely affect the businesses in which the Company is engaged; (6) costs or difficulties related to the integration of the businesses of the Company and its merger partners may be greater than expected; (7) expected cost savings associated with recent mergers and acquisitions may not be fully realized or realized within the expected time frames; (8) deposit attrition, customer loss, or revenue loss following recent mergers and acquisitions may be greater than expected; (9) competitors may have greater financial resources and develop products that enable such competitors to compete more successfully than the Company; and (10) adverse changes may occur in the securities markets or with respect to inflation.

The Company wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made, and to advise readers that various factors, including those described above, could affect the Company's financial performance and could cause the Company's actual results or circumstances for future periods to differ materially from those anticipated or projected.

The Company does not undertake, and specifically disclaims any obligations to publicly release the result of any revisions that may be made to any forward-looking statements to reflect statements to the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

OVERVIEW

The Company earned net income of $7.6 million ($0.32 diluted earnings per share) for the three months ended March 31, 2001 compared to net income of $5.3 million ($0.23 diluted earnings per share) for the three months ended March 31, 2000. Recurring net income, which excludes the after-tax effect of costs related to merger and acquisition activity, reorganizations, net securities gains, gain on sale of a branch building, and certain deposit overdraft write-offs considered to be nonrecurring was $7.8 million ($0.33 diluted earnings per share) for the first quarter of 2001 compared to $6.4 million ($0.27 diluted earnings per share) of recurring net income for the first quarter of 2000. The quarter to quarter increase in recurring net income from 2000 to 2001 was primarily the result of an increase in net interest income, an increase in noninterest income, excluding net securities gains and the gain on sale of a branch building along with a decrease in the provision for loan losses, offset in part by an increase in noninterest expense, excluding costs related to merger and acquisition activity, reorganizations and deposit overdraft write-offs.

Table 1 depicts several measurements of performance on an annualized basis. Returns on average assets and equity measure how effectively an entity utilizes its total resources and capital, respectively. Both the return on average assets and the return on average equity ratios increased for the quarter compared to the same period a year previous.

Net interest margin, net federal taxable equivalent (FTE) interest income divided by average interest-earning assets, is a measure of an entity's ability to utilize its earning assets in relation to the cost of funding. Interest income for tax-exempt securities and loans is adjusted to a taxable equivalent basis using the statutory Federal income tax rate of 35%.

TABLE 1
PERFORMANCE MEASUREMENTS

	FIRST QUARTER 2001	First Quarter 2000
Return on average assets	1.19%	0.88%
Return on average equity	14.55%	11.10%
Net interest margin (FTE)	4.21%	4.25%

NET INTEREST INCOME

Net interest income is the difference between interest income on earning assets, primarily loans and securities, and interest expense on interest-bearing liabilities, primarily deposits and borrowings. Net interest income is affected by the interest rate spread, the difference between the yield on earning assets and cost of interest-bearing liabilities, as well as the volumes of such assets and liabilities. Net interest income is one of the major determining factors in a financial institution's performance as it is the principal source of earnings. Table 2 represents an analysis of net interest income on a federal taxable equivalent basis.

Federal taxable equivalent (FTE) net interest income increased $1.1 million during the first quarter of 2001 compared to the same period of 2000. This increase can be attributed to an increase in average earning assets, the result of continued loan growth, as well as an increase in the yield earned on average earning assets, offset by increases in average interest bearing liabilities and the rates paid on those interest bearing liabilities.

Total FTE interest income increased $3.7 million compared to first quarter 2000, a result of the previously mentioned increase in average earning assets as well as a 20 basis point increase in the yield earned on those earning assets. The increase in the yield on earning assets can be primarily attributed to a 14 basis point increase in the yield on the loan portfolio. During the same time period, total interest expense increased $2.6 million, the result of a $126.5 million increase in average interest bearing liabilities between reporting periods as well as a 27 basis point increase in their cost. Driving the increase in the cost of funds was a 58 basis point increase in the cost of time deposits. The increase in the cost of funds resulted in a 7 basis point decline in the interest rate spread.

Another important performance measurement of net interest income is the net interest margin. This is computed by dividing annualized FTE net interest income by average earning assets for the period. Net interest margin decreased to 4.21% for first quarter 2001, down from 4.25% for the comparable period in 2000. The decrease in the net interest margin can be attributed to the previously mentioned decrease in the interest rate spread driven by the increase in the cost of interest bearing liabilities exceeding the increase in yields on earning assets.

