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, 1997.
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)-337-6000

Indicate by check mark whether the Registrant (1) has filed all reports 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 April 30, 1997, there were 9,002,467 shares outstanding, including 460,976 shares held in the treasury, of the Registrant's common stock, No Par, Stated Value $1.00. There were no shares of the Registrant's preferred stock, No Par, Stated Value $1.00, 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, 1997

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NBT BANCORP INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(dollars in thousands)	MARCH 31, 1997 (UNAUDITED)	December 31, 1996 (See Notes)	March 31, 1996 (Unaudited)
ASSETS			
Cash and due from banks	$ 44,968	$ 35,790	$ 54,114
Loans available for sale	4,289	4,135	5,040
Securities available for sale, at fair value	404,022	369,202	379,425
Securities held to maturity (fair value-$44,378, $42,238 and $39,762)	44,380	42,239	39,762
Loans:			
Commercial and agricultural	296,123	281,991	254,873
Real estate mortgage	121,005	119,870	120,545
Consumer	251,681	252,732	219,607
Total loans	668,809	654,593	595,025
Less allowance for loan losses	10,677	10,473	9,173
Net loans	658,132	644,120	585,852
Premises and equipment, net	16,547	16,307	16,603
Intangible assets, net	9,616	9,953	11,138
Other assets	20,628	17,240	17,567
TOTAL ASSETS	$1,202,582	$1,138,986	$1,109,501
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Demand (noninterest bearing)	$ 104,479	$ 122,115	$ 139,207
Savings, NOW, and money market	360,452	359,141	364,026
Time	507,529	435,063	409,478
Total deposits	972,460	916,319	912,711
Short-term borrowings	93,283	88,244	84,540
Other borrowings	20,192	20,195	3,010
Other liabilities	8,791	7,964	6,615
Total liabilities	1,094,726	1,032,722	1,006,876
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, no par, stated value $1.00; shares authorized-2,500,000	-	-	-
Common stock, no par, stated value $1.00; shares authorized-12,500,000; issued 9,002,467, 8,838,437 and 8,864,430	9,002	8,838	8,442
Capital surplus	85,233	82,731	75,465
Retained earnings	26,369	24,208	25,938
Unrealized (loss) on securities available for sale, net of income tax effect	(5,374)	(1,529)	(1,864)
Common stock in treasury at cost, 439,710, 481,449, and 326,001 shares	(7,374)	(7,984)	(5,356)
Total stockholders' equity	107,856	106,264	102,625
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,202,582	$1,138,986	$1,109,501

See notes to consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)	Three months ended March 31, 1997	1996
	(Unaudited)	
Interest and fee income:		
Loans and loans available for sale	$15,198	$13,695
Securities - taxable	6,685	5,945
Securities - tax exempt	351	348
Other	49	15
Total interest and fee income	22,283	20,003
Interest expense:		
Deposits	8,393	7,950
Short-term borrowings	985	640
Other borrowings	281	80
Total interest expense	9,659	8,670
Net interest income	12,624	11,333
Provision for loan losses	715	600
Net interest income after provision for loan losses	11,909	10,733
Noninterest income:		
Trust income	686	654
Service charges on deposit accounts	904	775
Securities gains	17	792
Other income	413	363
Total noninterest income	2,020	2,584
Noninterest expense:		
Salaries and employee benefits	4,351	4,452
Net occupancy expense	654	674
Equipment expense	436	462
Amortization of intangible assets	378	395
Other operating expense	2,740	2,603
Total noninterest expense	8,559	8,586
Income before income taxes	5,370	4,731
Income taxes	1,925	1,820
NET INCOME	$ 3,445	$ 2,911
Net income per common share	$ 0.40	$ 0.34
Cash dividends per common share	$ 0.150	$ 0.124
Average common shares outstanding	8,570,564	8,684,904

