SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 June 30, 2000.
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 15(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 July 31, 2000, there were 23,691,749 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 June 30, 2000

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NBT BANCORP INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS	JUNE 30, 2000	December 31, 1999	June 30, 1999
(in thousands, except share and per share data)	(UNAUDITED)		(Unaudited)
ASSETS			
Cash and cash equivalents	$ 68,773	$ 64,431	$ 65,356
Securities available for sale, at fair value	489,572	500,423	492,339
Securities held to maturity (fair value-$68,011, $73,648 and $69,407)	70,620	76,706	71,465
Loans	1,373,114	1,222,654	1,125,581
Less allowance for loan losses	(18,796)	(16,654)	(15,711)
Net loans	1,354,318	1,206,000	1,109,870
Premises and equipment, net	39,823	40,830	38,522
Other assets	78,215	73,042	66,112
TOTAL ASSETS	$2,101,321	$1,961,432	$1,843,664
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Demand (noninterest bearing)	$ 222,264	$ 223,143	$ 202,585
Savings, NOW, and money market	520,774	487,746	478,773
Time	852,935	766,729	660,003
Total deposits	1,595,973	1,477,618	1,341,361
Short-term borrowings	160,554	137,567	179,548
Long-term debt	160,983	172,575	149,132
Other liabilities	16,140	13,195	10,788
Total liabilities	1,933,650	1,800,955	1,680,829
Stockholders' equity:			
Preferred stock, $0.01 par value at June 30, 2000, no par, stated value $1.00 at December 31, 1999 and June 30, 2000; shares authorized - 2,500,000	-	-	-
Common stock, $0.01 par value and 30,000,000 authorized at June 30, 2000, no par, stated value $1.00 and 15,000,000 authorized at December 31, 1999 and June 30, 1999; issued 19,044,424, 18,616,992, and 17,976,269 at June 30, 2000, December 31, 1999 and June 30, 1999, respectively	190	18,617	17,976
Additional paid-in-capital	171,810	148,717	138,068
Retained earnings	24,139	23,060	29,441
Accumulated other comprehensive loss	(17,167)	(18,252)	(8,853)
Common stock in treasury at cost, 522,133, 538,936, and 635,642 shares at June 30, 2000, December 31, 1999 and June 30, 1999, respectively	(11,301)	(11,665)	(13,797)
Total stockholders' equity	167,671	160,477	162,835
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,101,321	$1,961,432	$1,843,664

See notes to interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	Three months ended June 30, 2000	Three months ended June 30, 1999	Six months ended June 30, 2000	Six months ended June 30, 1999
	(Unaudited)			
Interest and dividend income:				
Loans	$29,309	$23,406	$56,498	$46,085
Securities - available for sale	8,686	8,174	17,558	15,799
Securities - held to maturity	976	902	1,969	1,742
Other	481	456	883	914
Total interest and dividend income	39,452	32,938	76,908	64,540
Interest expense:				
Deposits	15,001	11,021	28,447	22,027
Short-term borrowings	2,184	1,299	4,238	2,438
Long-term debt	2,240	2,070	4,586	3,809
Total interest expense	19,425	14,390	37,271	28,274
Net interest income	20,027	18,548	39,637	36,266
Provision for loan losses	2,225	1,230	3,559	2,350
Net interest income after provision for loan losses	17,802	17,318	36,078	33,916
Noninterest income:				
Trust	811	835	1,671	1,670
Service charges on deposit accounts	1,721	1,557	3,341	2,965
Net securities gains	7	208	7	876
Other	1,623	1,100	2,758	2,465
Total noninterest income	4,162	3,700	7,777	7,976
Noninterest expense:				
Salaries and employee benefits	6,874	5,976	13,955	11,946
Office supplies and postage	581	599	1,173	1,236
Occupancy	1,093	1,000	2,325	2,024
Equipment	1,204	1,057	2,341	2,004
Professional fees and outside services	839	737	1,595	1,434
Data processing and communications	1,202	1,038	2,334	2,010
Amortization of intangible assets	383	325	695	654
Merger and acquisition costs	2,561	-	3,683	-
Other operating	2,177	1,414	3,796	2,654
Total noninterest expense	16,914	12,146	31,897	23,962
Income before income taxes	5,050	8,872	11,958	17,930
Income taxes	1,963	3,152	4,630	6,434
NET INCOME	$ 3,087	$ 5,720	$ 7,328	$11,496
Earnings per share:				
Basic	$ 0.17	$ 0.32	$ 0.40	$ 0.64
Diluted	$ 0.17	$ 0.32	$ 0.40	$ 0.64

All per share data has been restated to give retroactive effect to stock dividends and splits.

See notes to interim consolidated financial statements.

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

(in thousands, except share and per share data)	Common Stock	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
BALANCE AT DECEMBER 31, 1998	$17,946	$137,997	$23,132	$ 3,062	$(12,962)	$169,175
Net income			11,496			11,496
Cash dividends - $0.324 per share			(5,171)			(5,171)
Payment in lieu of fractional shares			(16)			(16)
Issuance of 30,561 shares to stock plan	30	294				324
Purchase of 179,500 treasury shares					(3,943)	(3,943)
Sale of 143,365 treasury shares to employee benefit plans and other stock plans		(223)			3,108	2,885
Other comprehensive loss				(11,915)		(11,915)
BALANCE AT JUNE 30, 1999	$17,976	$138,068	$29,441	$ (8,853)	$(13,797)	$162,835
BALANCE AT DECEMBER 31, 1999	$18,617	$148,717	$23,060	$(18,252)	$(11,665)	$160,477
Net income			7,328			7,328
Cash dividends - $0.340 per share			(6,249)			(6,249)
Issuance of 6,443 shares to stock plan	6	63				69
Sale of 4,937 treasury shares to employee benefit plans and other stock plans		(32)			116	84
Change $1.00 stated value per share to $0.01 par value per share	(18,437)	18,437				-
Stock option exercise		(167)			248	81
Issuance of 420,989 shares to purchase M. Griffith, Inc.	4	4,792				4,796
Other comprehensive income				1,085		1,085
BALANCE AT JUNE 30, 2000	$ 190	$171,810	$24,139	$(17,167)	$(11,301)	$167,671

See notes to interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Six Months Ended June 30, 2000	1999
	(Unaudited)	
OPERATING ACTIVITIES:		
Net income	$ 7,328	$ 11,496
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	3,559	2,350
Depreciation of premises and equipment	2,024	1,686
Net accretion on securities	(1,036)	(512)
Amortization of intangible assets	695	654
Proceeds from sale of loans held for sale	7,777	23,989
Origination and purchases of loans held for sale	(6,292)	(21,362)
Net loss (gain) on sales of loans	76	(330)
Net loss on disposal of premises and equipment	545	-
Net loss (gain) on sale of other real estate owned	225	(432)
Net realized loss (gain) on sales of securities	(7)	(876)
Net (increase) decrease in other assets	(1,849)	1,512
Net increase (decrease) in other liabilities	2,945	(2,305)
Net cash provided by operating activities	15,990	15,870
INVESTING ACTIVITIES:		
Securities available for sale:		
Proceeds from maturities	17,104	50,753
Proceeds from sales	10,127	100,233
Purchases	(13,414)	(160,996)
Securities held to maturity:		
Proceeds from maturities	16,928	15,319
Purchases	(10,824)	(23,408)
Net increase in loans	(154,223)	(79,379)
Purchase of premises and equipment, net	(1,562)	(2,603)
Proceeds from sales of other real estate owned	481	1,692
Net cash used in investing activities	(135,383)	(98,389)
FINANCING ACTIVITIES:		
Net increase (decrease) in deposits	118,355	(15,586)
Net increase in short-term borrowings	22,987	79,676
Proceeds from issuance of long-term debt	5,000	25,000
Repayments of long-term debt	(16,592)	(1,479)
Proceeds from issuance of common stock to stock plan	69	324
Exercise of stock options	81	-
Proceeds from issuance of treasury shares to employee benefit plans and other stock plans	-	2,885
Purchase of treasury stock	-	(3,943)
Sale of treasury stock	84	-
Cash dividends and payment for fractional shares	(6,249)	(5,187)
Net cash provided by financing activities	123,735	81,690
Net increase (decrease) in cash and cash equivalents	4,342	(829)
Cash and cash equivalents at beginning of period	64,431	66,185
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 68,773	$ 65,356
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: Cash paid during the period for:		
Interest	$ 35,247	$ 29,019
Income taxes	4,615	7,158

