SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1999.

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)(IRS 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

Securities Registered Pursuant to Section 12(b) of the Act: None
Securities Registered Pursuant to Section 12(g) of the Act:
Common Stock, No Par, $1.00 Stated Value
Share Purchase Rights pursuant to Stockholder Rights Plan
(Title of Class)

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this FORM 10-K or any amendment to this FORM 10-K. _X_.
There are no delinquent filers to the Registrant's knowledge.

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 such 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 February 29, 2000, there were 17,971,462 shares outstanding of the Registrant's common stock, par value $0.01 per share, of which 16,898,688 common shares having a market value of $209,205,757 were held by nonaffiliates of the Registrant. There were no shares of the Registrant's preferred stock, par value $0.01, outstanding at that date. Rights to purchase shares of the Registrant's preferred stock Series R are attached to the shares of the Registrant's common stock. The Registrant's common and preferred stock, no par, stated value of $1.00 per share was changed to par value of $0.01 per share on February 17, 2000.

Documents Incorporated by Reference

Portions of the Proxy Statement of NBT BANCORP INC. for the Annual Meeting of Stockholders to be held on April 25, 2000 are incorporated by reference into Part III of this FORM 10-K as detailed therein.

An index to exhibits follows the signature page of this Form 10-K.

CROSS REFERENCE INDEX

* Information called for by Part III (Items 10 through 13) is incorporated by reference to the Registrant's Proxy Statement for the 2000 Annual Meeting of Stockholders filed with the Securities and Exchange Commission.

DESCRIPTION OF BUSINESS

REGISTRANT

NBT Bancorp Inc. ("Registrant") is a registered bank holding company headquartered in Norwich, New York. The Registrant is the parent holding company of NBT Bank, N.A. ("Bank"), a national bank. The principal asset of the Registrant is all of the outstanding shares of common stock of the Bank and its principal source of revenue is dividends it receives from the Bank. The Bank has two subsidiaries, NBT Capital Corp. and NBT Financial Services, Inc. NBT Capital Corp., formed in July of 1998, is a venture capital corporation formed to assist young businesses develop and grow in the markets we serve.

The Bank is a full service commercial bank providing a broad range of financial products to individuals, corporations and municipalities. The Bank has thirty-six branch locations and forty-seven automated teller machines serving a nine county area in central and northern New York. As of December 31, 1999, the Bank had 445 full-time and 76 part-time employees. The Bank is not a party to any collective bargaining agreements, and employee relations are considered to be good.

On February 17, 2000, the shareholders of NBT Bancorp Inc. and Lake Ariel Bancorp, Inc. approved a merger of the two companies. On this date, Lake Ariel Bancorp, Inc. was merged with and into NBT Bancorp Inc. with each issued and outstanding share of Lake Ariel receiving 0.9961 shares of NBT Bancorp Inc. common stock. LA Bank, N.A., a former subsidiary of Lake Ariel Bancorp, Inc., is a commercial bank headquartered in northeast Pennsylvania. LA Bank, N.A., with approximately $570 million in assets at December 31, 1999, has twenty-two branch offices in five counties. The combined company, NBT Bancorp Inc., has combined assets over $1.9 billion and fifty-eight branch locations.

On December 8, 1999, NBT Bancorp Inc. and Pioneer American Holding Company Corp., the parent company of Pioneer American Bank, N.A., announced they entered into a definitive agreement of merger. The merger is subject to the approval of each company's shareholders and of banking regulators, and is expected to close in the second quarter of 2000. Pioneer American Bank, N.A. is a full service commercial bank with total assets of approximately $420 million at December 31, 1999. Pioneer American Bank, N.A. has eighteen branches in five counties 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.

COMPETITION

The banking business is extremely competitive and the Bank encounters intense competition from other financial institutions located within its market area. The Bank competes not only with other commercial banks but also with other financial institutions such as thrifts, credit unions, money market and mutual funds, insurance companies, brokerage firms, and a variety of other companies offering financial services.

SUPERVISION AND REGULATION

The Registrant, as a bank holding company, is regulated under the Bank Holding Company Act of 1956, as amended ("Act"), and is subject to the supervision of the Board of Governors of the Federal Reserve System ("FRB"). Generally, the Act limits the business of bank holding companies to banking, or managing or controlling banks, performing certain services for subsidiaries, and engaging in such other activities as the FRB may determine to be so closely related to banking as to be a proper incident thereto. The Registrant is a legal entity separate and distinct from the Bank. The principal source of the Registrant's income is the Bank's earnings, and the principal source of its cash flow is dividends from the Bank. Federal laws impose limitations on the ability of the Bank to pay dividends as discussed in the Notes to Consolidated Financial Statements. FRB policy requires bank holding companies to serve as a source of financial strength to their subsidiary banks by standing ready to use available resources to provide adequate capital funds to subsidiary banks during periods of financial stress or adversity.

Pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), federal banking regulators are required to take prompt corrective action in respect of depository institutions that do not meet minimum capital requirements. FDICIA identifies the following capital categories for financial institutions: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

Rules adopted by the federal banking agencies under FDICIA provide that an institution is deemed to be well capitalized if the institution has a ratio of total capital to risk-weighted assets of 10.0% or greater, a Tier I capital to risk-weighted assets ratio of 6.0% or greater, and a Tier 1 capital to total assets ratio of 5.0% or greater and the institution is not subject to an order, written agreement, capital directive, or prompt corrective action directive to meet and maintain a specific level for any capital measure. FDICIA imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the capital category in which an institution is classified. At December 31, 1999, the Registrant and the Bank were well capitalized based on the ratios and guidelines noted above.

The Act requires prior approval of the FRB of the acquisition by the Registrant of more than 5 percent of the voting shares of any bank or any other bank holding company. The Act allows adequately capitalized and adequately managed bank holding companies to acquire control of banks in any state subject to certain limitations. An interstate acquisition may not be approved if immediately before the acquisition the acquirer controls an FDIC-insured institution or branch in the state of the institution to be acquired, and if immediately following the acquisition the acquirer would control 30 percent or more of the total FDIC-insured deposits in that state; but a state may waive the 30-percent limitation by statute, regulation, or order, or by certain nondiscriminatory administrative approvals. Likewise, an interstate acquisition may not be approved if it would violate a deposit ceiling established by laws of the state of the institution to be acquired or if an acquirer controls or upon consummation of the acquisition would control more than 10% of the total deposits of insured depository institutions in the United States. Laws of the state of the institution to be acquired which limit institutions eligible for interstate acquisition to those in existence for a minimum period of time (not to exceed five years) will also bar approval of an interstate acquisition if nondiscriminatory.

The BHC Act prohibits, with certain exceptions, the Registrant from acquiring direct or indirect control of more than 5% of the voting shares of any company that is not a bank or bank holding company and from engaging directly or indirectly in any activity other than those of banking, managing or controlling banks or other subsidiaries authorized under the BHC Act, or furnishing services to or performing services for its subsidiaries. Among the permitted activities is the ownership of shares of any company the activities of which the Board of Governors determines to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

Effective March 11, 2000, pursuant to authority granted under the Gramm-Leach-Bliley Act, a bank holding company may elect to become a financial holding company and thereby to engage in a broader range of financial and other activities than are permissible for traditional bank holding companies. In order to qualify for the election, all of the depository institution subsidiaries of the bank holding company must be well capitalized and well managed, as defined by regulation, and all of its insured depository institution subsidiaries must have achieved a rating of "satisfactory" or better with respect to meeting community credit needs. Pursuant to the Gramm-Leach-Bliley Act, financial holding companies will be permitted to engage in activities that are "financial in nature" or incidental or complementary hereto, as determined by the Federal Reserve Board. The Gramm-Leach-Bliley Act identifies several activities as "financial in nature" including, among others, insurance underwriting and agency, investment advisory services, merchant banking and underwriting, dealing or making a market in securities. The Registrant has not, at this time, made any decision with respect to whether it will elect to become a financial holding company under the Gramm-Leach-Bliley Act.