See notes to consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)	Three Months Ended March 31, 1997	1996
	(Unaudited)	
OPERATING ACTIVITIES:		
Net income	$ 3,445	$ 2,911
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	715	600
Depreciation and amortization of premises and equipment	357	381
Amortization of premiums and accretion of discounts on securities	183	(15)
Amortization of intangible assets	378	395
Proceeds from sales of loans originated for sale	1,090	1,383
Loans originated for sale	(1,244)	(2,109)
Realized gains on sales of securities	(17)	(792)
(Increase) decrease in interest receivable	(829)	434
Increase (decrease) in interest payable	576	(102)
Other, net	487	1,265
Net cash provided by operating activities	5,141	4,351
INVESTING ACTIVITIES:		
Securities available for sale:		
Proceeds from maturities	11,217	12,592
Proceeds from sales	30,976	66,003
Purchases	(83,696)	(72,391)
SECURITIES HELD TO MATURITY:		
Proceeds from maturities	2,663	4,083
Purchases	(4,804)	(3,602)
Net increase in loans	(14,727)	(5,412)
Purchase of premises and equipment, net	(597)	(517)
Net cash used in investing activities	(58,968)	756
FINANCING ACTIVITIES:		
Net increase in deposits	56,141	39,679
Net increase (decrease) in short-term borrowings	5,039	(31,405)
Repayments of other borrowings	(3)	(2)
Common stock issued, including treasury shares reissued	4,078	815
Purchase of treasury stock	(966)	(3,385)
Cash dividends and payment for fractional shares	(1,284)	(1,074)
Net cash provided by financing activities	63,005	4,628
Net increase (decrease) in cash and cash equivalents	9,178	9,735
Cash and cash equivalents at beginning of year	35,790	44,379
Cash and cash equivalents at end of period	$ 44,968	$ 54,114
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 9,083	$ 8,772
Income taxes	134	37
Noncash investing activity:		
Transfer of loans available for sale to loans held to maturity	-	1,775

See notes to consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1997

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include the accounts of NBT Bancorp Inc. (the Registrant) and its wholly-owned subsidiary, NBT Bank, N.A. (Bank). All intercompany transactions have been eliminated in consolidation. Certain amounts previously reported in the financial statements have been reclassified to conform with the current presentation.

The determination of the allowance for loan losses is a material estimate that is particularly susceptible to significant change in the near term. In connection with the determination of the allowance for loan losses management obtains independent appraisals for significant properties.

Net income per common share is computed based on the weighted average number of common shares and common share equivalents outstanding during each period after giving retroactive effect to stock dividends. Cash dividends per common share are computed based on declared rates adjusted retroactively for stock dividends.

The balance sheet at December 31, 1996 has been derived from audited 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, 1997 are not necessarily indicative of the results that may be expected for the year ending December 31, 1997. 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, 1996.

RECENT ACCOUNTING PRONOUNCEMENTS AND DEVELOPMENTS

In June 1996, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 125, "Accounting for Transfers of Servicing of Financial Assets and Extinguishment of Liabilities." SFAS No. 125 provides accounting and reporting standards for transfers of servicing of financial assets and extinguishment of liabilities occurring after December 31, 1996 and is based on a consistent application of a financial-components approach that focuses on control. The statement provides consistent standards for distinguishing transfers of financial assets that are sales, from transfers that are secured borrowings. In December 1996, the FASB deferred for one year the effective date of SFAS 125 as it relates to transfers of financial assets and secured borrowings and collateral. Effective January 1, 1997, the Registrant prospectively adopted SFAS No. 125 and the adoption has not had a material impact on the Registrant's financial condition or results of operations.

COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, various commitments and contingent liabilities arise, including commitments to extend credit and standby letters of credit. Also, off balance sheet financial instruments such as interest rate swaps, forward contracts, futures, options on financial futures, and interest rate caps, collars and floors bear risk-based on financial market conditions. The following table summarizes the Registrant's exposure to these off balance sheet commitments and contingent liabilities as of March 31, 1997, in thousands of dollars:

	Contractual or Notional Value at March 31, 1997
Financial instruments with off-balance sheet credit risk:	
Commitments to extend credit	$115,127,000
Standby letters of credit	1,785,000
Financial instruments with off-balance sheet market risk	None

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 subsidiary, NBT Bank, N.A. (Bank) 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 1996 FORM 10-K for an understanding of the following discussion and analysis. The Company has a long history of distributing stock dividends; in December, 1996 a 5% stock dividend was distributed for the thirty-seventh consecutive year. Throughout this discussion and analysis, amounts per common share have been adjusted retroactively for stock dividends and splits for purposes of comparability.

OVERVIEW

Net income of $3.4 million ($0.40 per share) was realized in the first quarter of 1997, representing a 18.3% increase from first quarter 1996 net income of $2.9 million ($0.34 per share). One of the major contributing factors for the increase in net income was increased net interest income. The increase in net interest income was a result of an increase in average earning assets, as loan volume continues to expand. Offsetting this increase was a decline in noninterest income, primarily from the reduction of security gains. Noninterest expense remained comparable between first quarter 1997 and 1996.

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 interest cost of funding. Taxable equivalency adjusts income by increasing tax exempt income to a level that is comparable to taxable income before taxes are applied. The positive trend in net interest margin is critical to the improved profitability of the Company.