See notes to interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)	Three months ended June 30, 2000	Three months ended June 30, 1999	Six months ended June 30, 2000	Six months ended June 30, 1999
	(Unaudited)			
Net Income	$ 3,087	$ 5,720	$ 7,328	$ 11,496
Other comprehensive income (loss), net of tax				
Unrealized holding gains (losses) arising during period [pre-tax amounts of $753, $(15,535), $1,848 and $(18,946)]	452	(9,321)	1,089	(11,368)
Less: Reclassification adjustment for net gains included in net income [pre-tax amounts of $(7), $(208), $(7) and $(876)]	(4)	(130)	(4)	(547)
Other comprehensive income (loss)	448	(9,451)	1,085	(11,915)
Comprehensive income (loss)	$ 3,535	$(3,731)	$ 8,413	$ (419)

See notes to interim consolidated financial statements.

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), LA Bank, N.A. (LA) 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, 1999 has been derived from the audited supplemental consolidated balance sheet at that date, which appears in the Current Report on Form 8-K filed on March 31, 2000. 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 and six month period ended June 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. 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, 1999 and the supplemental consolidated financial statements and notes thereto referred to above. The June 30, 1999 interim consolidated financial statements have been restated to give effect to the merger with Lake Ariel Bancorp, Inc., which closed on February 17, 2000 and was accounted for as a pooling-of-interests.

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 income statements.

Three months ended June 30,	2000	1999
(in thousands, except per share data)		
Basic EPS:		
Weighted average common shares outstanding	18,365	17,823
Net income available to common shareholders	$ 3,087	$ 5,720
Basic EPS	$ 0.17	$ 0.32
Diluted EPS:		
Weighted average common shares outstanding	18,365	17,823
Dilutive common stock options	16	250
Weighted average common shares and common share equivalents	18,381	18,073
Net income available to common shareholders	$ 3,087	$ 5,720
Diluted EPS	$ 0.17	$ 0.32

Six months ended June 30,	2000	1999
(in thousands, except per share data)		
Basic EPS:		
Weighted average common shares outstanding	18,196	17,839
Net income available to common shareholders	$ 7,328	$11,496
Basic EPS	$ 0.40	$ 0.64
Diluted EPS:		
Weighted average common shares outstanding	18,196	17,839
Dilutive common stock options	61	260
Weighted average common shares and common share equivalents	18,257	18,099
Net income available to common shareholders	$ 7,328	$11,496
Diluted EPS	$ 0.40	$ 0.64

There were 896,692 stock options for the quarter ended June 30, 2000 and 230,053 stock options for the quarter ended June 30, 1999 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. There were 743,175 stock options for the six month period ended June 30, 2000 and 20,553 stock options for the six month period ended June 30, 1999 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 stockholders of NBT Bancorp Inc. and Lake Ariel Bancorp, Inc. (Lake Ariel) approved a merger whereby Lake Ariel was merged with and into NBT Bancorp Inc. with each issued and outstanding share of Lake Ariel exchanged for 0.9961 shares of NBT Bancorp Inc. common stock. The transaction resulted in the issuance of 5.0 million shares of NBT Bancorp Inc. common stock, bringing the Company's outstanding shares to 18.1 million after the merger. The merger results in NBT Bancorp Inc. being the surviving holding company for NBT Bank, N.A. and LA Bank, N.A., a former subsidiary of Lake Ariel. The merger is being accounted for as a pooling-of-interests and qualifies as a tax-free exchange for Lake Ariel shareholders. LA Bank, N.A. is a commercial bank headquartered in northeast Pennsylvania with twenty-two branch offices in five counties and approximately $570 million in assets at December 31, 1999.

On June 23, 2000, the Board of Directors of Pioneer American Holding Company Corp., the parent company of Pioneer American Bank, N.A., gave final approval to their merger with and into NBT Bancorp Inc. This follows the approval of the agreement and plan of merger by the stockholders of both companies at separate meetings held on June 20, 2000. The merger became effective on July 1, 2000 and is being accounted for as a pooling-of-interests and qualifies as a tax-free exchange for Pioneer American shareholders. Shareholders of Pioneer American received 1.805 shares of NBT Bancorp Inc., resulting in the issuance of 5.2 million shares of NBT Bancorp Inc. common stock bringing the Company's outstanding shares to 23.7 million after the merger. The merger results in NBT Bancorp Inc. being the surviving holding company for NBT Bank, N.A., LA Bank, N.A., Pioneer American Bank, N.A., and NBT Financial Services, Inc.

Pioneer American Bank, N.A. is a full service commercial bank with total assets of approximately $418 million at June 30, 2000 and seventeen branches in northeast Pennsylvania. Pioneer American Bank, N.A. will ultimately be merged together with LA Bank, N.A. to form the largest community bank headquartered in northeast Pennsylvania.

The following table presents unaudited pro forma data combining the results of operations of NBT Bancorp Inc. and Pioneer American Holding Company Corp. as if the merger had been consummated on June 30, 2000. This data reflects adjustments to conform the accounting methods of Pioneer American Holding Company Corp. with those of NBT Bancorp Inc.

Six month period ended June 30,	2000	1999
(in thousands, except per share data)		
Net interest income	$46,869	$43,387
Net income	9,349	13,418
Diluted earnings per share	0.40	0.57

On May 5, 2000, NBT Bancorp Inc. completed the purchase of M. Griffith, Inc., a Utica, New York based securities firm offering investment advisor and asset-management services, primarily in the Mohawk Valley region. M. Griffith, Inc., a full-service broker/dealer and a Registered Investment Advisor, is a wholly-owned subsidiary of NBT Financial Services, Inc. NBT Financial Services, Inc. was created in September of 1999 to concentrate on expanding NBT Bancorp Inc.'s menu of financial services.

On April 20, 2000, NBT Bancorp Inc. and BSB Bancorp, Inc., the parent company of BSB Bank and Trust Company, announced the signing of a definitive agreement to merge. The merger is subject to the approval of each company's shareholders and of banking regulators. The merger is expected to close in the fourth quarter of 2000 and is intended to be accounted for as a pooling-of-interests and qualify as a tax-free exchange for BSB Bancorp, Inc. shareholders. Shareholders of BSB Bancorp, Inc. will receive a fixed ratio of 2.0 shares of NBT Bancorp Inc. common stock for each share exchanged.