TABLE 2
AVERAGE BALANCES AND NET INTEREST INCOME

The following table includes the condensed consolidated average balance sheet, an analysis of interest income/expense and average yield/rate for each major category of earning assets and interest bearing liabilities on a taxable equivalent basis. Interest income for tax-exempt securities and loans has been adjusted to a taxable-equivalent basis using the statutory Federal income tax rate of 35%.

	Three months ended March 31,					
	2001			2000		
(dollars in thousands)	AVERAGE BALANCE	INTEREST	YIELD/ RATES	Average Balance	Interest	Yield/ Rates
ASSETS						
Short-term interest bearing accounts	$ 14,118	$ 189	5.43%	$ 3,922	$ 52	5.33%
Securities available for sale (2)	577,764	9,670	6.79	639,415	10,805	6.80
Securities held to maturity (2)	96,853	1,719	7.20	115,131	1,974	6.90
Investment in FRB and FHLB Banks	25,754	433	6.82	27,653	458	6.66
Loans (1)	1,719,895	37,487	8.84	1,502,129	32,494	8.70
Total earning assets	2,434,384	49,498	8.25	2,288,250	45,783	8.05
Other assets	160,573			113,076		
Total assets	$2,594,957			$2,401,326		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Money market deposit accounts	$ 163,374	1,454	3.61	$ 133,636	1,068	3.21
NOW deposit accounts	235,340	1,140	1.96	199,875	883	1.78
Savings deposits	271,044	1,608	2.41	265,552	1,643	2.49
Time deposits	1,047,697	15,326	5.93	938,131	12,472	5.35
Total interest bearing deposits	1,717,455	19,528	4.61	1,537,194	16,066	4.20
Short-term borrowings	107,703	1,442	5.43	150,554	2,094	5.59
Long-term debt	235,817	3,229	5.55	246,763	3,450	5.62
Total interest bearing liabilities	2,060,975	24,199	4.76%	1,934,511	21,610	4.49%
Demand deposits	286,168			255,084		
Other liabilities	34,953			20,343		
Stockholders' equity	212,861			191,388		
Total liabilities and stockholders' equity	$2,594,957			$2,401,326		
Net interest income		$25,299			$24,173	
Interest rate spread			3.49%			3.56%
Net interest margin			4.21%			4.25%
Taxable equivalent adjustment		$ 832			$ 872	

(1) For purposes of these computations, nonaccrual loans are included in the average loan balances outstanding.
(2) Securities are shown at average amortized cost.

The following table presents changes in interest income and interest expense attributable to changes in volume (change in average balance multiplied by prior year rate), changes in rate (change in rate multiplied by prior year volume), and the net change in net interest income. The net change attributable to the combined impact of volume and rate has been allocated to each in proportion to the absolute dollar amounts of change.

TABLE 3
ANALYSIS OF CHANGES IN TAXABLE EQUIVALENT NET INTEREST INCOME
Three months ended March 31,

	INCREASE (DECREASE) 2001 OVER 2000		
(in thousands)	VOLUME	RATE	TOTAL
Short-term interest bearing accounts	$ 136	$ 1	$ 137
Securities available for sale	(1,033)	(102)	(1,135)
Securities held to maturity	(322)	67	(255)
Investment in FRB and FHLB Banks	(32)	7	(25)
Loans	4,745	248	4,993
Total interest income	2,962	753	3,715
Money market deposit accounts	256	130	386
NOW deposit accounts	166	91	257
Savings deposits	34	(69)	(35)
Time deposits	1,535	1,319	2,854
Short-term borrowings	(576)	(76)	(652)
Long-term debt	(151)	(70)	(221)
Total interest expense	1,453	1,136	2,589
CHANGE IN FTE NET INTEREST INCOME	$ 1,509	$ (383)	$ 1,126

PROVISION AND ALLOWANCE FOR LOAN LOSSES
The allowance for loan losses is maintained at a level estimated by management to provide adequately for risk of probable losses inherent in the current loan portfolio. The adequacy of the allowance for loan losses is continuously monitored. It is assessed for adequacy using a methodology designed to ensure the level of the allowance reasonably reflects the loan portfolio's risk profile. It is evaluated to ensure that it is sufficient to absorb all reasonably estimable credit losses inherent in the current loan portfolio.