TABLE 1
PERFORMANCE MEASUREMENTS

	First Quarter 1996	Second Quarter 1996	Third Quarter 1996	Fourth Quarter 1996	Twelve Months 1996	FIRST QUARTER 1997
Return on average assets	1.09%	0.99%	1.18%	1.12%	1.10%	1.19%
Return on average common equity	10.94%	10.90%	13.28%	12.11%	11.80%	12.82%
Net interest margin	4.66%	4.64%	4.70%	4.77%	4.69%	4.71%

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. Table 2 represents an analysis of net interest income on a federal taxable equivalent basis.

Net interest income increased $1.3 million for the first quarter of 1997 compared to the same period of 1996. This increase was primarily a result of the $110.8 million increase in average earning assets. Also contributing to the increase in net interest income was the 16 basis point (0.16%) increase in the interest rate spread.

Total interest income increased $2.3 million over first quarter 1996. This increase is also primarily a result of the increase in average earning assets. During the same time period, total interest expense increased $1.0 million. The cost of interest bearing liabilities decreased 7 basis points. An $118.4 million increase in interest bearing liabilities resulted in the increase in overall interest expense. Both deposits and borrowings experienced significant volume increases between the reporting periods.

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 increased to 4.71% for first quarter 1997, up from 4.66% for the comparable period in 1996. This increase in margin is a function of the increase in yield on earning assets and the decrease in the rate paid on interest bearing liabilities.

TABLE 2
COMPARATIVE ANALYSIS OF FEDERAL TAXABLE EQUIVALENT NET INTEREST INCOME

ANNUALIZED YIELD/RATE		Three months ended March 31,	AMOUNTS		VARIANCE		
1997	1996	(dollars in thousands)	1997	1996	TOTAL	VOLUME	RATE
4.26%	4.86%	Interest bearing deposits	$ 2	$ 5	$ (3)	$ (2)	$ (1)
5.27%	7.31%	Federal funds sold	6	1	5	5	-
5.16%	5.05%	Other short-term investments	41	9	32	32	-
6.71%	6.39%	Securities available for sale	6,500	5,703	797	552	245
7.69%	8.45%	Loans available for sale	82	122	(40)	(28)	(12)
		Securities held to maturity:					
6.72%	7.92%	Taxable	206	244	(38)	1	(39)
6.64%	7.61%	Tax exempt	518	532	(14)	62	(76)
9.28%	9.27%	Loans	15,171	13,604	1,567	1,650	(83)
8.24%	8.16%	Total interest income	22,526	20,220	2,306	2,272	34
2.89%	2.94%	Money Market Deposit Accounts	678	820	(142)	(122)	(20)
1.65%	2.05%	NOW accounts	472	449	23	125	(102)
2.86%	3.02%	Savings accounts	1,086	1,169	(83)	(9)	(74)
5.48%	5.33%	Certificates of deposit	6,157	5,512	645	787	(142)
4.97%	5.22%	Short-term borrowings	985	640	345	382	(37)
5.64%	10.69%	Other borrowings	281	80	201	256	(55)
4.16%	4.23%	Total interest expense	9,659	8,670	989	1,419	(430)
		Net interest income	$12,867	$11,550	$ 1,317	$ 853	$ 464
4.09%	3.93%	Interest rate spread					
4.71%	4.66%	Net interest margin					
		FTE adjustment	$ 243	$ 217			

PROVISION AND ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is a valuation allowance established to provide for the estimated possible losses related to the collection of the Bank's loan portfolio. The allowance is maintained at a level considered adequate to provide for loan loss exposure based on management's estimate of potential future losses considering an evaluation of portfolio risk, prevailing and anticipated economic factors, and past loss experience. Management determines the provision and allowance for loan losses based on a number of factors including a comprehensive in-house loan review program conducted throughout the year. The loan portfolio is continually evaluated in order to identify potential problem loans, credit concentration, and other risk factors such as current and projected economic conditions. The allowance for loan loss to outstanding loans at March 31, 1997 is 1.60%, up from 1.54% for the same period in 1996. 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 loss 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 have decreased 6.6% from the prior year's first quarter. Annualized net charge-offs to average loans has decreased to 0.31% for the first quarter of 1997, down from 0.37% for the comparable period of 1996, indicating improved asset quality. Although asset quality ratios have improved, management feels it prudent to prospectively increase the reserve for loan loss in view of the increased loan volume over the past 18 months.