BSB Bank and Trust Company is a full service commercial bank with total assets of approximately $2.3 billion at June 30, 2000 and twenty-two branches in six counties in central New York and New York's Southern Tier. As a result of the merger, NBT Bank, N.A. and BSB Bank and Trust Company will be combined to create one of the largest independent community banks in upstate New York. This strategic alliance will create a financial services holding company with pro forma assets of approximately $4.8 billion and three direct operating subsidiaries including two community banks and a financial services company. The holding company will adopt a new name before the merger occurs.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities". This statement establishes comprehensive accounting and reporting requirements for derivative instruments and hedging activities. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. The accounting for gains or losses resulting from changes in the values of those derivatives would be dependent on the use of the derivative and the type of risk being hedged. During the second quarter of 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB No. 133". FASB No. 137 defers the effective date of FASB No. 133 by one year from fiscal quarters of fiscal years beginning after June 15, 1999 to fiscal quarters of fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138 "Accounting for Derivative Instruments and Hedging Activities, and amendment to the FASB Statement No. 133". This statement amends the accounting and reporting standards of SFAS No. 133 for certain derivative instruments and certain hedging activities. At the present time, the Company has not fully analyzed the effect or timing of the adoption of SFAS No. 133 or SFAS No. 138 on the Company's consolidated financial statements.

In March 2000, the FASB issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation". FASB Interpretation No. 44 clarifies the application of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" for certain issues. The adoption of this Interpretation did not have a material effect on the Company's financial position or results of operations.

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 description of the financial condition and results of operations of NBT Bancorp Inc. (Bancorp) and its wholly owned subsidiaries, NBT Bank, N.A. (NBT), LA Bank N.A. (LA) 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 interim consolidated financial statements and footnotes thereto included in this FORM 10-Q. Reference should also be made to the Company's 1999 FORM 10-K and Current Report on Form 8-K filed March 31, 2000, for an understanding of the following discussion and analysis. Throughout this discussion and analysis, amounts per common share and common shares outstanding have been adjusted retroactively for stock dividends and splits.

On July 24, 2000, NBT Bancorp Inc. announced the declaration of a regular quarterly cash dividend of $0.17 per share. The cash dividend will be paid on September 15, 2000 to stockholders of record as of September 1, 2000.

FORWARD-LOOKING STATEMENTS

This document and other documents filed by the Company with the Securities and Exchange Commission (SEC) contain forward-looking statements. In addition, the Company's senior management may make forward-looking statements orally to analysts, investors, the media, and others. Forward-looking statements might include one or more of the following: (a) projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items; (b) descriptions of plans or objectives of management for future operations, products or services, including pending merger and acquisition transactions; (c) forecasts of future economic performance; and (d) descriptions of assumptions underlying or relating to any of the foregoing.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "anticipate," "believe," "expect," "forecast," "project," "intend," "plan," "estimate," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may."

These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of the management of the Company and on the information available to management at the time that these statements were made. There are a number of factors, many of which are beyond the Company's control, that could cause actual conditions, events or results to differ significantly from those described in 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 or pending mergers and acquisitions may not be fully realized or realized within the expected time frames; (8) deposit attrition, customer loss, or revenue loss following pending mergers and acquisition 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.

Forward-looking statements speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect subsequent circumstances or events.

YEAR 2000

Concerns over the arrival of the Year 2000 ("Y2K") and its impact on the embedded computer technologies used by financial institutions, among others, led bank regulatory authorities to require substantial advance testing and preparations by all banking organizations, including the Company. As of the date of this filing, the Company has experienced no material problems in connection with the arrival of Y2K, either in connection with the services and products it provides to its customers or in connection with the services and products it receives from third party vendors or suppliers. However, while no such occurrence has developed, Y2K issues may arise that may not become immediately apparent. Therefore, the Company will continue to monitor and work to remedy any issues that arise. Although the Company expects that its business will not be materially impacted, such future events cannot be known with certainty.

OVERVIEW

Net income of $3.1 million ($0.17 per diluted share) was recognized in the second quarter of 2000, compared to second quarter 1999 net income of $5.7 million ($0.32 per diluted share). The second quarter results include $1.9 million in after-tax merger and acquisition expenses. Also contributing to the decline in net income for the second quarter of 2000 were gains of $0.3 million on the sale of other real estate owned and $0.2 million on the sales of securities during the second quarter of 1999.

Net income of $7.3 million ($0.40 per diluted share) was recognized for the six month period ended June 30, 2000, compared to net income of $11.5 million ($0.40 per diluted share) for the first six months of 1999. The six month period ended June 30, 2000 include $3.0 million in after-tax merger and acquisition expenses. Also contributing to the decline in net income for the six month period ended June 30, 2000 were gains of $0.5 million on the sale of other real estate owned and $0.9 million on the sales of securities during the first six months of 1999.

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 declined for the three and six month periods ended June 30, 2000 compared to the same periods a year previous. The decline in these ratios can be attributed to the reduction in net income for both periods as described above.

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	SECOND QUARTER	SIX MONTHS
2000			
Return on average assets	0.86%	0.60%	0.73%
Return on average equity	10.59%	7.60%	9.16%
Net interest margin	4.32%	4.25%	4.28%
1999			
Return on average assets	1.35%	1.27%	1.31%
Return on average equity	13.84%	13.64%	13.74%
Net interest margin	4.52%	4.52%	4.52%

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.

Net federal taxable equivalent (FTE) interest income increased $1.6 million for the second quarter of 2000 compared to the same period of 1999. This increase was primarily a result of the $269.3 million increase in average earning assets, primarily the result of continued loan growth.

Total FTE interest income increased $6.7 million compared to second quarter 1999, a result of the previously mentioned increase in average earning assets as well as a 30 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 29 basis point increase in the yield on the loan portfolio. The increase in the yield earned on earning assets can be attributed to the rising interest rate environment during late 1999 and the first six months of 2000. During the same time period, total interest expense increased $5.0 million, primarily the result of a $240.5 million increase in average interest bearing liabilities between reporting periods. Also contributing to the increased interest expense was a 64 basis point increase in the cost of interest bearing liabilities, also the result of the rising interest rate environment during late 1999 and the first six months of 2000. Driving this increase in the cost of funds was a 78 basis point increase in the cost of time deposits and a 130 basis point increase in the cost of short-term borrowings. This increase in the cost of funds resulted in a 35 basis point decline in the interest rate spread, as the Company's liabilities repriced faster than the earning assets during the rising rate environment.

Net federal taxable equivalent (FTE) interest income increased $3.8 million for the first six months of 2000 compared to the same period of 1999. This increase was primarily a result of the $263.7 million increase in average earning assets, primarily the result of continued loan growth.

Total FTE interest income for the six months ended June 30, 2000 increased $12.8 million compared to same period of 1999, also a result of the increase in average earning assets as well as a 22 basis point increase in the yield earned on those earning assets. The increase in the yield on earning assets can be primarily attributed to an 18 basis point increase in the yield on the loan portfolio. During the same time period, total interest expense increased $9.0 million, primarily the result of a $234.8 million increase in average interest bearing liabilities between reporting periods. Also contributing to the increased interest expense was a 51 basis point increase in the cost of interest bearing liabilities, the result of the rising interest rate environment during late 1999 and the first six months of 2000. Driving this increase in the cost of funds was a 57 basis point increase in the cost of time deposits and a 108 basis point increase in the cost of short-term borrowings. This increase in the cost of funds resulted in a 28 basis point decline in the interest rate spread, as the Company's liabilities repriced faster than the earning assets during the rising rate environment.

Another important performance measurement of net interest income is the net interest margin. The net interest margin decreased to 4.25% for the second quarter of 2000, down from 4.52% during the same period in 1999. The net interest margin decreased to 4.28% for first six months of 2000, down from 4.52% for the comparable period in 1999. The decrease in the net interest margin during 2000 as compared to 1999 can be attributed to the previously mentioned decrease in the interest rate spread as the interest bearing liabilities repriced faster than the earning assets during the recent rising interest rate environment.