The Bank is subject to primary supervision, regulation, and examination by the Office of the Comptroller of the Currency ("OCC"), whose regulations are intended primarily for the protection of the Bank's depositors and customers rather than holders of the Registrant's securities. The Bank is subject to extensive federal statutes and regulations that significantly affect its business and activities. The Bank must file reports with its regulators concerning its activities and financial condition and obtain regulatory approval to enter into certain transactions. The Bank is also subject to periodic examinations by the OCC to ascertain compliance with various regulatory requirements. Other applicable statutes and regulations relate to insurance of deposits, allowable investments, loans, acceptance of deposits, trust activities, mergers, consolidations, payment of dividends, capital requirements and activities, reserves against deposits, establishment of branches and certain other facilities, limitations on loans to one borrower and loans to affiliates and insiders, and other aspects of the business of banks. Pursuant to recent federal legislation the federal banking agencies have adopted standards or guidelines governing banks' internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation and benefits, asset quality and earnings as well as other operational and managerial standards deemed appropriate by the agencies. Regulatory authorities have broad authority to initiate proceedings designed to prohibit banks from engaging in violations of law and regulation and unsafe and unsound banking practices.

The Gramm-Leach-Bliley Act does not significantly alter the regulatory regimes under which the Registrant and the Bank currently operate, as described above. While certain business combinations not currently permissible will be possible after March 11, 2000, we cannot predict at this time resulting changes in the competitive environment or the financial condition of the Registrant or the Bank. Using the financial holding company structure, insurance companies and securities firms may acquire bank holding companies, such as the registrant, and may compete more directly with banks or bank holding companies.

Various legislation, including proposals to substantially change the financial institution regulatory system and to expand or contract the powers of banking institutions and bank holding companies, is from time to time introduced in Congress. This legislation may change banking statutes and the operating environment of the combined company and its subsidiaries in substantial and unpredictable ways. If enacted, such legislation could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. The Registrant cannot accurately predict whether any of this potential legislation will ultimately be enacted, and, if enacted, the ultimate effect that it, or implementing regulations, would have upon the financial condition or results of operations of itself or any of its subsidiaries.

DEPOSIT INSURANCE AND OTHER ASSESSMENTS

To the extent allowable by law, the deposits of the Bank are insured by the Bank Insurance Fund ("BIF") of the Federal Deposit Insurance Corporation ("FDIC"). During 1999, 1998 and 1997, BIF-assessable deposits were subject to an assessment schedule providing for an assessment range of 0% to .27%, with banks in the lowest risk category paying no assessments. The Bank was in the lowest risk category and paid no FDIC insurance assessments during 1999, 1998 and 1997. BIF assessment rates are subject to semi-annual adjustment by the FDIC Board of Directors. The FDIC Board of Directors has retained the 1999, 1998 and 1997 BIF assessment schedule through June 30, 2000.

In 1996, Congress enacted the Deposit Insurance Funds Act which establishes a schedule to merge with BIF and Savings Association Insurance Fund ("SAIF"). The act also provides for funding Financing Corp ("FICO") bonds, issued to provide funding for the Federal Savings and Loan Insurance Corporation prior to 1991. Effective for assessments paid for the period starting January 1, 2000, BIF-assessable deposits are subject to assessment for payment on the FICO bond obligation equal to the rate of SAIF-assessable deposits. The FICO assessment is adjusted quarterly based on call report submissions to reflect changes in the assessment bases of the respective funds. During 1999, BIF insured banks paid a rate of .012% for purposes of funding FICO bond obligations, resulting in an assessment of $134,514 for the Bank. The assessment rate for BIF member institutions has been set at 2.12 basis points, annually, for the first quarter of 2000.

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

(in thousands, except per share data)	1999	1998	1997	1996	1995
YEAR ENDED DECEMBER 31,					
Interest and fee income	$ 101,959	$ 101,080	$ 96,181	$ 84,387	$ 77,400
Interest expense	41,377	43,677	42,522	36,365	34,840
Net interest income	60,582	57,403	53,659	48,022	42,560
Provision for loan losses	3,900	4,599	3,505	3,175	1,553
Noninterest income excluding securities gains (losses)	10,290	9,355	8,403	7,683	6,957
Securities gains (losses)	1,507	624	(337)	1,179	145
Noninterest expense	38,507	39,128	35,170	34,422	33,024
Income before income taxes	29,972	23,655	23,050	19,287	15,085
Net income	18,370	19,102	14,749	12,179	9,329
PER COMMON SHARE*					
Basic earnings	$ 1.41	$ 1.45	$ 1.12	$ 0.93	$ 0.69
Diluted earnings	$ 1.40	$ 1.42	$ 1.11	$ 0.93	$ 0.69
Cash dividends paid	$ 0.656	$ 0.587	$ 0.421	$ 0.338	$ 0.292
Stock dividends distributed	5%	5%	5%	5%	5%
Book value at year-end	$ 9.66	$ 10.02	$ 9.30	$ 8.24	$ 8.07
Tangible book value at year-end	$ 9.16	$ 9.44	$ 8.66	$ 7.47	$ 7.20
Average diluted common shares outstanding	13,163	13,474	13,335	13,140	13,582
AT DECEMBER 31,					
Assets available for sale	$ 345,207	$ 358,645	$ 443,918	$ 373,337	$ 399,625
Securities held to maturity	42,446	35,095	36,139	42,239	40,311
Loans	923,031	821,505	735,482	654,593	588,385
Allowance for loan losses	13,855	12,962	11,582	10,473	9,120
Assets	1,393,617	1,290,009	1,280,585	1,138,986	1,106,266
Deposits	1,108,073	1,044,205	1,014,183	916,319	873,032
Short-term borrowings	115,299	96,589	134,527	88,244	115,945
Long-term debt	35,157	10,171	183	20,195	3,012
Stockholders' equity	126,536	130,632	123,343	106,264	108,044
KEY RATIOS					
Return on average assets	1.38%	1.48%	1.20%	1.10%	0.90%
Return on average equity	14.27%	14.93%	12.97%	11.80%	9.18%
Average equity to average assets	9.66%	9.93%	9.25%	9.29%	9.75%
Net interest margin	4.85%	4.76%	4.67%	4.69%	4.43%
Efficiency	53.86%	57.92%	56.09%	60.74%	65.92%
Cash dividend per share payout	46.86%	41.34%	37.91%	36.50%	42.61%
Tier 1 leverage (Regulatory guideline 3%)	9.50%	9.33%	8.91%	8.70%	8.80%
Tier 1 risk-based capital (Regulatory guideline 4%)	14.30%	14.69%	14.88%	14.06%	15.21%
Total risk-based capital (Regulatory guideline 8%)	15.55%	15.94%	16.13%	15.31%	16.46%

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

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.

OVERVIEW

Net income of $18.4 million ($1.40 diluted earnings per share) for 1999 compares to $19.1 million ($1.42 diluted earnings per share) for 1998. While net income was down slightly, income before taxes of $30.0 million improved $6.3 million (26.7%) over 1998. Results for 1999 included merger related expenses of $0.5 million after taxes, while 1998 results included a $3.8 million net tax benefit resulting from a corporate realignment.

The increase in pretax income for 1999 can be attributed to improvements in net interest income and noninterest income. The improved net interest income was a result of continued loan growth. The higher noninterest income was a result of increased fee income from the continued expansion of our ATM network, increased service charges from demand deposit account growth and increased securities gains on the sales of securities available for sale. Additionally, the Company maintained stable noninterest expense during this period of net interest and noninterest income growth.

In December 1999, the Company distributed a 5% stock dividend, the fortieth consecutive year a stock dividend has been declared. Throughout this report, amounts per common share and common shares outstanding have been retroactively adjusted to reflect stock dividends and splits.

Certain statements in this release and other public releases by the Company contain forward-looking information, as defined in the Private Securities Litigation Reform Act. These statements may be identified by the use of phrases such as "anticipate," "believe," "expect," "forecasts," "projects," or other similar terms. Actual results may differ materially from these statements since such statements involve significant known and unknown rules and uncertainties. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) an increase in competitive pressures in the banking industry; (2) changes in the interest rate environment; (3) changes in the regulatory environment; (4) general economic environment conditions, either nationally or regionally, which may be less favorable than expected, resulting in, among other things, a deterioration in credit quality; and (5) changes which may incur in business conditions and inflation.