TABLE 3
ALLOWANCE FOR LOAN LOSSES

(dollars in thousands)	Three months ended March 31, 1997		Three months ended March 31, 1996	
Balance, beginning of period	$10,473		$ 9,120	
Recoveries	190		162	
Charge-offs	(701)		(709)	
Net charge-offs	(511)		(547)	
Provision for loan losses	715		600	
Balance, end of period	$10,677		$ 9,173	
COMPOSITION OF NET (CHARGE-OFFS) RECOVERIES				
Commercial and agricultural	$ (252)	49%	$ (253)	46%
Real estate mortgage	7	(1%)	(12)	2%
Consumer	(266)	52%	(282)	52%
Net (charge-offs) recoveries	$ (511)	100%	$ (547)	100%
Annualized net charge-offs to average loans		0.31%		0.37%
Annualized net charge-offs to average loans for the year ended December 31, 1996				0.29%

NONINTEREST INCOME
Table 4 below presents quarterly and period to date noninterest income. Noninterest income for the first quarter of 1997, excluding security gains, increased $0.2 million or 11.8% when compared to first quarter 1996. A major contributor to this increase was service charges on deposit accounts. This is a result of placing emphasis on collection, instead of waiver, of overdraft charges on deposit accounts. Trust income has continued its growth trend as the trust departments managed assets has steadily increased.

Security gains decreased $0.8 million for the first quarter 1997 as compared to first quarter 1996. This decrease can be attributed to the change in market conditions between the two periods.

TABLE 4
NONINTEREST INCOME

(dollars in thousands)	First Quarter 1996	Second Quarter 1996	Third Quarter 1996	Fourth Quarter 1996	Twelve Months 1996	FIRST QUARTER 1997
Trust income	$ 654	$ 655	$ 654	$ 679	$2,642	$ 686
Service charges on deposit accounts	775	799	847	951	3,372	904
Securities gains	792	219	194	(26)	1,179	17
Other income	363	394	431	481	1,669	413
Total noninterest income	$2,584	$2,067	$2,126	$2,085	$8,862	$2,020

NONINTEREST EXPENSE AND OPERATING EFFICIENCY
Table 5 presents components of noninterest expense as well as selected operating efficiency ratios. Total noninterest expense experienced a minimal decline between the quarter ended March 31, 1997 and the same period for 1996.

Salaries and wages decreased by $0.2 million for the first quarter 1997, compared to the same period during 1996. This salary reduction resulted from a decline of 36 full-time equivalent employees. The majority of this employee reduction was through normal attrition.

Employee benefits increased $0.1 million in the first quarter 1997 over 1996. Benefit expense increases were primarily due to retirement savings plan contributions and performance based incentives.

Loan collection and other loan related expenses increased by $0.1 million between first quarter 1997 and the same period in 1996. The increased loan collection expense can be attributed to the Company's efforts to improve the quality of the loan portfolio.

Two important operating efficiency measures that the Company closely monitors are the efficiency and expense ratios. 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 declined to 57.6% in the first quarter of 1997 from 64.3% in the same period of 1996. This favorable decline was a result of the increase in net interest income, while maintaining noninterest expense at a stable level. The expense ratio is computed as total noninterest expense (excluding nonrecurring charges) less noninterest income (excluding net security gains and losses and nonrecurring income) divided by average assets. The expense ratio declined to 2.3% for the first quarter 1997, from 2.6% for the same period of 1996. Continuing expense control efforts have had a favorable impact on operating efficiency ratios, as both of the measures reflect.

TABLE 5
NONINTEREST EXPENSE AND PRODUCTIVITY MEASUREMENTS

(dollars in thousands)	First Quarter 1996	Second Quarter 1996	Third Quarter 1996	Fourth Quarter 1996	Twelve Months 1996	FIRST QUARTER 1997
Salaries and wages	$3,208	$3,174	$3,146	$3,236	$12,764	$3,042
Employee benefits	1,244	1,115	1,209	1,485	5,053	1,309
Net occupancy expense	674	624	596	497	2,391	654
Equipment expense	462	441	421	441	1,765	436
FDIC/FICO assessment	1	-	1	-	2	28
Legal, audit, and outside services	983	1,086	958	846	3,873	930
Loan collection and other loan related expenses	343	520	459	544	1,866	423
Amortization of intangible assets	395	395	395	395	1,580	378
Other operating expense	1,276	1,281	1,275	1,296	5,128	1,359
Total noninterest expense	$8,586	$8,636	$8,460	$8,740	$34,422	$8,559
Efficiency ratio	64.34%	62.23%	58.29%	58.52%	60.74%	57.56%
Expense ratio	2.55%	2.46%	2.30%	2.33%	2.41%	2.27%
Average full-time equivalent employees	534	530	516	503	521	498
Average assets per average full-time equivalent employee (millions)	$ 2.0	$ 2.1	$ 2.2	$ 2.3	$ 2.1	$ 2.3

INCOME TAXES
Income tax expense was $1.9 million for the first quarter of 1997 compared to $1.8 million for the first quarter of 1996. The increase in tax expense generally corresponds to increased income before taxes. The effective income tax rate was 36% for the first quarter of 1997 and 38% for a comparable period of 1996. The Company implemented an ongoing tax savings strategy in June 1996, which reduced the effective tax rate.