For purposes of evaluating the adequacy of the allowance, the Company considers a number of significant factors that affect the collectibility of the portfolio. For individually analyzed loans, these include estimates of loss exposure, which reflect the facts and circumstances that affect the likelihood of repayment of such loans as of the evaluation date. For homogeneous pools of loans, estimates of the Company's exposure to credit loss reflect a thorough current assessment of a number of factors, which could affect collectibility. These factors include: past loss experience; the size, trend, composition, and nature; changes in lending policies and procedures, including underwriting standards and collection, charge-off and recovery practices; trends experienced in nonperforming and delinquent loans; current economic conditions in the Company's market; portfolio concentrations that may affect loss experienced across one or more components of the portfolio; the effect of external factors such as competition, legal and regulatory requirements; and the experience, ability, and depth of lending management and staff. In addition, various regulatory agencies, as an integral component of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgment about information available to them at the time of their examination, which may not be currently available to management.

After a thorough consideration and validation of the factors discussed above, required additions to the allowance for loan losses are made periodically by charges to the provision for loan losses. These charges are necessary to maintain the allowance at a level which management believes is reasonably reflective of overall inherent risk of probable loss in the portfolio. While management uses available information to recognize losses on loans, additions to the allowance may fluctuate from one reporting period to another. These fluctuations are reflective of changes in risk associated with portfolio content and/or changes in management's assessment of any or all of the determining factors discussed above. The allowance for loan losses to outstanding loans at March 31, 2001 was 1.40% compared to 1.34% at March 31, 2000. Management considers the allowance for loan losses to be adequate based on evaluation and analysis of the loan portfolio.

Table 3 reflects changes to the allowance for loan losses for the periods presented. The allowance is increased by provisions for losses charged to operations and is reduced by net charge-offs. Charge-offs are made when the collectability of loan principal within a reasonable time is unlikely. Any recoveries of previously charged-off loans are credited directly to the allowance for loan losses.

The provision for loan losses was approximately $1.0 million, $3.3 million, and $1.5 million for the three months ended March 31, 2001, December 31, 2000, and March 31, 2000, respectively. The increase in the provision during the fourth quarter of 2000 was primarily the result of significant loan growth, primarily in the higher risk commercial and consumer type loans, an increase in nonperforming loans, and an increase in net charge-offs. The increase in nonperforming loans was primarily the result of a continuing process of integrating newly acquired banks into the Company given the Company's more conservative approach to identifying and resolving nonperforming loans. The fourth quarter provision for loan losses reflected the loan portfolio's increased inherent risk of loss related to the significantly increased nonperforming loans at December 31, 2000, the increased net charge-offs during the quarter ended December 31, 2000, and an anticipated net charge-off level in 2001 higher than previously experienced.

As expected, net charge-offs in the first quarter of 2001 (approximately $1.1 million) were significantly higher than the net charge-offs in the first quarter of 2000 (approximately $0.5 million), however they were reduced from the fourth quarter of 2000 (approximately $2.1 million). As noted above, the increased net charge-offs in the first quarter of 2001 as compared to the first quarter of 2000 were anticipated and primarily addressed in the provision for loan losses for the fourth quarter of 2000. Nonperforming loans at March 31, 2001 totaled approximately $22.5 million, representing a significant increase from nonperforming loans of approximately $12.6 million at March 31, 2000. However, as mentioned above, this increase was the result of the Company's fourth quarter of 2000 integration effort. Nonperforming loans at December 31, 2000 were approximately $21.5 million. Accordingly, the provision for loan losses in the first quarter of 2001 of approximately $1.0 million was lower than the provision of approximately $1.5 million in the first quarter of 2000, despite the increase in net loan charge-offs and nonperforming loans which were primarily addressed through higher provision for loan losses in the fourth quarter of 2000. Additionally, the Company's loan growth slowed during the first quarter of 2001 when compared to both the fourth and first quarters of 2000, which also contributed to the reduction in the provision for loan losses in the first quarter of 2001 as compared to both the fourth and first quarters of 2000.

However, the integration process described above is continuing. As this integration process continues, management expects that additional credit risk may be identified, which may result in future charge-offs being higher than anticipated. Also, additional non-accrual loans may be identified as a result of the continuing integration process. An increase in charge-offs and non-accrual loans that is greater than anticipated could result in an increase in the provision for loan losses in future periods.