MERGERS AND ACQUISITIONS

On February 17, 2000, the shareholders of NBT Bancorp Inc. and Lake Ariel Bancorp, Inc. approved a merger whereby Lake Ariel Bancorp, Inc. 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 4.9 million shares of NBT Bancorp Inc. common stock, bringing the Company's outstanding shares to 17.9 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 Bancorp, Inc. 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 a pro forma basis, the combined company, NBT Bancorp Inc., has combined assets over $1.9 billion and fifty-eight branch locations.

On December 8, 1999, NBT Bancorp Inc. and Pioneer American Holding Company Corp., the parent company of Pioneer American Bank, N.A., announced they entered into a definitive agreement of merger. The merger is subject to the approval of each company's shareholders and of banking regulators. The merger is expected to close in the second quarter of 2000 and is intended to be accounted for as a pooling-of-interests and qualify as a tax-free exchange for Pioneer American shareholders. Shareholders of Pioneer American will receive a fixed ratio of 1.805 shares of NBT Bancorp Inc. common stock for each share exchanged. NBT Bancorp Inc. will issue approximately 5.2 million shares and share equivalents in exchange for all of the Pioneer American common stock and share equivalents outstanding.

Pioneer American Bank, N.A. is a full service commercial bank with total assets of approximately $420 million at December 31, 1999 and eighteen branches in five counties 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.

YEAR 2000

The Company has not experienced any system failure or miscalculation of financial data as a result of the Year 2000 issue. The Company will continue to monitor all systems to ensure they are properly functioning as the year progresses.

NET INTEREST INCOME

Net interest income is the difference between interest and fees earned on assets and the interest paid on deposits and borrowings. Net interest income is one of the major determining factors in a financial institution's performance as it is the principal source of earnings. Table 1 presents average balance sheets and a net interest income analysis on a taxable equivalent basis for each of the years in the three-year period ended December 31, 1999.

As reflected in Table 1, federal taxable equivalent (FTE) net interest income of $61.7 million in 1999 increased $3.5 million or 6.0% compared to 1998. This increase can be attributed to an increase in average earning assets and a reduction in the cost of interest bearing liabilities.

Average earning assets in 1999 increased $46.9 million or 3.8% compared to 1998. Average loans increased $94.6 million or 12.2% during 1999, while average investment securities decreased $48.3 million or 11.0%. The increase in average earning assets was partially offset by a 22 basis point decline in the yield on earning assets, primarily the result of a 39 basis point decline in the yield on loans. The decline in the yield earned on loans can be attributed to the declining interest rate environment experienced during late 1998 and early 1999. Average interest bearing liabilities during 1999 increased $23.3 million compared to 1998, the result of increased interest bearing deposits and borrowings of $9.9 million and $13.4 million, respectively. The increase of interest bearing liabilities was offset by a 31 basis point reduction in cost, resulting in a $2.3 million decline in interest expense during 1999 compared to 1998. The reduced cost of interest bearing liabilities during 1999 can be attributed to all categories and is a result of the previously mentioned declining interest rate environment during late 1998 and early 1999.

In comparing 1998 to 1997, FTE net interest income increased $3.7 million or 6.8% from $54.5 million in 1997 to $58.2 million in 1998. Yields on earning assets and the cost of interest bearing liabilities were stable between 1997 and 1998. In 1998, average earning assets increased $56.2 million or 4.8% compared to 1997, resulting in a $4.8 million increase in interest income. Average loans increased $79.1 million or 11.4% during 1998, while average investment securities decreased $22.0 million or 4.8%. During 1998, average interest bearing liabilities increased $30.2 million, primarily in the time deposit category.

An important performance measurement of net interest income is the net interest margin. Net interest margin, net 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 net interest margin increased to 4.85% for 1999, up from 4.76% during 1998. The increase in the net interest margin is primarily a result of the increased interest rate spread, as the reduction in the cost of interest bearing liabilities exceeded the decline in yield on earning assets. Also contributing to the improved net interest margin is increased funding of earning assets from noninterest bearing sources, as the Company has experienced an increase in demand deposit accounts.

TABLE 1
AVERAGE BALANCES AND NET INTEREST INCOME

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

(DOLLARS IN THOUSANDS)	1999 AVERAGE BALANCE	1999 INTEREST	1999 YIELD/ RATES	1998 Average Balance	1998 Interest	1998 Yield/ Rates	1997 Average Balance	1997 Interest	1997 Yield/ Rates
ASSETS									
Interest bearing deposits	$ 202	$ 9	4.35%	$ 123	$ 5	4.68%	$ 127	$ 5	4.48%
Federal funds sold and securities purchased under agreements to resell	41	2	4.63	793	31	3.91	3,749	194	5.17
Other short-term investments	6,073	296	4.88	5,156	269	5.21	2,536	135	5.31
Securities available for sale	354,202	23,957	6.76	403,574	27,942	6.92	423,512	29,063	6.86
Loans held for sale	3,368	231	6.85	3,080	254	8.25	3,620	298	8.24
Securities held to maturity:									
Taxable	13,463	842	6.25	13,139	890	6.78	13,061	914	7.00
Tax exempt	23,898	1,569	6.57	23,130	1,581	6.83	25,303	1,721	6.80
Total securities held to maturity	37,361	2,411	6.45	36,269	2,471	6.81	38,364	2,635	6.87
Loans:									
Commercial and agricultural	419,778	37,701	8.98	354,023	33,388	9.43	307,101	29,662	9.66
Real estate mortgage	169,330	12,762	7.54	147,128	11,927	8.11	125,263	10,668	8.52
Consumer	280,150	25,681	9.17	273,489	25,587	9.36	263,188	24,376	9.26
Total loans	869,258	76,144	8.76	774,640	70,902	9.15	695,552	64,706	9.30
Total earning assets	1,270,505	103,050	8.11	1,223,635	101,874	8.33	1,167,460	97,036	8.31
Cash and due from banks	36,002			32,593			30,918		
Securities available for sale valuation allowance	(5,097)			5,335			(1,828)		
Allowance for loan losses	(13,548)			(12,388)			(11,138)		
Premises and equipment	20,594			20,028			17,269		
Other assets	24,218			19,131			25,962		
TOTAL ASSETS	$1,332,674			$1,288,334			$1,228,643		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Money market deposit accounts	$ 81,931	2,266	2.77	$ 85,011	2,440	2.87	$ 90,732	2,648	2.92
NOW deposit accounts	139,265	1,802	1.29	129,734	2,122	1.64	118,761	1,904	1.60
Savings deposits	165,308	4,514	2.73	155,109	4,310	2.78	154,771	4,376	2.83
Time deposits	519,949	26,006	5.00	526,701	28,329	5.38	493,551	26,306	5.33
Total interest bearing deposits	906,453	34,588	3.82	896,555	37,201	4.15	857,815	35,234	4.11
Short-term borrowings	106,961	5,252	4.91	114,241	6,014	5.26	119,259	6,581	5.52
Long-term debt	29,411	1,537	5.22	8,698	462	5.31	12,189	707	5.80
Total interest bearing liabilities	1,042,825	41,377	3.97%	1,019,494	43,677	4.28%	989,263	42,522	4.30%
Demand deposits	150,856			133,262			115,826		
Other liabilities	10,264			7,641			9,863		
Stockholders' equity	128,729			127,937			113,691		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,332,674			$1,288,334			$1,228,643		
NET INTEREST INCOME		$ 61,673			$ 58,197			$ 54,514	
NET INTEREST MARGIN			4.85%			4.76%			4.67%
Taxable Equivalent Adjustment		$ 1,091			$ 794			$ 855	

(1) For purposes of these computations, nonaccrual loans are included in the average loan balances outstanding.

(2) Securities are shown at average amortized cost.