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 6
AVERAGE BALANCES

(dollars in thousands)	Three months ended March 31, 1997	1996
Securities available for sale	$ 393,256	$ 363,106
Securities held to maturity	44,082	40,515
Total securities	437,338	403,621
Loans available for sale	4,346	5,807
Loans	662,818	590,742
Deposits	951,950	902,975
Short-term borrowings	80,351	49,332
Other borrowings	20,194	3,011
Stockholders' equity	108,980	107,078
Assets	1,170,072	1,069,900
Earning assets	1,108,194	997,410
Interest bearing liabilities	$ 942,615	$ 824,184

SECURITIES
Average total securities increased 8.4% for the first quarter of 1997 over the same period of 1996. The majority of this increase was in the available for sale securities. During the first quarter of 1997, the securities portfolio represented 39.5% of average earning assets. Investments are primarily U.S. Treasury and U.S. Government agency guaranteed securities classified as available for sale. Held to maturity securities are obligations of the State of New York political subdivisions and do not include any direct obligations of the State of New York. The composition of the securities portfolio remained constant at 90% available for sale and 10% held to maturity during the first quarter of 1997 and 1996.

LOANS
Average loan volume for the first three months of 1997 increased $72.1 million over first quarter 1996. The loan growth has been in commercial and consumer loans, while mortgage loan volume has remained stable. Commercial and consumer loans have increased $39.1 and $33.4 million, respectively.

The company has experienced an increase in the demand for commercial loans with growth of $14.1 million since year end 1996, primarily in the business and real estate catagories. The majority of the consumer loan volume increase can be attributed to installment credit. This consists primarily of short-term, fixed rate borrowings secured by automobiles and other personal property. 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). 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 outstanding loan balance or fair market value, less any estimated disposal costs.

Total nonperforming assets decreased $3.4 million, or 46.2% at March 31, 1997 from March 31, 1996. A $2.3 million reduction in impaired commercial and agricultural loans was the largest contributor to the decrease. The changes in nonperforming assets are presented in Table 7 below.

TABLE 7
NONPERFORMING ASSETS AND RISK ELEMENTS

(in thousands)	MARCH 31, 1997		December 31, 1996		March 31, 1996	
Impaired commercial and agricultural loans	$2,209	68%	$2,441	73%	$4,523	83%
Other nonaccrual loans:						
Real estate mortgage	$ 400	12%	$ 251	8%	$ 411	8%
Consumer	649	20%	628	19%	497	9%
Total nonaccrual loans	3,258	100%	3,320	100%	5,431	100%
Other real estate owned	732		1,242		1,989	
Total nonperforming assets	3,990		4,562		7,420	
Loans 90 days or more past due and still accruing:						
Commercial and agricultural	181	29%	418	40%	278	30%
Real estate mortgage	248	40%	344	33%	331	36%
Consumer	196	31%	289	27%	320	34%
Total	$ 625	100%	$1,051	100%	$ 929	100%
Total assets containing risk elements	$4,615		$5,613		$8,349	
Total nonperforming assets to loans		0.60%		0.70%		1.25%
Total assets containing risk elements to loans		0.69%		0.86%		1.40%
Total nonperforming assets to assets		0.33%		0.40%		0.67%
Total assets containing risk elements to assets		0.38%		0.49%		0.75%

TABLE 8
CHANGES IN NONACCRUAL AND IMPAIRED LOANS

(in thousands)	Three months ended March 31, 1997	1996
Balance at beginning of period	$3,320	$4,817
Loans placed on nonaccrual	1,125	2,038
Charge-offs	(388)	(448)
Payments	(739)	(859)
Transfers to OREO	(60)	(117)
Balance at end of period	$3,258	$5,431
CHANGES IN OREO		
Balance at beginning of period	$1,242	$2,000
Additions	66	117
Sales	(487)	(47)
Write-downs	(89)	(81)
Balance at end of period	$ 732	$1,989

DEPOSITS
Customer deposits represent the greatest source of funding assets. Average total deposits for the quarter ended March 31, 1997, increased $49.0 million, or 5.4% from the same period in 1996. The majority of this increase was in time deposits. Total time deposits increased $60.7 million during the comparable period. This increase can be attributed to municipal time deposits. The Company experienced a 16.2% decline in average demand deposits for first quarter 1997 from 1996. Several of these deposits migrated into interest bearing accounts as interest rates began to increase.