Table 2 represents an analysis of net interest income on a federal taxable equivalent basis. Interest income for tax-exempt securities and loans has been adjusted to a taxable-equivalent basis using the Federal income tax rate of 35%.

TABLE 2
COMPARATIVE ANALYSIS OF FEDERAL TAXABLE EQUIVALENT NET INTEREST INCOME

Three months ended June 30,

ANNUALIZED YIELD/RATE 2000	1999	(dollars in thousands)	AMOUNTS 2000	1999	VARIANCE TOTAL	VOLUME	RATE
6.50%	6.72%	Interest bearing deposits	$ 19	$ 6	$ 13	$ 13	$ 0
6.22%	4.65%	Federal funds sold	102	138	(36)	(147)	111
6.70%	6.42%	Other	361	313	48	34	14
6.82%	6.67%	Securities available for sale	8,852	8,285	567	383	184
6.83%	7.15%	Securities held to maturity	1,314	1,192	122	260	(138)
8.90%	8.61%	LOANS	29,513	23,556	5,957	5,175	782
8.23%	7.93%	Total interest income	40,161	33,490	6,671	5,718	953
3.37%	2.88%	Money Market Deposit Accounts	918	767	151	21	130
1.44%	1.26%	NOW accounts	614	500	114	43	71
2.90%	2.90%	Savings accounts	1,555	1,493	62	62	0
5.60%	4.82%	Time deposits	11,914	8,261	3,653	2,207	1,446
5.99%	4.69%	Short-term borrowings	2,184	1,299	885	466	419
5.59%	5.53%	LONG-TERM BORROWINGS	2,240	2,070	170	149	21
4.70%	4.06%	TOTAL INTEREST EXPENSE	19,425	14,390	5,035	2,948	2,087
		Net interest income	$20,736	$19,100	$1,636	$2,770	$ (1,134)
3.52%	3.87%	Interest rate spread					
4.25%	4.52%	Net interest margin					
		FTE adjustment	$ 709	$ 552			

ANNUALIZED YIELD/RATE		Six months ended June 30,	AMOUNTS		VARIANCE		
2000	1999	(dollars in thousands)	2000	1999	TOTAL	VOLUME	RATE
6.11%	5.02%	Interest bearing deposits	$ 25	$ 10	$ 15	$ 13	$ 2
5.99%	4.65%	Federal funds sold	144	269	(125)	(246)	121
6.66%	6.59%	Other	715	635	80	74	6
6.85%	6.68%	Securities available for sale	17,895	16,019	1,876	1,450	426
6.82%	6.88%	Securities held to maturity	2,648	2,285	363	383	(20)
8.83%	8.65%	LOANS	56,900	46,347	10,553	9,540	1,013
8.17%	7.95%	Total interest income	78,327	65,565	12,762	11,214	1,548
3.30%	2.87%	Money Market Deposit Accounts	1,821	1,560	261	18	243
1.41%	1.37%	NOW accounts	1,176	1,081	95	59	36
2.93%	2.95%	Savings accounts	3,116	2,971	145	157	(12)
5.44%	4.87%	Time deposits	22,334	16,415	5,919	3,836	2,083
5.78%	4.70%	Short-term borrowings	4,238	2,438	1,800	1,149	651
5.60%	5.54%	LONG-TERM BORROWINGS	4,586	3,809	777	736	41
4.60%	4.09%	TOTAL INTEREST EXPENSE	37,271	28,274	8,997	5,955	3,042
		Net interest income	$41,056	$37,291	$3,765	$5,259	$ (1,494)
3.58%	3.86%	Interest rate spread					
4.28%	4.52%	Net interest margin					
		FTE adjustment	$ 1,419	$ 1,025			

PROVISION AND ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is a valuation allowance established to provide for the inherent risk of loss in the Company's loan portfolio. The allowance is maintained at a level considered adequate to provide for loan loss exposure based on management's estimate of probable losses in the portfolio considering an evaluation of risk, economic factors, and past loss experience. Management determines the provision and allowance for loan losses based on a number of factors including a comprehensive independent loan review program conducted throughout the year. The loan portfolio is continually evaluated in order to identify problem loans, credit concentration, and other risk factors such as economic conditions and trends. The allowance for loan losses to outstanding loans at June 30, 2000 is 1.37%, compared to 1.40% at June 30, 1999. 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. Net charge-offs for the quarter ended June 30, 2000 declined $0.2 million, or 13.8% compared to the same period of 1999. Annualized net charge-offs to average loans declined to 0.29% for the second quarter of 2000, down from 0.41% for the comparable period of 1999. Net charge-offs for six month period ended June 30, 2000 declined $0.5 million, or 27.7% compared to the same period of 1999. Annualized net charge-offs to average loans declined to 0.22% for the first six months of 2000, compared to 0.37% for the comparable period of 1999. The provision for loan losses of $2.2 million for the quarter ended June 30, 2000 increased over the comparable period of 1999 provision of $1.2 million. The provision for loan losses of $3.6 million for the six month period ended June 30, 2000 increased over the comparable period of 1999 provision of $2.4 million. The provision for loan losses was increased as a result of continued significant loan growth, the changing mix of the Company's loan portfolio and increased nonperforming loans, offset in part by a decline in net charge-offs.

TABLE 3
ALLOWANCE FOR LOAN LOSSES

	Three months ended June 30,				Six months ended June 30,			
(dollars in thousands)	2000		1999		2000		1999	
Balance, beginning of period	$17,543		$ 15,608		$16,654		$15,322	
Recoveries	237		218		485		439	
Charge-offs	(1,209)		(1,345)		(1,902)		(2,400)	
Net charge-offs	(972)		(1,127)		(1,417)		(1,961)	
Provision for loan losses	2,225		1,230		3,559		2,350	
Balance, end of period	$18,796		$15,711		$18,796		$15,711	
COMPOSITION OF NET CHARGE-OFFS								
Commercial and agricultural	$ (502)	52%	$ (672)	59%	$ (600)	42%	$(1,048)	54%
Real estate mortgage	(135)	14%	(98)	9%	(221)	16%	(126)	6%
Consumer	(335)	34%	(357)	32%	(596)	42%	(787)	40%
Net charge-offs	$ (972)	100%	$ (1,127)	100%	$(1,417)	100%	$(1,961)	100%
Annualized net charge-offs to average loans		0.29%		0.41%		0.22%		0.37%
Net charge-offs to average loans for the year ended December 31, 1999								0.33%

NONINTEREST INCOME

Noninterest income for the second quarter of 2000, excluding security gains, increased $0.7 million or 19.0% when compared to second quarter of 1999. Service charges on deposit accounts increased $0.2 million in the second quarter of 2000 compared to the same period of 1999. This improvement can be attributed to an increase in service fee and overdraft income resulting from growth in demand deposit accounts. Other income increased $0.5 million in the second quarter of

2000 compared to the same period of 1999. The increase in other income can be attributed to additional revenue generated from the previously mentioned addition of M. Griffith, Inc. in May of 2000.

For the six month period ended June 30, 2000, excluding security gains, noninterest income increased $0.7 million or 9.4% compared to the same period during 1999. Service charges on deposit accounts increased $0.4 million during this period. This improvement can be attributed to an increase in service fee and overdraft income resulting from growth in demand deposit accounts. Other income increased $0.3 million for the six month period ended June 30, 2000 compared to the same period of 1999. This increase is primarily attributed to the addition of M. Griffith, Inc.