TABLE 2
ANALYSIS OF CHANGES IN TAXABLE EQUIVALENT NET INTEREST INCOME

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

	INCREASE (DECREASE) 1999 OVER 1998			Increase (Decrease) 1998 over 1997		
(in thousands)	VOLUME	RATE	TOTAL	Volume	Rate	Total
Interest bearing deposits	$ 4	$ --	$ 4	$ --	$ --	$ --
Federal funds sold and securities purchased under agreements to resell	(35)	6	(29)	(124)	(39)	(163)
Other short-term investments	45	(18)	27	136	(2)	134
Securities available for sale	(3,352)	(633)	(3,985)	(1,379)	258	(1,121)
Loans held for sale	22	(45)	(23)	(45)	1	(44)
Securities held to maturity:						
Taxable	22	(70)	(48)	5	(29)	(24)
Tax exempt	52	(64)	(12)	(148)	8	(140)
Loans	8,385	(3,143)	5,242	7,254	(1,058)	6,196
Total interest income	3,842	(2,666)	1,176	4,677	161	4,838
Money market deposit accounts	(87)	(87)	(174)	(165)	(43)	(208)
NOW deposit accounts	147	(467)	(320)	179	39	218
Savings deposits	280	(76)	204	10	(76)	(66)
Time deposits	(359)	(1,964)	(2,323)	1,781	242	2,023
Short-term borrowings	(371)	(391)	(762)	(271)	(296)	(567)
Long-term debt	1,083	(8)	1,075	(189)	(56)	(245)
Total interest expense	982	(3,282)	(2,300)	1,296	(141)	1,155
CHANGE IN FTE NET INTEREST INCOME	$ 2,860	$ 616	$ 3,476	$ 3,381	$ 302	$ 3,683

PROVISION AND ALLOWANCE FOR LOAN LOSSES

The provision for loan losses decreased to $3.9 million in 1999 from $4.6 million in 1998, the result of lower charge-offs and improved asset quality. The provision is based upon management's judgement as to the adequacy of the allowance to absorb losses inherent in the current loan portfolio. In assessing the adequacy of the allowance for loan losses, consideration is given to historical loan loss experience, value and adequacy of collateral, level of nonperforming loans, loan concentrations, the growth and composition of the portfolio, and the results of a comprehensive in-house loan review program conducted throughout the year. Consideration is given to the results of examinations and evaluations of the overall portfolio by senior credit personnel, internal and external auditors, and regulatory examiners.

Accompanying tables reflect the five year history of net charge-offs and the allocation of the allowance by loan category. Net charge-offs, both as dollar amounts and as percentages of average loans outstanding, decreased between 1999 and 1998 as the Company has experienced an improvement in asset quality. The decrease in net charge-offs in 1999 can be attributed to the real estate and consumer loan categories. The allowance has been allocated based on identified problem credits or categorical trends. Although the provision decreased, the allowance for loan loss increased to $13.9 million at December 31, 1999 from $13.0 million the previous year-end. However, given the growth in the loan portfolio at December 31, 1999, the allowance for loan losses to loans outstanding was 1.50%, compared to 1.58% at year-end 1998. Management considers the allowance to be adequate at December 31, 1999.

TABLE 3
ALLOWANCE FOR LOAN LOSSES

(dollars in thousands)	1999	1998	1997	1996	1995
Balance at January 1	$12,962	$11,582	$10,473	$ 9,120	$9,026
Loans charged off:					
Commercial and agricultural	1,906	1,941	1,193	1,274	967
Real estate mortgages	106	234	55	204	112
Consumer	1,883	1,977	2,040	1,300	1,182
Total loans charged off	3,895	4,152	3,288	2,778	2,261
Recoveries:					
Commercial and agricultural	227	258	197	274	193
Real estate mortgages	71	35	16	20	--
Consumer	590	640	679	662	609
Total recoveries	888	933	892	956	802
Net loans charged off	3,007	3,219	2,396	1,822	1,459
Provision for loan losses	3,900	4,599	3,505	3,175	1,553
Balance at December 31	$13,855	$12,962	$11,582	$10,473	$9,120
Allowance for loan losses to loans outstanding at end of year	1.50%	1.58%	1.57%	1.60%	1.55%
Allowance for loan losses to nonaccrual loans	328%	361%	220%	315%	189%
Nonaccrual loans to total loans	0.46%	0.44%	0.71%	0.51%	0.82%
Nonperforming assets to total assets	0.32%	0.37%	0.45%	0.40%	0.62%
Net charge-offs to average loans outstanding	0.35%	0.42%	0.34%	0.29%	0.25%

TABLE 4
ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

December 31,	1999		1998		1997		1996		1995	
(dollars in thousands)	ALLOWANCE	CATEGORY PERCENT OF LOANS	Allowance	Category Percent of Loans	Allowance	Category Percent of Loans	Allowance	Category Percent of Loans	Allowance	Category Percent of Loans
Commercial and agricultural	$ 7,579	49.0%	$ 7,039	47.3%	$ 5,448	44.4%	$ 4,341	43.1%	$4,250	42.0%
Real estate mortgages	394	19.2%	400	19.5%	244	18.4%	360	18.3%	412	20.6%
Consumer	3,339	31.8%	3,999	33.2%	2,365	37.2%	2,335	38.6%	2,048	37.4%
Unallocated	2,543	--	1,524	--	3,525	--	3,437	--	2,410	--
Total	$13,855	100.0%	$12,962	100.0%	$11,582	100.0%	$10,473	100.0%	$9,120	100.0%

NONINTEREST INCOME

Noninterest income consists primarily of trust and custodian fees, service charges on deposit accounts, gains and losses on the sales of investment securities, and fees and service charges for other banking services. Total noninterest income for 1999 of $11.8 million increased $1.8 million or 18.2% compared to 1998. Excluding securities gains and losses, noninterest income increased $0.9 million or 10.0% in 1999 compared to 1998. Excluding securities gains and losses, total noninterest income for 1998 increased $1.0 million over 1997.

Trust income rose during 1999 as managed assets have continued to increase. At December 31, 1999, the Trust Department managed $891 million in assets (market value), up from $865 million at year-end 1998, resulting in a $0.2 million increase in trust income.

Service charges on deposit accounts increased $0.5 million in 1999 compared to 1998. This improvement can be attributed to an increase in service fee and overdraft income resulting from growth in demand deposits.

Other income increased $0.2 million in 1999 compared to 1998 as a result of greater ATM fee income. This can be attributed to an increase in the use of customer debit cards and the installation of additional machines throughout our market areas. The Company had 47 ATM machines in use at December 31, 1999, up from 35 at year-end 1998.

NONINTEREST EXPENSE AND OPERATING EFFICIENCY

Salaries and employee benefits increased $0.4 million between 1999 and 1998, primarily the result of increased salaries and performance based incentives. Salaries and employee benefits increased $1.3 million between 1998 and 1997, also the result of increases in salaries and performance based incentives.

Equipment expense during 1999 increased $0.3 million compared to 1998 as a result of the replacement of computers for Year 2000 compliance, as well as the installation of additional computers throughout the branch network. Equipment expense increased $0.7 million between 1998 and 1997. This increase can be attributed primarily to a rise in computer depreciation expense related to the automation of the branch network computer system completed in the fourth quarter of 1997.

Professional fees and outside service expense increased $0.6 million during 1998 compared to 1997, primarily a result of professional fees associated with the corporate realignment.

Data processing and communications expense for 1998 experienced a $0.8 million increase compared to 1997. Contributing to this was increased data processing fees, a result of the outsourcing of the Company's items processing function during 1997.

Other operating expense for 1999 experienced a $1.4 million decline compared to 1998. In addition to a decline in recurring other operating expenses during 1999, the Company recognized a nonrecurring gain of $0.8 million on the sale of other real estate owned.

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 merger and acquisition expenses, gains and losses on the sales of OREO and other nonrecurring expenses) divided by net interest income plus noninterest income (excluding net security gains and losses and nonrecurring income). The efficiency ratio improved to 53.86% in 1999 from 57.92% for 1998. This improvement was a result of the increases in net interest and noninterest income between the reporting periods. The expense ratio is computed as total noninterest expense (excluding nonrecurring charges, such as merger expenses) less noninterest income (excluding net security gains and losses and nonrecurring income) divided by average assets. The expense ratio improved to 2.14% during 1999 from 2.31% in 1998. The improvement in the expense ratio can be attributed to the increases in noninterest income and average assets, while at the same time maintaining stable recurring noninterest expense.

INCOME TAXES

The effective income tax rate was 38.7% in 1999, 19.2% in 1998, and 36.0% in 1997. The decrease in rate for 1998 resulted from a tax benefit recognized during a corporate realignment. Additional information on income taxes is provided in the notes to the consolidated financial statements.

SECURITIES

The securities portfolio constituted 30.8% and 35.9% of average earning assets during 1999 and 1998, respectively. The decrease in average securities as a percentage of average earning assets between 1999 and 1998 can be attributed to the growth in earning assets resulting from the strong loan growth the Company has experienced. At December 31, 1999, the securities portfolio consists of 90% U.S. Government agencies guaranteed securities. All purchases of U.S. Governmental agencies guaranteed securities are 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.