BORROWED FUNDS
The Company's borrowed funds consist of short-term borrowings and other borrowings. Short-term borrowings include federal funds purchased, securities sold under agreement to repurchase, and Federal Home Loan Bank advances. Other borrowings include a 366 day advance, hence one day longer than would qualify for short-term classification, maturing in July 1997. There was an increase in average borrowed funds between first quarter 1997 and 1996, as amounts totaled $113.5 and $87.6 million, respectively.

CAPITAL AND DIVIDENDS

Stockholders' equity of $108 million represents 9.0% of total assets at March 31, 1997, compared with $103 million, or 9.3% a year previous, and $106 million, or 9.3% at December 31, 1996. The increased dollar amounts resulted from the earnings retention offset by the depreciation in fair value reflected in the mark to market effect of the securities available for sale portfolio and additional shares held in the treasury.

On a per share basis, cash dividends declared were increased in December 1996 as the Company declared a 5% stock dividend in October 1996 followed by a cash dividend of $0.15 per share for an effective increase of over 21% on an annualized basis. The dividend increase reflects the Company's earnings and capital strength. 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. Additionally, 1996 was the thirty-seventh consecutive year that the Company declared a stock dividend.

The accompanying Table 10 presents the high, low and closing sales price for the common stock as reported on the NASDAQ National Market System, and cash dividends declared per share of common stock. At March 31, 1997, total market capitalization of the Company's common stock was approximately $167 million compared with $138 million at March 31, 1996. The change in market capitalization is due to an increase in the market price. The Company's price to book value ratio was 1.55 at March 31, 1997 and 1.34 a year ago. The Company's price was 12 times earnings at March 31, 1997 and March 31, 1996.

Capital is an important factor in ensuring the safety of depositors' accounts. During both 1996 and 1995, 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 9 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 and Risk-based Capital ratios have regulatory minimum guidelines of 4% and 8% respectively, with requirements to be considered well capitalized of 6% and 10%, respectively.

TABLE 9
CAPITAL MEASUREMENTS

	First Quarter 1996	Second Quarter 1996	Third Quarter 1996	Fourth Quarter 1996	FIRST QUARTER 1997
Tier 1 leverage ratio	8.83%	8.55%	8.49%	8.70%	8.91%
Tier 1 capital ratio	14.73%	14.29%	14.00%	14.06%	14.53%
Total risk-based capital ratio	15.98%	15.54%	15.25%	15.31%	15.78%
Cash dividends as a percentage of net income	36.90%	38.55%	34.87%	36.10%	36.46%
Per common share:					
Book value	$12.64	$12.58	$12.81	$12.72	$12.60
Tangible book value	$11.27	$11.25	$11.51	$11.52	$11.47

TABLE 10
QUARTERLY COMMON STOCK AND DIVIDEND INFORMATION

Quarter Ending	High	Low	Close	Cash Dividends Declared
1996				
March 31	$16.22	$15.24	$16.19	$0.124
June 30	16.67	15.60	15.60	0.124
September 30	16.43	15.00	16.07	0.124
December 31	19.00	16.07	18.00	0.150
1997				
MARCH 31	$20.00	$17.63	$19.50	$0.150

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 of New York (short and long-term borrowings which are denoted as advances), and repurchase agreements with investment companies.

At March 31, 1997 and 1996, the Company's basic surplus ratios (net access to cash and secured borrowings as a percentage of total assets) were approximately 6% and 13%, respectively. The Company has set a present internal minimum guideline range of 5% to 7%. As these ratios indicate, the Company's liquidity has decreased significantly between the reporting periods. This decrease is a function of the loan growth, which has been funded primarily through municipal deposits and borrowings. The increase in municipal deposits, which require collateralization through the securities portfolio, has decreased the amount of liquid assets. Although the Company's basic surplus ratio has declined, 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.

As of March 31, 1997, the interest sensitivity gap indicates that the company is liability sensitive. This liability sensitivity is also a result of the increased loan growth being funded through short-term deposits and borrowings. The Company is currently positioned to benefit from a declining interest rate environment; however, the nature and timing of the benefit will be initially impacted by the extent to which core deposit borrowing rates are decreased as rates lower. At March 31, 1997, a 100 basis point gradual increase or decrease in interest rates was estimated to have less than a 2.7% impact on net interest income relative to a flat rate environment over the next twelve month period.