NONINTEREST EXPENSE AND OPERATING EFFICIENCY

Total noninterest expense for the quarter ended June 30, 2000 increased $4.8 million compared to the same time period of 1999. Noninterest expense for the six month period ended June 30, 2000 increased $7.9 million compared to the same time period of 1999. Contributing to the increase in noninterest expense for the quarter and six month period ended June 30, 2000 is $2.6 million and $3.7 million, respectively in pre-tax merger and acquisition related expenses associated with the previously mentioned mergers. It is anticipated that the Company will incur approximately $9.3 million in additional merger and acquisition expenses related to the Lake Ariel and Pioneer American mergers during 2000. In addition, during 2000 and 2001 the Company anticipates incurring approximately $16.5 million of pre-tax merger and acquisition expenses related to the BSB Bancorp, Inc. merger.

Salaries and employee benefits for the quarter and six month period ended June 30, 2000 increased $0.9 million and $2.0 million, respectively compared to the same periods of 1999. This increase is primarily the result of increased salaries and employee benefits. Contributing to the increase in salaries and employee benefits during 2000 was the addition of M. Griffith, Inc. in May of 2000.

Occupancy expense for the six month period ended June 30, 2000 experienced a $0.3 million increase compared to the same period in 1999. This increase can be attributed to an increase in security expense from a third party contract to enhance the maintenance of the Company's security equipment. Also contributing to the increase in occupancy expense was an increase in rental expense associated with the addition of branch and ATM locations through out our market areas.

Equipment expense for the six month period ended June 30, 2000 experienced a $0.3 million increase compared to the same period in 1999, primarily attributable to increased equipment depreciation and maintenance.

Other operating expense for the quarter and six month period ended June 30, 2000 increased $0.8 million and $1.1 million, respectively compared to the same periods of 1999. Included in the quarter and six month period ended June 30, 1999 other operating expense were gains on the sale of other real estate owned of $0.3 million and $ 0.5 million, respectively.

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 FTE net interest income plus noninterest income (excluding net security gains and losses, OREO gains and losses, and nonrecurring income). The efficiency ratio increased to 57.29% for the quarter ended June 30, 2000 from 55.01% in the same period of 1999. The efficiency ratio increased to 57.27% for the six month period ended June 30, 2000 from 55.08% in the same period of 1999. The increase in the efficiency ratio during 2000 can be attributed to the increase in noninterest expense between reporting periods.

INCOME TAXES

Income tax expense was $2.0 million for the quarter ended June 30, 2000 compared with $3.2 million for the same period of 1999. For the first six months of 2000, income tax expense amounted to $4.6 million compared with $6.4 million in the first half of 1999. The decrease in income taxes during the quarter and six month period ended June 30, 2000 as compared to the same periods of 1999 can be attributed to the decreased income before income taxes between reporting periods. The effective tax rate was 38.9% for the quarter ended June 30, 2000 and 35.5% for the same period of 1999. The effective tax rate was 38.7% for the six month period ended June 30, 2000 and 35.9% for the same period of 1999. The increase in the effective tax rate during 2000 can be primarily attributed to non-deductible merger and acquisition costs.

BALANCE SHEET

The following table highlights the changes in the balance sheet. Since period end balances can be distorted by one day fluctuations, the discussion and analysis concentrates on average balances when appropriate to give a better indication of balance sheet trends.

TABLE 4
AVERAGE BALANCES

	Three months ended June 30,		Six months ended June 30,	
(dollars in thousands)	2000	1999	2000	1999
Cash and cash equivalents	$ 51,267	$ 45,554	$ 50,396	$ 44,602
Securities available for sale, at fair value	491,590	497,749	493,918	485,416
Securities held to maturity	77,359	66,843	78,042	66,989
Loans	1,334,330	1,096,848	1,296,087	1,081,013
Deposits	1,571,774	1,357,587	1,532,510	1,345,857
Short-term borrowings	146,677	112,164	147,399	105,060
Long-term debt	161,265	149,393	164,634	138,165
Stockholders' equity	163,457	168,222	160,952	168,744
Assets	2,062,004	1,802,465	2,022,834	1,772,127
Earning assets	1,963,127	1,693,839	1,926,835	1,663,158
Interest bearing liabilities	$1,661,161	$1,420,692	$1,630,543	$1,395,788

SECURITIES

Average total securities were $4.4 million greater for the quarter ended June 30, 2000 than for the same period of 1999. Average total securities were $19.6 million greater for the six month period ended June 30, 2000 than for the same period of 1999. During the quarter ended June 30, 2000, the securities portfolio represented 30.5% of average earning assets compared to 33.4% for the same period of 1999. Total securities at June 30, 2000 were $16.9 million less than securities at December 31, 1999. The reduction in securities during the first six months is a result of the Company using the paydowns from its mortgage-backed securities to fund loan growth. At June 30, 2000, the securities portfolio was comprised of 87% available for sale and 13% held to maturity securities.

LOANS

Average loan volume for the quarter ended June 30, 2000 increased $237.5 million, or 21.7% over second quarter 1999. Average loan volume for the six month period ended June 30, 2000 increased $215.1 million, or 19.9% over the same period of 1999. Total loans at June 30, 2000 were $150.5 million greater than loans at December 31, 1999. This growth has been present in all loan categories, with increases in the commercial, consumer and mortgage portfolios of $107.0 million, $26.3 million and $17.2 million, respectively since December 31, 1999. 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 AND PAST DUE LOANS

Nonperforming assets consist of nonaccrual loans and other real estate owned (OREO). Total nonperforming assets were $8.0 million at June 30, 2000 compared to $6.8 million at June 30, 1999. An increase of $1.9 million in nonaccrual commercial and agricultural loans was partially offset by a decrease in other real estate owned of $0.4 million. A significant portion of the increase in nonaccrual commercial loans can be attributed to two customers. The changes in nonperforming assets are presented in Table 5 below.

At June 30, 2000, the recorded investment in impaired loans was $6.0 million. Included in this amount is $2.9 million of impaired loans for which the specifically allocated allowance for loan loss is $0.8 million. In addition, included in impaired loans is $3.1 million of impaired loans that, as a result of the adequacy of collateral values or anticipated cash flows do not have a specific reserve. At December 31, 1999, the recorded investment in impaired loans was $4.7 million, of which $0.9 million had a specific allowance allocation of $0.5 million and $3.8 million for which there was no specific reserve. At June 30, 1999, the recorded investment in impaired loans was $4.1 million, of which $1.7 million had a specific allowance allocation of $0.6 million and $2.4 million of which there was no specific reserve. The Company classifies all commercial and small business nonaccrual loans as impaired loans.

TABLE 5
NONPERFORMING ASSETS AND RISK ELEMENTS

(dollars in thousands)	JUNE 30, 2000		June 30, 1999	
Commercial and agricultural	$6,025	85%	$4,096	74%
Real estate mortgage	349	5%	632	11%
Consumer	730	10%	805	15%
Total nonaccrual loans	7,104	100%	5,533	100%
Other real estate owned	941		1,308	
Total nonperforming assets	8,045		6,841	
Loans 90 days or more past due and still accruing:				
Commercial and agricultural	255	32%	187	24%
Real estate mortgage	389	49%	425	54%
Consumer	146	19%	169	22%
Total	790	100%	781	100%
Total assets containing risk elements	$8,835		$7,622	
Total nonperforming loans to loans		0.52%		0.49%
Total loans containing risk elements to loans		0.57%		0.56%
Total nonperforming assets to assets		0.38%		0.37%
Total assets containing risk elements to assets		0.42%		0.41%

DEPOSITS

Customer deposits represent the greatest source of funding assets. Average total deposits for the quarter ended June 30, 2000 were $1.6 billion compared to $1.4 billion for the quarter ended June 30, 1999. Average total deposits for the six month period ended June 30, 2000 were $1.5 billion compared to $1.3 billion for the same period of 1999. This growth has been present in all deposit categories. As previously mentioned, the increase in demand deposits has led to an increase in service charge fee income.