TABLE 5
SECURITIES PORTFOLIO

As of December 31,	1999		1998		1997	
(in thousands)	AMORTIZED COST	FAIR VALUE	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities Available for Sale:						
U.S. Treasury	$ 10,400	$ 8,535	$ 10,406	$ 10,481	$ 2,395	$ 2,406
Federal Agency and mortgage-backed	339,405	322,564	335,189	340,383	431,259	435,167
State & Municipal and other securities	10,493	10,487	4,554	4,894	2,967	3,059
Total securities	$360,298	$341,586	$350,149	$355,758	$436,621	$440,632
Securities Held to Maturity:						
State & Municipal	30,000	30,000	22,649	22,649	23,692	23,692
Other securities	12,446	12,446	12,446	12,446	12,447	12,447
Total securities held to maturity	$ 42,446	$ 42,446	$ 35,095	$ 35,095	$ 36,139	$ 36,139

LOANS

The following Table 6 sets forth the loan portfolio by major categories as of December 31 for the years indicated.

TABLE 6
COMPOSITION OF LOAN PORTFOLIO

December 31,	1999	1998	1997	1996	1995
(in thousands)					
Real estate mortgages	$162,734	$149,647	$128,873	$110,288	$107,611
Commercial real estate mortgages	197,629	178,778	151,129	135,061	108,902
Real estate construction and development	14,077	10,378	6,602	9,582	13,361
Commercial and agricultural	254,852	209,731	175,362	146,930	138,391
Consumer	189,981	188,549	203,016	204,641	185,276
Home equity	103,758	84,422	70,500	48,091	34,817
Lease financing	--	--	--	--	27
Total loans	$923,031	$821,505	$735,482	$654,593	$588,385

The loan portfolio is the largest component of earning assets and accounts for the greatest portion of total interest income. At December 31, 1999, total loans were $923.0 million, a 12.4% increase from December 31, 1998. In general, loans are internally generated and lending activity is confined to New York State, principally the nine county area served by the Company. The Company does not engage in highly leveraged transactions or foreign lending activities. There were no concentration of loans exceeding 10% of total loans other than the concentration with borrowers in New York State, discussed in note 6 to the consolidated financial statements, and those categories reflected in Table 6.

Real estate mortgages consist primarily of loans secured by first or second deeds of trust on primary residencies. The Company sold $0.9 million in mortgage loans during both 1999 and 1998. There were no gains or losses recognized related to sales of mortgages originated in 1999 or 1998. At December 31, 1999 and 1998, loans classified as held for sale consist of higher education and residential mortgage loans with estimated fair market values equal to cost.

Loans in the commercial and agricultural category, as well as commercial real estate mortgages, consist primarily of short-term and/or floating rate commercial loans made to small to medium-sized companies. Agricultural loans totalled $51.5 million at December 31, 1999, and there are no other substantial loan concentrations to any one industry or to any one borrower.

Consumer loans consist primarily of installment credit to individuals secured by automobiles and other personal property. Management believes consumer loan underwriting guidelines to be conservative. The guidelines are based primarily on satisfactory credit history, down payment, and sufficient income to service monthly payments.

Shown in Table 7, Maturities and Sensitivities of Loans to Changes in Interest Rates, are the maturities of the loan portfolio and the sensitivity of loans to interest rate fluctuations at December 31, 1999. Scheduled repayments are reported in the maturity category in which the contractual payment is due.

TABLE 7
MATURITIES AND SENSITIVITIES OF LOANS TO CHANGES IN INTEREST RATES

REMAINING MATURITY AT DECEMBER 31, 1999	WITHIN ONE YEAR	AFTER ONE YEAR BUT WITHIN FIVE YEARS	AFTER FIVE YEARS	TOTAL
(in thousands)				
Floating/adjustable rate:				
Commercial and agricultural	$115,802	$ 66,661	$ 23,756	$206,219
Real estate mortgages	3,914	14,108	27,544	45,566
Consumer	23,165	8,242	38,901	70,308
Total floating rate loans	142,881	89,011	90,201	322,093
Fixed Rate:				
Commercial and agricultural	47,757	115,683	82,822	246,262
Real estate mortgages	8,495	32,582	90,168	131,245
Consumer	66,811	129,518	27,102	223,431
Total fixed rate loans	123,063	277,783	200,092	600,938
Total loans	$265,944	$366,794	$290,293	$923,031

NONPERFORMING ASSETS AND PAST DUE LOANS

Nonperforming assets and past due loans are reflected in Table 8 below for the years indicated.

TABLE 8
NONPERFORMING ASSETS AND RISK ELEMENTS

December 31,	1999	1998	1997	1996	1995
(dollars in thousands)					
Commercial and agricultural	$3,216	$2,394	$3,856	$2,441	$3,945
Real estate mortgages	319	437	692	251	332
Consumer	693	762	708	628	540
Total nonaccrual loans	4,228	3,593	5,256	3,320	4,817
Other real estate owned	166	1,164	530	1,242	2,000
Total nonperforming assets	4,394	4,757	5,786	4,562	6,817
Loans 90 days or more past due and still accruing:					
Commercial and agricultural	125	291	176	418	559
Real estate mortgages	247	341	244	344	448
Consumer	135	526	325	289	325
Total	507	1,158	745	1,051	1,332
Restructured loans, in compliance with modified terms:	--	--	--	--	142
Total assets containing risk elements	$4,901	$5,915	$6,531	$5,613	$8,291
Total nonperforming assets to loans	0.48%	0.58%	0.79%	0.70%	1.16%
Total assets containing risk elements to loans	0.53%	0.72%	0.89%	0.86%	1.41%
Total nonperforming assets to assets	0.32%	0.37%	0.45%	0.40%	0.62%
Total assets containing risk elements to assets	0.35%	0.46%	0.51%	0.49%	0.75%

Total nonperforming assets decreased $0.4 million or 7.6% at year-end 1999 compared to 1998, the result of the sales of other real estate owned during 1999. Total assets containing risk elements decreased $1.0 million or 17.1% during the same period, the result of the sale of other real estate owned and a reduction in loans ninety days or more past due and still accruing. The effect of nonaccrual and impaired loans on interest income is presented in the following Table 9.

TABLE 9
NONACCRUAL AND IMPAIRED LOANS INTEREST INCOME

December 31,	1999	1998	1997	1996	1995
(in thousands)					
Income that would have been accrued at original contract rates	$500	$278	$559	$1,125	$765
Amount recognized as income	220	170	148	593	344
Interest income not accrued	$280	$108	$411	$ 532	$421

DEPOSITS

Deposits are the largest component of the Company's liabilities and account for the greatest portion of interest expense. At December 31, 1999, total deposits were $1,108.1 million, an increase of 6.1% from December 31, 1998. Average deposits during 1999 of $1,057.3 million were 2.7% higher than the 1998 average. The increase in average deposits can be attributed to increases in the demand and savings categories with increases of $17.6 million and $16.7 million, respectively, partially offset by a $6.8 million decline in average time deposits. The increase in demand and savings deposits has contributed to the Company's improved net interest margin. The preceding Table 1 presents average deposits with accompanying average rates paid.

TABLE 10
MATURITY DISTRIBUTION OF TIME DEPOSITS OF $100,000 OR MORE

December 31,	1999
(in thousands)	
Within three months	$235,647
After three but within six months	34,629
After six but within twelve months	17,550
After twelve months	5,378
Total	$293,204

BORROWED FUNDS

Short-term borrowings include federal funds purchased, securities sold under agreement to repurchase, and other short-term borrowings which consist primarily of FHLB advances with original maturities of one day up to one year. Long-term debt consists of fixed rate FHLB advances with an original maturity greater than one year. At December 31, 1999, total borrowings of $150.5 million were up 40.9% compared to the previous year-end total of $106.8 million. Average borrowings during 1999 of $136.4 million represent a $13.4 million increase over 1998. For additional information on borrowed funds see notes 10 and 11 to consolidated financial statements.

CAPITAL AND DIVIDENDS

Capital is an important factor in ensuring the safety of depositors' accounts. During 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.