TABLE 4
ALLOWANCE FOR LOAN LOSSES

(dollars in thousands)	Three months ended March 31, 2001		2000	
Balance, beginning of period	$24,349		$19,711	
Recoveries	352		261	
Charge-offs	(1,443)		(738)	
Net charge-offs	(1,091)		(477)	
Provision for loan losses	951		1,454	
Balance, end of period	$24,209		$20,688	
Composition of Net Charge-Offs				
Commercial and agricultural	$ (504)	46%	$ (97)	20%
Real estate mortgage	(76)	7%	(116)	24%
Consumer	(511)	47%	(264)	56%
Net charge-offs	$(1,091)	100%	$ (477)	100%
Annualized net charge-offs to average loans		0.26%		0.13%
Net charge-offs to average loans for the year ended December 31, 2000				0.28%

NONINTEREST INCOME

Noninterest income is a significant source of revenue for the Company and an important factor in the Company's results of operations. Noninterest income, exclusive of net securities gains and the gain on the sale of a branch building, totaled $6.2 million for the first quarter of 2001 compared to $4.2 million for the first quarter of 2000. The $2.0 million, or 47.1%, increase in 2001 is primarily the result of an increase in broker/dealer fees of approximately $1.0 million, the direct result of the Company's acquisition of M. Griffith, Inc., a full service broker/dealer and registered investment advisor, on May 5, 2000. In addition, service charges on deposit accounts increased $0.4 million and other income increased $0.6 million during the first quarter of 2001 compared to the same period in 2000. The increase in service charges on deposit accounts can be attributed to an increase in the number of deposit accounts between reporting periods.

NONINTEREST EXPENSE AND OPERATING EFFICIENCY

Total noninterest expense, excluding nonrecurring merger, acquisition and reorganization expenses and deposit overdraft write-offs, increased $1.6 million between the quarter ended March 31, 2001 and the same period for 2000.

Salaries and employee benefits for the first quarter of 2001 increased $0.6 million compared to the same period of 2000, primarily the result of the addition of M. Griffith in May of 2000.

Data processing and communications expense for the first quarter of 2001 experienced a $0.7 million increase compared to the same period in 2000, the result of an expanded communication network and increased transaction volume.

Amortization of intangible assets expense for the quarter ended March 31, 2001 experienced a $0.3 million increase compared to the same period in 2000, the result of the previously mentioned Mellon Bank and Soveriegn Bank branch acquisitions, as well as the M. Griffith, Inc. acquisition.

One important operating efficiency measure that the Company closely monitors is the efficiency ratio. The efficiency ratio is computed as total noninterest expense (excluding nonrecurring charges) divided by net interest income plus noninterest income (excluding net security gains and losses and nonrecurring income). The efficiency ratio of 57.48% in the first quarter of 2001 was comparable to the efficiency ratio of 57.47% in the same period of 2000.

At March 31, 2001, after payments of certain merger, acquisition and reorganization costs, the Company had a remaining accrued liability for merger, acquisition and reorganization costs as follows:

Professional fees	$ 158
Data processing	562
Severance	3,096
Branch closings	195
Advertising and supplies	155
Miscellaneous	87
Total	$ 4,253

With the exception of certain severance costs, which will be paid out over a period of time consistent with the respective severance agreements, all of the above liabilities are expected to be paid during 2001.

All other categories of noninterest expense remained fairly consistent from the first quarter of 2000 to the first quarter of 2001.

INCOME TAXES

Income tax expense was $3.8 million for the first quarter of 2001 compared to $3.1 million for the first quarter of 2000. The effective tax rate was 33.0% for the first quarter of 2001 and 36.9% for the same period of 2000. The higher tax rate during 2000 can be attributed to non-deductible merger and acquisition costs as well as a corporate realignment in 2000.

SECURITIES

Average total securities were $79.9 million less for the first quarter of 2001 than for the same period of 2000. The majority of this decrease was in the available for sale portfolio as the proceeds from the sales and paydowns from the mortgage-backed securities were used to fund the loan growth experienced during 2000. During the first quarter of 2001, the securities portfolio represented 27.7% of average earning assets compared to 33.0% for the first quarter of 2000. At March 31, 2001, the securities portfolio was comprised of 86% available for sale and 14% held to maturity securities.