BORROWED FUNDS

The Company's borrowed funds consist of short-term borrowings and long-term debt. Average short-term borrowings for the quarter ended June 30, 2000 were $146.7 million compared to $112.2 million for the same period of 1999. Average short-term borrowings for the six month period ended June 30, 2000 were $147.4 million compared to $105.1 million for the same period of 1999. Average long-term debt for the quarter ended June 30, 2000 was $161.3 million compared to $149.4 million for the same period of 1999. Average long-term debt for the six month period ended June 30, 2000 was $164.6 million compared to $138.2 million for the same period of 1999. The increase in borrowed funds between reporting periods can be attributed to the need for funding the strong loan growth.

CAPITAL AND DIVIDENDS

Stockholders' equity of $167.7 million represents 8.0% of total assets at June 30, 2000, compared with $160.5 million, or 8.2% at December 31, 1999 and $162.8 million, or 8.8% a year previous.

In December of 1999, the Company distributed a 5% stock dividend, the fortieth consecutive year a stock dividend has been declared. 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.

Capital is an important factor in ensuring the safety of depositors' accounts. For both 1999 and 1998, the Company earned the highest possible national safety and soundness rating from two national bank rating services, Bauer Financial Services and Veribanc, Inc. Their ratings are based on capital levels, loan portfolio quality and security portfolio strength.

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

2000	First Quarter	SECOND QUARTER
Tier 1 leverage ratio	8.61%	8.22%
Tier 1 capital ratio	12.93%	12.28%
Total risk-based capital ratio	14.08%	13.46%
Cash dividends as a percentage of net income	72.53%	85.28%
Per common share:		
Book value	$ 8.98	$ 9.05
Tangible book value	$ 8.53	$ 8.21
1999		
Tier 1 leverage ratio	9.24%	9.06%
Tier 1 capital ratio	14.73%	14.28%
Total risk-based capital ratio	15.90%	15.44%
Cash dividends as a percentage of net income	44.94%	44.98%
Per common share:		
Book value	$ 9.45	$ 9.07
Tangible book value	$ 8.92	$ 8.56

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 1.18 at June 30, 2000 and 2.15 a year ago. The per share market price was 13 times annualized earnings at June 30, 2000 and 15 times annualized earnings at June 30, 1999.

TABLE 7
QUARTERLY COMMON STOCK AND DIVIDEND INFORMATION

Quarter Ending	High	Low	Close	Cash Dividends Declared
1999				
March 31	$23.33	$19.89	$19.89	$0.162
June 30	21.19	19.05	19.52	0.162
September 30	20.90	16.43	16.49	0.162
December 31	17.98	14.63	15.50	0.170
2000				
MARCH 31	$16.50	$11.38	$14.50	$0.170
JUNE 30	14.50	9.38	10.69	0.170

LIQUIDITY AND INTEREST RATE SENSITIVITY MANAGEMENT

The primary objectives of asset and liability management are to provide for the safety of depositor and investor funds, assure adequate liquidity, and maintain an appropriate balance between interest sensitive earning assets and interest bearing liabilities. 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 Asset/Liability Management Committee (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 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. Interest rate sensitivity management seeks to avoid widely fluctuating net interest margins and to ensure consistent net interest income through periods of changing economic conditions.

The Company's primary measure of liquidity is called the basic surplus, which compares the adequacy of cash sources to the amounts of volatile funding sources. 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. Accordingly, the Company has established borrowing agreements with other banks (Federal Funds), the Federal Home Loan Bank (short and long-term borrowings which are denoted as advances), and repurchase agreements with investment companies. The Asset/Liability Management Committee has determined that liquidity is adequate to meet the cash flow requirements of the Company.

Interest rate risk is determined by the relative sensitivities of earning asset yields and interest bearing liability costs to changes in interest rates. The method by which banks evaluate interest rate risk is to look at the interest sensitivity gap, the difference between interest sensitive assets and interest sensitive liabilities repricing during the same period, measured at a specific point in time. Through analysis of the interest sensitivity gap, the Company attempts to position its assets and liabilities to maximize net interest income in several different interest rate scenarios.

While the static gap evaluation of interest rate sensitivity is useful, it is not indicative of the impact of fluctuating interest rates on net interest income. Once the Company determines the extent of gap sensitivity, the next step is to quantify the potential impact of the interest sensitivity on net interest income. The Company measures interest rate risk based on the potential change in net interest income under various rate environments. The Company utilizes an interest rate risk model that simulates net interest income under various interest rate environments. The model groups assets and liabilities into components with similar interest rate repricing characteristics and applies certain assumptions to these products. These assumptions include, but are not limited to prepayment estimates under different rate environments, potential call options of the investment portfolio and forecasted volumes of the various balance sheet items. The following table presents the impact on net interest income of a gradual twelve-month increase or decrease in interest rates compared to a stable interest rate environment. The simulation projects net interest income over the next year using the June 30, 2000 balance sheet position.

TABLE 8
INTEREST RATE SENSITIVITY ANALYSIS

Change in interest rates (in basis points)	Percent change in net interest income
+200	(4.15%)
+100	(2.20%)
-100	1.77%
-200	2.43%

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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 June 30, 2000 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 June 30, 2000.

On June 23, 2000, the Board of Directors of Pioneer American Holding Company Corp., the parent company of Pioneer American Bank, N.A., gave final approval to their merger with and into NBT Bancorp Inc. This follows the approval of the agreement and plan of merger by the stockholders of both companies at separate meetings held on June 20, 2000. The merger became effective on July 1, 2000 and is being accounted for as a pooling-of-interests and qualifies as a tax-free exchange for Pioneer American shareholders. Shareholders of Pioneer American received 1.805 shares of NBT Bancorp Inc., resulting in the issuance of 5.2 million shares of NBT Bancorp Inc. common stock bringing the Company's outstanding shares to 23.7 million after the merger.

On May 5, 2000, NBT Bancorp Inc. completed the purchase of M. Griffith, Inc., a Utica, New York based securities firm. As a result, 420,989 shares of NBT Bancorp Inc. common stock were issued to complete the purchase.

At the Annual Meeting of Stockholders held on May 16, 2000, the stockholders of NBT Bancorp Inc. approved the Board of Directors adoption of the NBT Employee Stock Purchase Plan. The NBT Employee Stock Purchase Plan was created for the benefit of its employees and reserved 500,000 shares of NBT Bancorp Inc. common stock for issuance under the plan.

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 June 30, 2000.

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

The Company's Annual Meeting of Stockholders was held on May 16, 2000. Stockholders approved the following proposals:

a. A proposal to fix the number of directors at twelve was approved. Andrew S. Kowalczyk, Jr., Dan B. Marshman, John G. Martines and John C. Mitchell were elected as directors with terms of office to expire at the 2003 Annual Meeting of Stockholders. Bruce D. Howe was elected as director with a term of office to expire at the 2002 Annual Meeting of Stockholders. William C. Gumble was elected as director with a term of office to expire at the 2001 Annual Meeting of Stockholders.

Andrew S. Kowalczyk, Jr. was elected, with 14,605,272 votes FOR, and 244,449 votes WITHHELD.
Dan B. Marshman was elected, with 14,595,600 votes FOR, and 254,118 votes WITHHELD.
John G. Martines was elected, with 14,588,023 votes FOR, and 261,696 votes WITHHELD.
John C. Mitchell was elected, with 14,610,020 votes FOR, and 239,699 votes WITHHELD.
Bruce D. Howe was elected, with 14,592,815 votes FOR, and 256,902 votes WITHHELD.
William C. Gumble was elected, with 14,590,706 votes FOR, and 259,012 votes WITHHELD.

b. Proposal to ratify the Board of Directors action in selection of KPMG LLP as Independent Public Accountants for the Company for 2000.