SELECTED FIVE YEAR DATA	1996	1995	1994	1993	1992
(dollars in thousands, except per share data)					
Net income	$ 12,179	$ 9,329	$ 6,508	$ 8,505	$ 8,043
Return on average assets	1.10%	0.90%	0.64%	0.93%	0.94%
Return on average equity	11.80%	9.18%	6.53%	8.79%	8.89%
Net interest margin	4.69%	4.43%	4.81%	5.26%	5.52%
Efficiency ratio	60.74%	65.92%	70.22%	71.05%	69.48%
Expense ratio	2.41%	2.51%	2.96%	3.21%	3.19%
Tier 1 leverage ratio	8.70%	8.80%	9.05%	9.24%	9.01%
Tier 1 capital ratio	14.06%	15.21%	16.09%	15.40%	15.30%
Total risk-based capital ratio	15.31%	16.46%	17.35%	16.66%	16.61%
Cash dividends as a percentage of net income	36.10%	42.47%	55.22%	38.82%	36.94%
Per Common Share:					
Net income	$ 1.43	$ 1.06	$ 0.73	$ 0.95	$ 0.92
Cash dividends declared	$ 0.522	$ 0.450	$ 0.407	$ 0.375	$ 0.341
Book value	$ 12.72	$ 12.44	$ 11.12	$ 11.41	$ 10.72
Tangible book value	$ 11.52	$ 11.11	$ 10.01	$ 9.93	$ 8.74
Stock dividends distributed	5.00%	5.00%	5.00%	5.00%	5.00%
Market price:					
High	$ 19.00	$ 17.14	$ 15.98	$ 15.98	$ 12.53
Low	$ 15.00	$ 14.29	$ 12.96	$ 10.90	$ 8.62
End of year	$ 18.00	$ 16.67	$ 14.96	$ 15.76	$ 11.93
Price/earnings multiple	12.59X	15.77x	12.72x	10.79x	12.89x
Price/book value multiple	1.42X	1.34x	1.34x	1.38x	1.11x
Total assets	$1,138,986	$1,106,266	$1,044,557	$953,907	$868,616
Total stockholders' equity	$ 106,264	$ 108,044	$ 98,307	$101,108	$ 94,012
Average common shares outstanding (thousands)	8,513	8,800	8,939	8,897	8,732

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, 1997 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, 1997.

The Company has Stock Option Plans covering key employees. In January 1997, non-qualified stock options were granted for 112,200 shares of common stock at an option price of $17.97 per share. These options vest over a four year period with the first vesting date one year from the date of grant. Outstanding at March 31, 1997 are non-qualified stock options covering 347,754 shares at exercise prices ranging between $9.01 and $17.97 with expiration dates between January 10, 1998, and January 28, 2007. There are 579,650 shares of authorized common stock designated for possible issuance under the Plans, including the aforementioned shares. The number of shares designated for the Plans, the number of shares under existing options and the option price per share may be adjusted upon certain changes in capitalization, such as stock dividends, stock splits and other occurrences as enumerated in the Plans. (FORMs S-8, Registration Statement Nos. 33-18976 and 33-77410, filed with the Commission on December 9, 1987 and April 6, 1994, respectively).

In 1995, the Company granted its then Chairman stock options in connection with the discharge of severance obligations of the Company and the Bank under his employment agreement. The agreement issued options covering 136,437 and 28,593 shares with exercise prices of $14.69 and $15.33, respectively, and an expiration date of January 31, 1997 (the number of shares under option and the option price per share have been adjusted for stock dividends). The Company filed a registration statement relating to these option shares. These stock options did not serve to reduce the number available under the previously mentioned Plans. The former Chairman exercised 1,000 options in November 1996 and 164,030 in January 1997 resulting in no further shares available for exercise. Shares were issued from authorized, but unissued common stock. (FORM S-8, Registration Statement No. 333-02925, filed with the Commission on April 29, 1996).

The Company has a Dividend Reinvestment Plan for stockholders under which no new shares of common stock were issued for the quarter ended March 31, 1997. There are 500,726 shares of authorized but unissued common stock designated for possible issuance under the Plan (the number of shares available has been adjusted for stock dividends and splits). (FORM S-3, Registration Statement No. 33-12247, filed with the Commission on February 26, 1987).

The Company's Board of Directors has reserved 25,000 of authorized but unissued shares for future payment of an annual Board retainer. In January 1997, each Director was granted 165 shares which are restricted from one to three years for payment of their 1997 Board retainer. Shares were purchased from treasury therefore the number of authorized and unissued shares was not effected.