LOANS

The Company has continued to experience strong growth in the loan portfolio. Average loan volume for the first quarter of 2001 was $1,719.9 million, or 14.5% greater than the first quarter 2000 average. This growth has been present in all loan categories, with increases in the average commercial, consumer and mortgage portfolios of $139.8 million, $33.2 million and $46.1 million, respectively.

The Company has continued to experience an increase in the demand for commercial loans, primarily in the business and real estate categories. The Company does not engage in highly leveraged transactions or foreign lending activities.

NONPERFORMING ASSETS

Nonperforming assets consist of nonaccrual loans, loans 90 days or more past due, restructured loans and other real estate owned (OREO). Loans are generally placed on nonaccrual when principal or interest payments become ninety days past due, unless the loan is well secured and in the process of collection. Loans may also be placed on nonaccrual when circumstances indicate that the borrower may be unable to meet the contractual principal or interest payments. OREO represents property acquired through foreclosure and is valued at the lower of the carrying amount or fair market value, less any estimated disposal costs.

Total nonperforming assets were $23.3 million at March 31, 2001 compared to $22.2 million at December 31, 2000 and $13.6 million at March 31, 2000. The increase since March 31, 2000 can be attributed to a $6.5 million increase in loans 90 days or more past due as well as a $4.0 million increase in nonaccrual loans between reporting periods. These increases were primarily the result integrating newly acquired banks into the Company.

TABLE 5
NONPERFORMING ASSETS

(dollars in thousands)	MARCH 31, 2001		March 31, 2000	
Commercial and agricultural	$11,153	81%	$ 6,379	66%
Real estate mortgage	1,350	10%	2,483	25%
Consumer	1,247	9%	846	9%
Total nonaccrual loans	13,750	100%	9,708	100%
Loans 90 days or more past due and still accruing:				
Commercial and agricultural	5,525	67%	64	4%
Real estate mortgage	1,574	19%	1,189	69%
Consumer	1,148	14%	469	27%
Total loans 90 days or more past due and still accruing	8,247	100%	1,722	100%
Restructured loans in compliance with modified terms:	509		1,184	
Total nonperforming loans	22,506		12,614	
Other real estate owned	803		957	
Total nonperforming assets	$23,309		$13,571	
Total nonperforming loans to loans		1.30%		0.82%
Total nonperforming assets to assets		0.90%		0.55%
Total allowance for loan losses to nonperforming loans		107.57%		164.01%

DEPOSITS

Customer deposits represent the greatest source of funding assets. The Company purchased approximately $133.7 million in deposits in conjunction with the purchase of branches from Mellon Bank and Sovereign Bank in June and November of 2000, respectively. Average total deposits for the quarter ended March 31, 2001 were $2.0 billion compared to $1.8 billion at March 31, 2000. This growth has been present in all deposit categories, with increases in the average demand, savings and time deposits of $31.1 million, $70.7 million and $109.6 million, respectively. The increase in time deposits was primarily the result of the increase in time deposits greater than $100,000, which includes brokered CD's. Brokered CD's were approximately $110.5 million, $130.5 million and $89.4 million at March 31, 2001, December 31, 2000 and March 31, 2000, respectively. Time deposits greater than $100,000 were approximately $470.3 million, $503.8 million and $433.0 million at March 31, 2001, December 31, 2000 and March 31, 2000, respectively.

BORROWED FUNDS

The Company's borrowed funds consist of short-term borrowings and long-term debt. Average short-term borrowings for the first quarter of 2001 were $107.7 million compared to $150.6 million for the same period of 2000. Average long-term debt for the first quarter of 2001 was $235.8 million compared to $246.8 million for the same period of 2000. The previously mentioned increase in deposits contributed to the decline in average borrowings as it has enabled the Company to pay down a portion of its existing debt.

CAPITAL AND DIVIDENDS

Stockholders' equity of $217.4 million represents 8.4% of total assets at March 31, 2001, compared with $194.6 million, or 8.0% a year previous, and $208.0 million, or 7.8% at December 31, 2000. The Company does not have a target dividend payout ratio, rather the Board of Directors considers the Company's earnings position and earnings potential when making dividend decisions.