The proposal was approved, with 14,669,825 votes FOR, 162,645 votes AGAINST, and 186,813 votes ABSTAINING.

c. Proposal to ratify the Board of Directors adoption of the NBT Employee Stock Purchase Plan.

The proposal was approved, with 13,805,732 votes FOR, 940,787 votes AGAINST, and 272,757 votes ABSTAINING.

After approval of the three previously mentioned proposals, the Annual Meeting was adjourned. On June 20, 2000 the Annual Meeting of Stockholders was reconvened. Stockholders approved the following proposal:

d. To approve the Agreement and Plan of Merger, dated as of December 7, 1999, and amended as of March 7, 2000, by and between NBT Bancorp Inc. and Pioneer American Holding Company Corp.

The proposal was approved, with 12,706,907 votes FOR, 1,017,498 votes AGAINST, and 387,789 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 quarter ended June 30, 2000, the Company filed the following Current Reports on Form 8-K:

Current report on Form 8K filed with the Securities and Exchange Commission on April 28, 2000

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 14th day of August, 2000.

NBT BANCORP INC.

By: /S/ MICHAEL J. CHEWENS

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

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
10.1	Amendment No. 1 to Agreement and Plan of Merger dated as of May 17, 2000 by and between NBT Bancorp Inc. and BSB Bancorp, Inc.	Herein
27.1	Financial Data Schedule for the six months ended June 30, 2000	Herein
27.2	Financial Data Schedule for the six months ended June 30, 1999	Herein

EXHIBIT 10.1

Amendment No. 1 to Agreement and Plan of Merger dated as of May 17, 2000 by and between NBT Bancorp Inc. and BSB Bancorp, Inc.

AMENDMENT TO AGREEMENT AND PLAN OF MERGER

AMENDMENT TO AGREEMENT AND PLAN OF MERGER dated as of May 17, 2000 (this "Amendment"), by and between NBT BANCORP INC., a Delaware corporation ("NBT"), and BSB BANCORP, INC., a Delaware corporation ("BSB") (at times, referred to herein as the "PARTY" or the "PARTIES").

BACKGROUND

A. The Parties entered into that certain Agreement and Plan of Merger dated as of April 19, 2000 (the "AGREEMENT"), pursuant to which BSB will be merged with and into NBT, subject to the terms and conditions thereof (the "MERGER").

B. The Agreement provides that the Parties will cause BSB Bank & Trust Company, a New York-chartered commercial bank and trust company headquartered in Binghamton, New York and wholly owned subsidiary of BSB ("BSB BANK"), and NBT Bank, National Association, a national banking association headquartered in Norwich, New York and wholly owned subsidiary of NBT ("NBT BANK"), to enter into a bank plan of merger providing for the merger of BSB Bank with and into NBT Bank (the "BANK MERGER"), and specifies the Parties' intention that the Bank Merger be consummated immediately after consummation of the Merger.

C. The Parties now wish to amend the Agreement to specify the Parties' intention that the Bank Merger be consummated simultaneously with the consummation of the Merger and to make certain other changes to the Agreement in connection therewith, and to extend the time for the Parties to determine the number of directors of the Resulting Bank and for the designation of the directors of the Resulting Bank by NBT and BSB to no later than 40 Business Days following the date of the Agreement. Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

1. AMENDMENT.

(a) The fourth recital of the Agreement is amended and restated in its entirety

as follows:

WHEREAS, prior to consummation of the Merger, NBT and BSB will cause BSB Bank & Trust Company, a New York-chartered commercial bank and trust company headquartered in Binghamton, New York and wholly owned subsidiary of BSB ("BSB BANK"), and NBT Bank, National Association, a national banking association head-quartered in Norwich, New York and wholly owned subsidiary of NBT ("NBT BANK"), to enter into a bank plan of merger, in the form attached hereto as EXHIBIT A (the "BANK MERGER AGREEMENT"), providing for the merger of BSB Bank with and into NBT Bank (the "BANK MERGER"), with NBT Bank being the resulting bank of the Bank Merger (the "RESULTING BANK"), and it is intended that the Bank Merger be consummated simultaneously with consummation of the Merger; and

(b) Exhibit A to the Agreement is amended and restated in its entirety in the form attached hereto as Exhibit A.

(c) Section 1.07 of the Agreement is amended and restated in its entirety as follows:

At the Effective Time, the board of directors of the Resulting Bank shall consist of the chairman of the board of directors of the Surviving Corporation, who shall serve as the chairman of the board of the Resulting Bank, and eight, ten or twelve other persons, half of whom will be designated by NBT and half of whom will be designated by BSB. The number of such other persons shall be agreed upon by NBT and BSB, and in the absence of timely agreement such number shall be set at ten. The number of directors and the selection of directors to be designated by NBT and BSB under this paragraph shall be determined and made no later than 40 Business Days following the date of this Agreement and shall be noted on Schedule 1.07 to be attached to and deemed a part of this Agreement, provided, that the president of the Resulting Bank shall be one of the directors so designated by NBT.

(d) Section 2.05(b)(iii) of the Agreement is amended and restated in its entirety as follows:

(iii) courtesy notice of the Bank Merger to the New York State Banking Department (the "NYSBD");

(e) Section 3.05(b)(iii) of the Agreement is amended and restated in its entirety as follows:

(iii) courtesy notice of the Bank Merger to the NYSBD;

(f) Section 8.02 of the Agreement is amended and restated in its entirety as follows:

The representations, warranties and agreements in this Agreement shall terminate at the Effective Time or upon the termination of this Agreement pursuant to Article VII, except that the agreements set forth in Article I and in Sections 5.06, 5.07 and 5.08 shall survive the Effective Time indefinitely and those set forth in Sections 5.03(c), 5.11, 7.02 and Article VIII hereof shall survive termination indefinitely.

2. REPRESENTATIONS AND WARRANTIES. Each of the Parties hereby represents and warrants to the others as follows:

(a) It has the power to execute and deliver this Amendment and has taken all necessary action to authorize the execution and delivery of this Amendment and the performance of the Agreement as amended hereby;

(b) The execution and delivery of this Amendment and the performance of the Agreement as amended hereby will not violate any provision of any applicable law or regulation or of any writ or decree of any court or governmental instrumentality, or its certificate or articles of incorporation, by-laws, or other similar organizational documents.

3. REAFFIRMATION. Except as amended hereby, all of the terms, covenants and conditions of the Agreement are ratified, reaffirmed and confirmed and shall continue in full force and effect as therein written.

4. BINDING EFFECT. This Amendment shall be binding upon and inure solely to the benefit of each Party hereto, and nothing in this Amendment, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under of by reason of this Amendment.

5. COUNTERPARTS. This Amendment may be executed in one or more counterparts, and by the different Parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

6. GOVERNING LAW. This Amendment shall be governed by, and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

IN WITNESS WHEREOF, NBT and BSB have caused this Amendment to be executed as of the date first written above by their respective officers thereunto duly authorized.

NBT BANCORP INC.

By: /S/ DARYL R. FORSYTHE

Name: Daryl R. Forsythe

Title: President and Chief Executive Officer

BSB BANCORP, INC.