Capital adequacy is an important indicator of financial stability and performance. The principal source of capital to the Company is earnings retention. The Company remains well capitalized as the capital ratios indicate. Capital measurements are significantly in excess of both regulatory minimum guidelines and meet the requirements to be considered well capitalized.

On a per share basis, cash dividends declared have been increased in both 1999 and 1998. Cash dividends as a percentage of net income for 1999 of 46.44% increased from the 40.37% paid during 1998. 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, 1999 was the fortieth consecutive year that the Company declared a stock dividend.

The accompanying Table 11 sets forth the quarterly 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. At December 31, 1999, the total market capitalization of the Company's common stock was approximately $203.0 million compared with $290.3 million at December 31, 1998. The Company's price to book value ratio was 1.60, 2.22, and 1.97 at December 31, 1999, 1998 and 1997, respectively. The Company's price was 11, 16, and 17 times diluted earnings per share at December 31, 1999, 1998 and 1997, respectively.

TABLE 11
QUARTERLY COMMON STOCK AND DIVIDEND INFORMATION

(restated to give retroactive effect to stock dividends and splits)

	1999				1998			
QUARTER ENDING	HIGH	LOW	CLOSE	CASH DIVIDENDS DECLARED	High	Low	Close	Cash Dividends Declared
March 31	$23.33	$19.89	$19.89	$0.162	$19.05	$15.99	$19.05	$0.117
June 30	21.19	19.05	19.52	0.162	23.48	18.37	23.02	0.154
September 30	20.90	16.43	16.49	0.162	23.81	17.58	20.86	0.154
December 31	17.98	14.63	15.50	0.170	24.29	19.72	22.27	0.162
For the year	$23.33	$14.63	$15.50	$0.656	$24.29	$15.99	$22.27	$0.587

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.

Given the above, liquidity to the Company is defined as the ability to raise cash quickly at a reasonable cost without principal loss. The primary liquidity measurement the Company utilizes is called the Basic Surplus which captures the adequacy of its access to reliable sources of cash relative to the stability of its funding mix of average liabilities. This approach recognizes the importance of balancing levels of cash flow liquidity from short and long-term securities with the availability of dependable borrowing sources which can be accessed when necessary. Accordingly, the Company has established borrowing facilities 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.

This Basic Surplus approach enables the Company to adequately manage liquidity from both tactical and contingency perspectives. By tempering the need for cash flow liquidity with reliable borrowing facilities, the Company is able to operate with a more fully invested and, therefore, higher interest income generating, securities portfolio. The makeup and term structure of the securities portfolio is, in part, impacted by the overall interest rate sensitivity of the balance sheet. Investment decisions and deposit pricing strategies are impacted by the liquidity position.

At December 31, 1999 and 1998, the Company's Basic Surplus ratios (net access to cash and secured borrowings as a percentage of total assets) were approximately 4% and 9%, respectively. The Company had unused lines of credit available totalling $229 million to meet its short-term liquidity needs at December 31, 1999 and considered the Basic Surplus adequate to meet liquidity needs.

Interest rate risk is determined by the relative sensitivities of earning asset yields and interest bearing liability costs to changes in interest rates. Overnight federal funds on which rates change daily and loans which are tied to the prime rate differ considerably from long-term investment securities and fixed rate loans. Similarly, time deposits over $100,000 and money market deposit accounts are much more interest sensitive than NOW and savings accounts.

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. The funding matrix depicted in the accompanying table is utilized as a primary tool in managing interest rate risk. The matrix arrays repricing opportunities along a time line for both assets and liabilities. The time line for sources of funds, liabilities and equity, is depicted on the left hand side of the matrix. The longest term, most fixed rate sources, are presented in the upper left hand corner while the shorter term, most variable rate items, are at the lower left. Similarly, uses of funds, assets, are arranged across the top moving from left to right.

The body of the matrix is derived by allocating the longest fixed rate funding sources to the longest fixed rate assets (upper left corner) and shorter term variable sources to shorter term variable uses (lower right corner). The result is a graphical depiction of the time periods over which the Company is expected to experience exposure to rising or falling rates. Since the scales of the liability (left) and asset (top) sides are identical, all numbers in the matrix would fall within the diagonal lines if the Company was perfectly matched across all repricing time frames. Numbers outside the diagonal lines represent two general types of mismatches: i) liability sensitive, where rate sensitive liabilities exceed the amount of rate sensitive assets repricing within applicable time frames (items to the left of/below the diagonal lines) and ii) asset sensitive, where rate sensitive assets exceed the amount of rate sensitive liabilities repricing within applicable time frames (items to the right of/above the diagonal lines).

Generally, the lower the amount of this gap, the less sensitive are earnings to interest rate changes. The matrix indicates that the Company is liability sensitive in the short term and would be negatively impacted by a rising rate environment. The Asset/Liability Management Committee will continue to monitor the Company's gap position and implement appropriate strategies to minimize the potential interest rate risk of a rising interest rate environment.

TABLE 12
SUMMARY STATIC GAP FUNDING MATRIX

	(ASSETS) -USES-	OVER 60 MONTHS	37-60 MONTHS	25-36 MONTHS	13-24 MONTHS	7-12 MONTHS	4-6 MONTHS	MAR 00	FEB 00	JAN 00	ONE DAY	TOTALS
LIABILITIES												
-SOURCES-	TOTALS	416	196	123	141	108	57	20	19	253	61	1,394
OVER 60 MONTHS	575	416	159						Long Liabilities Short Assets			575
37-60 MONTHS	26		26									26
25-36 MONTHS	26		11	15								26
13-24 MONTHS	129			108	21							129
7-12 MONTHS	115				115							115
4-6 MONTHS	89				5	84						89
MAR 00	62					24	38					62
FEB 00	73						19	20	19	15		73
JAN 00	231	Long Assets Short Liabilities								231		231
ONE DAY	68									7	61	68
TOTALS	1,394	416	196	123	141	108	57	20	19	253	61	1,394

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 December 31, 1999 balance sheet position.

TABLE 13
INTEREST RATE SENSITIVITY ANALYSIS

Change in interest rates (in basis points)	Percent change in net interest income
+200	(4.41%)
+100	(2.53%)
-100	1.62%
-200	2.25%

FOURTH QUARTER RESULTS

Selected quarterly results are presented in Table 14, Selected Quarterly Financial Data.

TABLE 14
SELECTED QUARTERLY FINANCIAL DATA

	1999				1998			
(in thousands, except per share data)	FIRST	SECOND	THIRD	FOURTH	First	Second	Third	Fourth
Interest and fee income	$24,009	$24,931	$26,429	$26,590	$25,256	$25,276	$25,448	$25,100
Interest expense	9,514	9,978	10,832	11,053	11,221	11,168	10,885	10,403
Net interest income	14,495	14,953	15,597	15,537	14,035	14,108	14,563	14,697
Provision for loan losses	975	975	975	975	1,100	1,150	1,300	1,049
Noninterest income excluding securities gains	2,588	2,504	2,607	2,591	2,350	2,312	2,353	2,340
Securities gains	471	199	837	--	218	227	168	11
Noninterest expense	8,780	9,074	10,086	10,567	9,402	9,539	9,707	10,480
Net income	$ 4,811	$ 4,732	$ 4,813	$ 4,014	$ 5,072	$ 4,710	$ 4,731	$ 4,589
Basic earnings per share	$ 0.37	$ 0.36	$ 0.37	$ 0.31	$ 0.38	$ 0.36	$ 0.36	$ 0.35
Diluted earnings per share	$ 0.36	$ 0.36	$ 0.37	$ 0.31	$ 0.38	$ 0.35	$ 0.35	$ 0.34
Net interest margin	4.96%	4.87%	4.82%	4.78%	4.75%	4.68%	4.79%	4.80%
Return on average assets	1.54%	1.44%	1.40%	1.16%	1.60%	1.47%	1.46%	1.40%
Return on average equity	14.87%	14.59%	15.17%	12.46%	16.49%	14.92%	14.54%	13.87%
Average diluted common shares outstanding	13,206	13,153	13,137	13,156	13,499	13,541	13,488	13,369

PROPERTIES

The Company operates the following community banking offices:

Name of Office	Location	County	Date Established	Square Footage
Norwich	52 S. Broad St., Norwich, NY	Chenango	07-15-1856	77,000
Afton	182 Main St., Afton, NY	Chenango	09-01-1962	2,779
Bainbridge	9 N. Main St., Bainbridge, NY	Chenango	12-07-1938	5,100
Earlville	2 S. Main St., Earlville, NY	Chenango	08-07-1937	1,650
Grand Gorge	Rt. 23 & 30, Grand Gorge, NY	Delaware	11-01-1957	3,000
Margaretville	Main St., Margaretville, NY	Delaware	09-03-1963	3,200
New Berlin	2 S. Main St., New Berlin, NY	Chenango	12-21-1946	2,500
Sherburne	30 N. Main St., Sherburne, NY	Chenango	08-07-1937	3,400
South Otselic	Gladding St., S. Otselic, NY	Chenango	10-01-1945	1,326
North Plaza	Rt. 12 & 320, Norwich, NY	Chenango	10-15-1986	1,874
South Plaza	Rt. 12 S., Norwich, NY	Chenango	08-20-1986	1,150
Deposit	105 Front St., Deposit, NY	Broome	02-12-1971	4,500
Newark Valley	2 N. Main St., Newark Valley, NY	Tioga	10-01-1973	3,822
Maine	2647 Main St., Maine, NY	Broome	10-01-1973	1,350
Hobart	Maple Ave., Hobart, NY	Delaware	06-28-1974	2,400
Sidney	13 Division St., Sidney, NY	Delaware	12-31-1978	5,800
Oxford	10 North Canal St., Oxford, NY	Chenango	03-16-1998	2,000
Greene	80 S. Chenango St., Greene, NY	Chenango	12-15-1986	3,100
Binghamton	1256 Front St., Binghamton, NY	Broome	03-29-1993	1,900
Hancock	1 E. Main St., Hancock, NY	Delaware	10-01-1989	6,000
Oneonta	733 State Highway 28, Oneonta, NY	Otsego	01-14-1998	4,600
Oneonta-East	5582 State Highway Rt. 7, Oneonta, NY	Otsego	05-24-1999	2,656
Clinton	1 Kirkland Ave., Clinton, NY	Oneida	10-01-1989	10,300
Rome Westgate	Westgate Plaza, 1148 Erie Blvd. W., Rome, NY	Oneida	10-01-1989	1,950
Utica Business Park	555 French Road, New Hartford, NY	Oneida	10-01-1994	3,396
New Hartford	8549 Seneca Turnpike, New Hartford, NY	Oneida	12-16-1995	4,200
Rome Black River	853 Black River Blvd., Rome, NY	Oneida	10-01-1997	3,000
Gloversville	199 Second Ave. Ext., Gloversville, NY	Fulton	10-01-1989	4,263
Northville	192 N. Main St., Northville, NY	Fulton	10-01-1989	3,000
Vail Mills	Rt. 30, Broadalbin, NY	Fulton	10-01-1989	2,000
Lake Placid	81 Main St., Lake Placid, NY	Essex	10-01-1989	8,500
Cold Brook Plaza	Saranac Ave., Lake Placid, NY	Essex	10-01-1989	1,300
Saranac Lake	2 Lake Flower Ave., Saranac Lake, NY	Essex	10-01-1989	2,400
Plattsburgh Rt. 3	482 Rt. 3, Plattsburgh, NY	Clinton	05-04-1998	6,800
Plattsburgh Margaret St	83 Margaret St., Plattsburgh, NY	Clinton	05-18-1998	1,822
Ellenburg Depot	5084 Rt. 11, Ellenburg Depot, NY	Clinton	08-28-1993	2,346

The Oxford, South Otselic, Binghamton, Oneonta, Vail Mills, Rome Westgate, Utica Business Park and Rome Black River Offices are leased. The Company owns all other banking premises. The Company also has 47 ATM's, all of which are owned.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

Responsibility for the integrity, objectivity, consistency, and fair presentation of the financial information presented in this Annual Report rests with NBT Bancorp Inc. management. The accompanying consolidated financial statements and related information have been prepared in conformity with generally accepted accounting principles consistently applied and include, where required, amounts based on informed judgments and management's best estimates.

Management maintains a system of internal controls and accounting policies and procedures to provide reasonable assurance of the accountability and safeguarding of Company assets and of the accuracy of financial information. These procedures include management evaluations of asset quality and the impact of economic events, organizational arrangements that provide an appropriate segregation of responsibilities and a program of internal audits to evaluate independently the adequacy and application of financial and operating controls and compliance with Company policies and procedures.

The Board of Directors has appointed an Audit, Compliance and Loan Review Committee composed entirely of directors who are not employees of the Company. The Audit, Compliance and Loan Review Committee is responsible for recommending to the Board the independent auditors to be retained for the coming year, subject to stockholder ratification. The Audit, Compliance and Loan Review Committee meets periodically, both jointly and privately, with the independent auditors, with our internal auditors, as well as with representatives of management, to review accounting, auditing, internal control structure and financial reporting matters. The Audit, Compliance and Loan Review Committee reports to the Board on its activities and findings.

Daryl R. Forsythe
President and Chief Executive Officer

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
NBT Bancorp Inc.:

We have audited the accompanying consolidated balance sheets of NBT Bancorp Inc. and subsidiary as of December 31, 1999 and 1998, and the related consolidated statements of income, stockholders' equity, cash flows and comprehensive income for each of the years in the three year period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NBT Bancorp Inc. and subsidiary as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1999, in conformity with generally accepted accounting principles.

KPMG LLP

Syracuse, New York
January 21, 2000

NBT BANCORP INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS

December 31,	1999	1998
(in thousands, except share and per share data)		
ASSETS		
Cash and cash equivalents	$ 46,033	$ 47,181
Loans held for sale	3,621	2,887
Securities available for sale, at fair value	341,586	355,758
Securities held to maturity (fair value-$42,446 and $35,095)	42,446	35,095
Loans	923,031	821,505
Less allowance for loan losses	13,855	12,962
Net loans	909,176	808,543
Premises and equipment, net	21,663	20,241
Intangible assets, net	6,592	7,572
Other assets	22,500	12,732
TOTAL ASSETS	$ 1,393,617	$ 1,290,009
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand (noninterest bearing)	$ 164,476	$ 154,146
Savings, NOW, and money market	392,193	391,614
Time	551,404	498,445
Total deposits	1,108,073	1,044,205
Short-term borrowings	115,299	96,589
Long-term debt	35,157	10,171
Other liabilities	8,552	8,412
Total liabilities	1,267,081	1,159,377
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-15,000,000; shares issued 13,636,932 and 13,015,789	13,637	13,016
Capital surplus	121,913	111,749
Retained earnings	13,719	15,512
Accumulated other comprehensive (loss) income	(11,068)	3,317
Common stock in treasury at cost, 538,936 and 599,507 shares	(11,665)	(12,962)
Total stockholders' equity	126,536	130,632
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,393,617	$ 1,290,009

See notes to consolidated financial statements

NBT BANCORP INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31,	1999	1998	1997
(in thousands, except per share data)			
Interest and fee income:			
Loans and loans held for sale	$ 75,862	$ 70,947	$64,781
Securities available for sale	23,928	27,910	29,031
Securities held to maturity	1,862	1,918	2,035
Other	307	305	334
Total interest and fee income	101,959	101,080	96,181
Interest expense:			
Deposits	34,588	37,201	35,234
Short-term borrowings	5,252	6,014	6,581
Long-term debt	1,537	462	707
Total interest expense	41,377	43,677	42,522
Net interest income	60,582	57,403	53,659
Provision for loan losses	3,900	4,599	3,505
Net interest income after provision for loan losses	56,682	52,804	50,154
Noninterest income:			
Trust	3,305	3,115	2,675
Service charges on deposit accounts	4,272	3,749	3,695
Securities gains (losses)	1,507	624	(337)
Other	2,713	2,491	2,033
Total noninterest income	11,797	9,979	8,066
Noninterest expense:			
Salaries and employee benefits	19,575	19,202	17,905
Office supplies and postage	1,833	1,912	1,801
Occupancy	2,865	2,843	2,598
Equipment	2,722	2,375	1,700
Professional fees and outside services	2,784	2,836	2,201
Data processing and communications	3,832	3,577	2,789
Amortization of intangible assets	980	1,070	1,351
Other operating	3,916	5,313	4,825
Total noninterest expense	38,507	39,128	35,170
Income before income taxes	29,972	23,655	23,050
Income taxes	11,602	4,553	8,301
Net income	$ 18,370	$ 19,102	$14,749
Earnings per share:			
Basic	$ 1.41	$ 1.45	$ 1.12
Diluted	$ 1.40	$ 1.42	$ 1.11