As the capital ratios in Table 6 indicate, the Company remains well capitalized. Capital measurements are significantly in excess of regulatory minimum guidelines and meet the requirements to be considered well capitalized for all periods presented. Tier 1 leverage, Tier 1 capital and Risk-based capital ratios have regulatory minimum guidelines of 3%, 4% and 8% respectively, with requirements to be considered well capitalized of 5%, 6% and 10%, respectively.

TABLE 6
CAPITAL MEASUREMENTS

	FIRST QUARTER 2001	First Quarter 2000
Tier 1 leverage ratio	7.32%	8.59%
Tier 1 capital ratio	11.18%	13.24%
Total risk-based capital ratio	12.43%	14.40%
Cash dividends as a percentage of net income	52.98%	69.11%
Per common share:		
Book value	$ 9.13	$ 8.36
Tangible book value	$ 7.99	$ 7.99

The accompanying Table 7 presents the high, low and closing sales price for the common stock as reported on the NASDAQ Stock Market, and cash dividends declared per share of common stock. The Company's price to book value ratio was 1.83 at March 31, 2001 and 1.73 a year ago. The Company's price was 13 times annualized earnings at March 31, 2001, compared to 16 times a year previous.

TABLE 7
QUARTERLY COMMON STOCK AND DIVIDEND INFORMATION*

Quarter Ending	High	Low	Close	Cash Dividends Declared
2000				
March 31	$16.50	$11.38	$14.50	$0.170
June 30	14.50	9.38	10.69	0.170
September 30	12.50	9.75	12.00	0.170
December 31	15.94	11.13	14.63	0.170
2001				
MARCH 31	$17.50	$13.25	$16.69	$0.170

*historical NBT Bancorp Inc. only

LIQUIDITY AND INTEREST RATE SENSITIVITY MANAGEMENT

MARKET RISK

Interest rate risk is the most significant market risk affecting the Company. Other types of market risk, such as foreign currency exchange rate risk and commodity price risk, do not arise in the normal course of the Company's business activities.

Interest rate risk is defined as an exposure to a movement in interest rates that could have an adverse effect on the Company's net interest income. Net interest income is susceptible to interest rate risk to the degree that interest-bearing liabilities mature or reprice on a different basis than earning assets. When interest-bearing liabilities mature or reprice more quickly than earning assets in a given period, a significant increase in market rates of interest could adversely affect net interest income. Similarly, when earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could result in a decrease in net interest income.

In an attempt to manage its exposure to changes in interest rates, management monitors the Company's interest rate risk. Management's asset/liability committee (ALCO) meets monthly to review the Company's interest rate risk position and profitability, and to recommend strategies for consideration by the Board of Directors. Management also reviews loan and deposit pricing, and the Company's securities portfolio, formulates investment and funding strategies, and oversees the timing and implementation of transactions to assure attainment of the Board's objectives in the most effective manner. Notwithstanding the Company's interest rate risk management activities, the potential for changing interest rates is an uncertainty that can have an adverse effect on net income.

In adjusting the Company's asset/liability position, the Board and management attempt to manage the Company's interest rate risk while enhancing the net interest margin. At times, depending on the level of general interest rates, the relationship between long and short term interest rates, market conditions and competitive factors, the Board and management may determine to increase the Company's interest rate risk position somewhat in order to increase its net interest margin. The Company's results of operations and net portfolio values remain vulnerable to changes in interest rates and to fluctuations in the difference between long and short-term interest rates.

The primary tool utilized by ALCO to manage interest rate risk is a balance sheet/income statement simulation model (interest rate sensitivity analysis). Information such as principal balance, interest rate, maturity date, cash flows, next repricing date (if needed), and current rates is uploaded into the model to create an ending balance sheet. In addition, ALCO makes certain assumptions regarding prepayment speeds for loans and mortgage related investment securities along with any optionality within the deposits and borrowings.

The model is first run under an assumption of a flat rate scenario (i.e. no change in current interest rates) with a static balance sheet over a 12-month period. A second and third model are run in which a gradual increase and decrease, respectively, of 200 basis points takes place over a 12 month period. A fourth and fifth model are run in which a gradual increase and decrease, respectively, of 100 basis points takes place over a 12 month period. Under these scenarios, assets subject to prepayments are adjusted to account for faster or slower prepayment assumptions. Any investment securities or borrowings that have callable options embedded into them are handled accordingly based on the interest rate scenario. The resultant changes in net interest income are then measured against the flat rate scenario. The following table summarizes the percentage change in net interest income in the rising and declining rate scenarios over a 12 month period from the forecasted net interest income in the flat rate scenario.