By: /S/ THOMAS L. THORN

Name: Thomas L. Thorn
Title: Acting President and Chief Executive Officer

EXHIBIT A

BANK PLAN OF MERGER

This Bank Plan of Merger (this "Plan of Merger") is made and entered into as of the ____ day of __________, 2000 between NBT BANK, NATIONAL ASSOCIATION, a national banking association located in Norwich, New York ("NBT Bank") and BSB Bank & Trust Company, a New York-chartered commercial bank and trust company located in Binghamton, New York ("BSB Bank").

WITNESSETH

WHEREAS, NBT Bancorp Inc., a Delaware corporation ("NBT"), and BSB Bancorp, Inc., a Delaware corporation ("BSB"), have entered into an Agreement and Plan of Merger, dated as of April ____, 2000 (the "Agreement");

WHEREAS, NBT Bank is a wholly owned subsidiary of NBT and BSB Bank is a wholly owned subsidiary of BSB;

WHEREAS, BSB will merge with and into NBT pursuant to the terms of the Agreement (the "Merger"), and simultaneously therewith BSB Bank will merge with and into NBT Bank pursuant to this Plan of Merger, with NBT Bank surviving as the resulting bank; and

WHEREAS, NBT Bank has _______ shares of common stock outstanding, $1.00 par value per share, and BSB Bank has 1,000 shares of capital stock outstanding, $1.00 par value per share.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Agreement, the parties hereto do mutually agree, intending to be legally bound, as follows:

ARTICLE 1
DEFINITIONS

Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

1.1 "BANK MERGER" shall mean the merger of BSB Bank with and into

NBT Bank as provided in Section 2.1 of this Plan of Merger.

1.2 "EFFECTIVE TIME" shall mean the date and time at which the Bank Merger becomes effective as provided in Section 2.2 hereof.

1.3 "MERGING BANKS" shall mean, collectively, BSB Bank and NBT Bank.

1.4 "OCC" shall mean the Office of the Comptroller of the Currency.

1.5 "RESULTING BANK" shall refer to NBT Bank as the surviving bank in the Bank Merger.

ARTICLE 2
TERMS OF THE BANK MERGER

2.1 THE BANK MERGER

(a) Subject to the terms and conditions set forth in the Agreement, and in accordance with the National Bank Act and the Federal Bank Merger Act and the regulations of the OCC promulgated thereunder, and the New York Banking Law and the regulations of the New York Banking Board and the New York Superintendent of Banks, at the Effective Time, BSB Bank shall be merged with and into NBT Bank pursuant to and upon the terms set forth in this Plan of Merger. NBT Bank shall continue as the Resulting Bank in the Bank Merger and the separate existence of BSB Bank shall cease.

(b) As a result of the Bank Merger, (i) each share of capital stock, par value $1.00 per share, of BSB Bank issued and outstanding immediately prior to the Effective Time shall be canceled, and (ii) each share of common stock, par value $1.00 per share, of NBT Bank issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding and shall constitute the only shares of common stock of the Resulting Bank issued and outstanding immediately after the Effective Time.

(c) On and after the Effective Time, the Bank Merger shall have the effects set forth in Section 215a(c) of the National Bank Act and Section 602 of the New York Banking Law.

2.2 EFFECTIVE TIME

The Bank Merger shall become effective at the same date and time as the Merger becomes effective pursuant to Section 1.02 of the Agreement (the "Effective Time").

2.3 NAME OF THE RESULTING BANK

The name of the Resulting Bank shall be "________________________."

2.4 ARTICLES OF ASSOCIATION

On and after the Effective Time, the Articles of Association of NBT Bank shall be the Articles of Association of the Resulting Bank, unless and until amended in accordance with applicable law except that the corporate title shall be changed in accordance with Section 2.3 of this Plan of Merger and the main office shall be changed in accordance with Section 2.8 of this Plan of Merger.

2.5 BYLAWS

On and after the Effective Time, the bylaws of NBT Bank shall be the bylaws of the Resulting Bank, unless and until amended in accordance with applicable law except that the corporate title shall be changed in accordance with Section 2.3 of this Plan of Merger.

2.6 DIRECTORS AND OFFICERS

The directors and executive officers of the Resulting Bank shall be as set forth in ANNEX 1 hereto.

2.7 CORPORATE ACTION

This Plan of Merger and the consummation of the transactions contemplated hereby have been duly and validly adopted and approved by at least a majority of the Board of Directors of NBT Bank and BSB Bank, and the sole shareholder of each of the Merging Banks.

2.8 OFFICES OF THE RESULTING BANK

NBT Bank, as the Resulting Bank, shall relocate its main office to Binghamton, New York, and shall establish a branch office at its former main office location and also shall establish as branch offices the principal office and branch offices of BSB Bank (except the facility, if any, of BSB that becomes the main office of the Resulting Bank). The location of the main office and other offices of the Resulting Bank shall be as set forth at ANNEX 2 hereto.

ARTICLE 3
MISCELLANEOUS

3.1 SUCCESSORS

This Plan of Merger shall be binding on the successors of NBT Bank and BSB Bank.

3.2 COUNTERPARTS

This Plan of Merger may be executed in two counterparts, each of which shall be deemed an original, but which taken together shall constitute one and the same document.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has caused this Plan of Merger to be duly executed on its behalf by an officer thereunto duly authorized, all as of the day and year first above written.

NBT BANK, NATIONAL ASSOCIATION

ATTEST:

By: ------------------------	By: ----------------------
Name: John D. Roberts	Name: Daryl R. Forsythe
Title: Senior Vice President and Corporate Secretary	Title: Chairman and Chief Executive Officer

BSB BANK & TRUST COMPANY

ATTEST:

By: ------------------------	By: -------------------------
Name: Larry G. Denniston	Name: Thomas L. Thorn
Title: Executive Vice President and Secretary	Title: Acting President and Chief Chief Executive Officer

ANNEX 1

DIRECTORS AND OFFICERS OF RESULTING BANK AFTER THE BANK MERGER

ANNEX 2

OFFICES OF RESULTING BANK AFTER THE BANK MERGER

At the Effective Time of the Bank Merger, NBT Bank will have the following offices:

LOCATION OF MAIN OFFICE

LOCATION OF BRANCH OFFICES

EXHIBIT 27.1

Financial Data Schedule for the six months ended June 30, 2000

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

9

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NBT BANCORP INC'S FORM 10-Q FOR THE PERIOD ENDED JUNE 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO FINANCIAL STATEMENTS

1,000
U.S. DOLLARS

6-MOS
DEC-31-2000
JAN-1-2000
JUN-30-2000
1
61,339
7,434
0
0
489,572
70,620
68,011
1,373,114
18,796
2,101,321
1,595,973
160,554
16,140
160,983
0
0
190
167,481
2,101,321
56,498
19,527
883
76,908
28,447
37,271
39,637
3,559
7
31,897
11,958
7,328
0
0
7,328
.40
.40
4.28
7,104
790
0
26,937
16,654
1,902
485
18,796
16,767
0
2,029

EXHIBIT 27.2
Financial Data Schedule for the six months ended
June 30, 1999

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NBT BANCORP INC'S FORM 10-Q FOR THE PERIOD ENDED JUNE 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO FINANCIAL STATEMENTS

1,000
U.S. DOLLARS

6-MOS
DEC-31-1999
JAN-1-1999
JUN-30-1999
1
57,473
7,883
0
0
492,339
71,465
68,957
1,125,581
15,711
1,843,664
1,341,361
179,548
10,788
149,132
0
0
17,976
144,859
1,843,664
46,085
17,541
914
64,540
22,027
28,274
36,266
2,350
876
23,962
17,930
11,496
0
0
11,496
.64
.64
4.52
5,533
781
0
31,095
15,322
2,400
439
15,711
14,024
0
1,687