The Company's Board of Directors has authorized the purchase on the open market by the Company of additional shares of treasury stock. These treasury shares are to be used for a variety of corporate purposes, primarily to meet the needs of the Company's Employee Stock Ownership Plan, Automatic Dividend Reinvestment and Stock Purchase Plan, Stock Option Plans, Retirement Savings Plan, Restricted Stock Agreements and Bank Trust Department directed IRA and HR-10 accounts. Purchases and sales during the first quarter of 1997 totalled 52,900 and 94,639, respectively, with 439,710 shares in treasury at March 31, 1997. Purchases were made at the prevailing market price in effect at the dates of the transactions. Subsequent sales to both the Company's Employee Stock Ownership Plan and Dividend Reinvestment and Stock Purchase Plan, if any, were made at the five day average of the highest and lowest quoted selling price of the Company's common stock on the National Market System of NASDAQ.

The Company currently is authorized to issue 2.5 million shares of preferred stock, no par value, $1.00 stated value. The Board of Directors is authorized to fix the particular designations, preferences, rights, qualifications, and restrictions for each series of preferred stock issued. The Company has a Stockholder Rights Plan (Plan) designed to ensure that any potential acquiror of the Company negotiate with the Board of Directors and that all Company stockholders are treated equitably in the event of a takeover attempt. When the Plan was adopted, the Company paid a dividend of one Preferred Share Purchase Right (Right) for each outstanding share of common stock of the Company. Similar Rights are attached to each share of the Company's common stock issued after November 15, 1994, the date of adoption subject to adjustment. Under the Plan, the Rights will not be exercisable until a person or group acquires beneficial ownership of 20 percent or more of the Company's outstanding common stock, begins a tender or exchange offer for 25 percent or more of the Company's outstanding common stock, or an adverse person, as declared by the Board of Directors, acquires 10 percent or more of the Company's outstanding common stock. Additionally, until the occurrence of such an event, the Rights are not severable from the Company's common stock and therefore, the Rights will be transferred upon the transfer of shares of the Company's common stock. Upon the occurrence of such events, each Right entitles the holder to purchase one one-hundredth of a share of Series R Preferred Stock, no par value, and $1.00 stated value per share of the Company at a price of $100.

The Plan also provides that upon the occurrence of certain specified events, the holders of Rights will be entitled to acquire additional equity interests in the Company or in the acquiring entity, such interests having a market value of two times the Right's exercise price of $100. The Rights, which expire November 14, 2004, are redeemable in whole, but not in part, at the Company's option prior to the time they are exercisable, for a price of $0.01 per Right.

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, 1997.

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

The Company's Annual Meeting of Stockholders was held on April 19, 1997. Two directors were elected and one proposal was voted upon by the stockholders, as described below. A copy of the Notice of Annual Stockholders' Meeting and Proxy Statement is incorporated by Reference to this FORM 10-Q as Exhibit No. 99.1. A complete description of each proposal is included in the Proxy Statement.

a. Andrew S. Kowalczyk, Jr. and John C. Mitchell were elected as directors at the Annual Meeting with terms of office to expire at the 2000 Annual Meeting of Stockholders. There are four other directors whose terms of office continued after the Annual Meeting. The terms of Daryl R. Forsythe and Everett A. Gilmour will expire at the 1998 Annual Meeting. The terms of Peter B. Gregory and Paul O. Stillman will expire at the 1999 Annual Meeting.

    The directors were elected, with 6,517,605 votes FOR, and 54,313 votes WITHHELD.

b. Proposal to Ratify the Board of Directors Action in Selection of KPMG Peat Marwick LLP as Auditor for the Company.

    The proposal was approved, with 6,635,959 votes FOR, 18,467 votes AGAINST, and 32,271 votes ABSTAINING.

Item 5 -- Other Information

Not Applicable

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

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

No reports on FORM 8-K were filed by the Company during the quarter ended March 31, 1997.

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 12th day of May, 1997.

NBT BANCORP INC.

By: /s/ JOE C. MINOR
Joe C. Minor
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
27.	Financial Data Schedule	Herein
99.1	NBT BANCORP INC. Notice of Annual Stockholders Meeting and Proxy dated March 17, 1997. Filed on March 17, 1997 pursuant to Section 14 of the Exchange Act, File No. 0-14703.	*

EXHIBIT 27
Financial Data Schedule

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NBT
BANCORP INC'S FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 1997, AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS
DEC-31-1997
MAR-31-1997
42,901
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