In the declining rate scenarios, net interest income is projected to be below the flat rate scenario through the simulation period. Net interest income experiences a reduction as a result of adjustable rate loans repricing, and increased cash flow as a result of higher prepayments on loans reinvested at lower market rates, callable securities reinvested at lower market rates and limited continued deposit pricing reductions.

In the plus 100 basis points scenario, net interest income is projected to be stable compared to the flat rate scenario. However, in the plus 200 basis point scenario net interest income is projected to remain at lower levels than in a flat rate scenario through the simulation period primarily due to a lag in assets repricing while funding costs increase. The potential impact on earnings is dependent on the ability to lag deposit repricing.

Net interest income for the next twelve months in a +/- 200 basis point scenario is within the internal policy risk limits of a not more than a 5% change in net interest income. The following table projects the percent change in net interest income over the next year using the March 31, 2001 balance sheet position.

TABLE 10
INTEREST RATE SENSITIVITY ANALYSIS

Change in interest rates (in basis points)	Percent change in net interest income
+200	(1.39%)
+100	0.12%
-100	(0.96%)
-200	(1.99%)

LIQUIDITY RISK

Liquidity management involves the ability to meet the cash flow requirements of customers who may be depositors wanting to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs. The ALCO is responsible for liquidity management and has developed guidelines which cover all assets and liabilities, as well as off balance sheet items that are potential sources or uses of liquidity. Liquidity policies must also provide the flexibility to implement appropriate strategies and tactical actions. Requirements change as loans grow, deposits and securities mature, and payments on borrowings are made. Liquidity management includes a focus on interest rate sensitivity management with a goal of avoiding widely fluctuating net interest margins through periods of changing economic conditions.

The primary liquidity measurement the Company utilizes is called the Basic Surplus which captures the adequacy of its access to reliable sources of cash relative to the stability of its funding mix of average liabilities. This approach recognizes the importance of balancing levels of cash flow liquidity from short and long-term securities with the availability of dependable borrowing sources which can be accessed when necessary. Accordingly, the Company has purchased brokered time deposits, established borrowing facilities with other banks (Federal funds), the Federal Home Loan Banks of New York and Pittsburgh (short and long-term borrowings which are denoted as advances), and repurchase agreements with investment companies.

This Basic Surplus approach enables the Company to adequately manage liquidity from both operational and contingency perspectives. By tempering the need for cash flow liquidity with reliable borrowing facilities, the Company is able to operate with a more fully invested and, therefore, higher interest income generating, securities portfolio. The makeup and term structure of the securities portfolio is, in part, impacted by the overall interest rate sensitivity of the balance sheet. Investment decisions and deposit pricing strategies are impacted by the liquidity position. At March 31, 2001, the Company considered its Basic Surplus adequate to meet liquidity needs. At March 31, 2001, a large percentage of the Company's loans and securities are pledged as collateral on borrowings. Therefore, future growth of earning assets will depend upon the Company's ability to obtain additional funding, through growth of core deposits and collateral management, and may require further use of brokered time deposits, or other higher cost borrowing arrangements.

PART II. OTHER INFORMATION

Item 1 -- Legal Proceedings

In the normal course of business, there are various outstanding legal proceedings. In the opinion of management, the aggregate amount involved in such proceedings is not material to the financial condition or results of operations of the Company.

Item 2 -- Changes in Securities

Following are listed changes in the Company's Common Stock outstanding during the quarter ended March 31, 2001 as well as certain actions which have been taken which may affect the number of shares of Common Stock (shares) outstanding in the future. There was no Preferred Stock outstanding during the quarter ended March 31, 2001.

At the Annual Meeting of Stockholders held on May 3, 2001, the stockholders of NBT Bancorp Inc. approved an amendment to the Company's Certificate of Incorporation that increased the number of authorized shares of NBT Bancorp Inc. common stock from 30 million to 50 million.

At the Annual Meeting of Stockholders held on May 3, 2001, the stockholders of NBT Bancorp Inc. approved the Board of Directors adoption of the NBT Non-Employee Director, Divisional Director and Subsidiary Director Stock Option Plan and the reservation of 500,000 shares of common stock for issuance under the plan. The purpose of the NBT Non-Employee Director, Divisional Director and Subsidiary Director Stock Option Plan is to attract and retain these individuals and to motivate them to exercise their best efforts on behalf of NBT Bancorp Inc. and its subsidiaries.

At the Annual Meeting of Stockholders held on May 3, 2001, the stockholders of NBT Bancorp Inc. approved an amendment to the NBT 1993 Stock Option Plan to increase the number of shares of common stock authorized for issuance under the plan and to approve the reservation of 2,500,000 shares of common stock for issuance under the plan. The purpose of the plan is to promote our interests and those of our stockholders by encouraging ownership of our common stock by our officers and other key employees and our subsidiaries in order to help attract and retain in our service persons of exceptional competence, by furnishing added incentives for them to increase their efforts on our behalf, and by gaining for us the advantages inherent in key employees having an ownership interest in us.

Item 3 -- Defaults Upon Senior Securities

This item is omitted because there were no defaults upon the Company's senior securities during the quarter ended March 31, 2001.

Item 4 -- Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Stockholders was held on May 3, 2001. Stockholders approved the following proposals:

a. A proposal to fix the number of directors at thirteen was approved. Daryl R. Forsythe, William C. Gumble, William L. Owens and Gene E. Goldenziel were elected as directors with terms of office to expire at the 2004 Annual Meeting of Stockholders.

Daryl R. Forsythe was elected, with 17,888,784 votes FOR, and 1,210,794 votes WITHHELD. William C. Gumble was elected, with 17,903,341 votes FOR, and 1,196,240 votes WITHHELD. William L. Owens was elected, with 17,768,014 votes FOR, and 1,331,564 votes WITHHELD. Gene E. Goldenziel was elected, with 17,336,069 votes FOR, and 1,763,510 votes WITHHELD.

b. Proposal to approve the amendment to Article Fourth of NBT's Certificate of Incorporation to increase the number of authorized shares of common stock from 30 million to 50 million.

The proposal was approved, with 17,349,390 votes FOR, 1,686,905 votes AGAINST, and 318,714 votes ABSTAINING.

c. Proposal to approve the NBT Non-Employee Director, Divisional Director and Subsidiary Director Stock Option Plan and the reservation of 500,000 shares of common stock for issuance under the plan.

The proposal was approved, with 13,359,982 votes FOR, 2,760,287 votes AGAINST, and 464,254 votes ABSTAINING.

d. Proposal to approve an amendment to the NBT 1993 Stock Option Plan to increase the number of shares of common stock authorized for issuance under the plan and to approve the reservation of 2,500,000 shares of common stock for issuance under the plan.

The proposal was approved, with 13,274,129 votes FOR, 2,890,468 votes AGAINST, and 419,931 votes ABSTAINING.

Item 5 -- Other Information

Not Applicable

Item 6 -- Exhibits and Reports on FORM 8-K

(a) An index to exhibits follows the signature page of this FORM 10-Q.

(b) During the first quarter ended March 31, 2001, the Company filed the following Current Reports on Form 8-K:

Current report on Form 8K, Item 5, filed with the Securities and Exchange Commission on January 3, 2001

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on FORM 10-Q to be signed on its behalf by the undersigned thereunto duly authorized, this 15th day of May, 2001.

NBT BANCORP INC.

By: /s/ MICHAEL J. CHEWENS

Michael J. Chewens, CPA
Executive Vice President
Chief Financial Officer and Corporate Secretary

INDEX TO EXHIBITS

The following documents are attached as Exhibits to this FORM 10-Q or, if annotated by the symbol *, are incorporated by reference as Exhibits as indicated by the page number or exhibit cross-reference to the prior filings of the Registrant with the Commission.

FORM 10-Q Exhibit Number		Exhibit Cross-Reference
3.1	Certificate of Amendment of Certificate of Incorporation of NBT Bancorp Inc., as of May 3, 2001.	Herein

EXHIBIT 3.1

Certificate of Amendment of Certificate of Incorporation of NBT Bancorp Inc., as of May 3, 2001.

Article FOURTH of the Certificate of Incorporation of the Corporation is hereby amended to read in its entirety as follows:

FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have the authority to issue is Fifty-Two Million Five Hundred Thousand (52,500,000) shares consisting of Fifty Million (50,000,000) shares of Common Stock, par value of $.01 per share and Two Million Five Hundred Thousand (2,500,000) shares of Preferred Stock, par value $.01 per share.