See notes to consolidated financial statements

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

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

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total
(in thousands, except share and per share data)						
BALANCE AT DECEMBER 31, 1996	8,838	82,731	24,208	(1,529)	(7,984)	106,264
Net income			14,749			14,749
Issuance of 427,496 shares for 5% stock dividend	428	10,717	(11,145)			-
Cash dividends - $0.421 per share			(5,544)			(5,544)
Payment in lieu of fractional shares			(19)			(19)
Issuance of 164,030 shares to stock plan	164	2,476				2,640
Purchase of 131,900 treasury shares					(2,568)	(2,568)
Sale of 197,478 treasury shares to employee benefit plans and other stock plans		570			3,349	3,919
Unrealized net gain on securities available for sale, net of deferred taxes of $2,695				3,902		3,902
BALANCE AT DECEMBER 31, 1997	9,430	96,494	22,249	2,373	(7,203)	123,343
Net income			19,102			19,102
Issuance of 3,585,826 shares for 5% stock dividend and stock split	3,586	14,531	(18,117)			-
Cash dividends - $0.587 per share			(7,711)			(7,711)
Payment in lieu of fractional shares			(11)			(11)
Purchase of 353,000 treasury shares					(9,094)	(9,094)
Sale of 169,364 treasury shares to employee benefit plans and other stock plans		724			3,335	4,059
Unrealized net gain on securities available for sale, net of deferred taxes of $654				944		944
BALANCE AT DECEMBER 31, 1998	13,016	111,749	15,512	3,317	(12,962)	130,632
Net income			18,370			18,370
Issuance of 621,143 shares for 5% stock dividend	621	10,994	(11,615)			-
Cash dividends - $0.656 per share			(8,532)			(8,532)
Payment in lieu of fractional shares			(16)			(16)
Purchase of 213,500 treasury shares					(4,643)	(4,643)
Sale of 274,071 treasury shares to employee benefit plans and other stock plans		(830)			5,940	5,110
Unrealized net loss on securities available for sale, net of deferred taxes of $9,936				(14,385)		(14,385)
BALANCE AT DECEMBER 31, 1999	$13,637	$121,913	$13,719	$(11,068)	$(11,665)	$126,536

See notes to consolidated financial statements

NBT BANCORP INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31,	1999	1998	1997
(in thousands)			
OPERATING ACTIVITIES:			
Net income	$ 18,370	$ 19,102	$ 14,749
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	3,900	4,599	3,505
Depreciation of premises and equipment	2,210	2,047	1,471
Net accretion on securities	(1,676)	(2,051)	(236)
Amortization of intangible assets	980	1,070	1,351
Deferred income tax benefit	(217)	(1,227)	(435)
Proceeds from sale of loans originated for sale	2,373	3,661	4,390
Loans originated for sale	(3,107)	(3,262)	(3,541)
Net gain on sale of other real estate owned	(776)	(147)	(121)
Net realized (gains) losses on sales of securities	(1,507)	(624)	337
(Increase) decrease in interest receivable	(573)	1,039	449
Increase (decrease) in interest payable	1,273	(509)	809
Sale of branch, net	--	--	(219)
Other, net	(1,173)	(210)	1,673
Net cash provided by operating activities	20,077	23,488	24,182
INVESTING ACTIVITIES:			
Securities available for sale:			
Proceeds from maturities	57,346	80,171	50,762
Proceeds from sales	60,171	130,293	183,481
Purchases	(124,483)	(121,317)	(299,225)
Securities held to maturity:			
Proceeds from maturities	22,697	24,244	24,987
Purchases	(30,048)	(23,200)	(18,888)
Net increase in loans	(105,035)	(91,686)	(84,261)
Purchase of premises and equipment, net	(3,632)	(3,527)	(3,925)
Proceeds from sales of other real estate owned	2,276	1,954	1,980
Net cash used in investing activities	(120,708)	(3,068)	(145,089)
FINANCING ACTIVITIES:			
Net increase in deposits	63,868	30,022	97,864
Net increase (decrease) in short-term borrowings	18,710	(37,938)	46,283
Proceeds from issuance of long-term debt	25,000	10,000	--
Repayments of long-term debt	(14)	(12)	(20,012)
Proceeds from issuance of treasury shares to employee benefit plans and other stock plans	5,110	4,059	6,559
Purchase of treasury stock	(4,643)	(9,094)	(2,568)
Cash dividends and payment for fractional shares	(8,548)	(7,722)	(5,563)
Net cash provided (used) by financing activities	99,483	(10,685)	122,563
Net (decrease) increase in cash and cash equivalents	(1,148)	9,735	1,656
Cash and cash equivalents at beginning of year	47,181	37,446	35,790
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 46,033	$ 47,181	$ 37,446
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$ 40,104	$ 44,186	$ 41,713
Income taxes	11,773	6,778	6,126

See notes to consolidated financial statements

NBT BANCORP INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31,	1999	1998	1997
(in thousands)			
Net income	$18,370	$19,102	$14,749
Other comprehensive (loss) income, net of tax:			
Unrealized net holding (losses) gains arising during period [pre-tax amounts of $(22,814); $2,222 and $6,260]	(13,494)	1,313	3,702
Less: Reclassification adjustment for net (gains) losses included in net income [pre-tax amounts of $(1,507); $(624) and $337]	(891)	(369)	200
Total other comprehensive (loss) income	(14,385)	944	3,902
Comprehensive income	$3,985	$20,046	$18,651

See notes to consolidated financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NBT Bancorp Inc. ("Bancorp") and its subsidiary follow generally accepted accounting principles ("GAAP") and reporting practices applicable to the banking industry. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The following is a description of significant policies and practices:

Consolidation

The consolidated financial statements include the accounts of Bancorp and its wholly owned subsidiary, NBT Bank, N.A. ("Bank") collectively referred to herein as the Company. All significant intercompany transactions have been eliminated in consolidation. Certain amounts previously reported in the financial statements have been reclassified to conform with the current presentation. In the "Parent Company Financial Information," the investment in subsidiary bank is carried under the equity method of accounting.

Business

The Company provides loan and deposit services to its customers, primarily in its nine county service area. The Company is subject to competition from other financial institutions. The Company is also subject to the regulations of certain federal agencies and undergoes periodic examination by those regulatory agencies.

Segment reporting

The Company's operations are solely in the financial services industry and include the provision of traditional banking services. The Company operates solely in the geographical region of Upstate New York. Management makes operating decisions and assesses performance based on an ongoing review of its traditional banking operations, which constitute the Company's only reportable segment.

Trust

Assets held by the Company in a fiduciary or agency capacity for its customers are not included in the accompanying consolidated balance sheets, since such assets are not assets of the Company. Trust income is recognized on the accrual method based on contractual rates applied to the balances of trust accounts.

Cash and cash equivalents

The Company considers amounts due from correspondent banks, cash items in process of collection and institutional money market mutual funds to be cash equivalents.

Securities

The Company classifies its debt securities at date of purchase as either available for sale or held to maturity. The Company does not hold any securities considered to be trading. Held to maturity securities are those that the Company has the ability and intent to hold until maturity. All other securities not included as held to maturity are classified as available for sale.

Available for sale securities are recorded at fair value. Held to maturity securities are recorded at amortized cost. Unrealized holding gains and losses on available for sale securities are excluded from earnings and are reported in stockholders' equity as accumulated comprehensive (loss) income, net of income taxes. Transfers of securities between categories are recorded at fair value at the date of transfer. A decline in the fair value of any available for sale or held to maturity security below cost that is deemed other than temporary is charged to earnings resulting in the establishment of a new cost basis for the security.

Premiums and discounts are amortized or accreted over the life of the related security as an adjustment to yield using the interest method. Dividends and interest income are recognized when earned. Realized gains and losses on securities sold are derived using the specific identification method for determining the cost of securities sold.

Loans and loans held for sale

Loans are recorded at their current unpaid principal balance, net of unearned income. Loans classified as held for sale, primarily higher education loans, are carried at the lower of aggregate cost or estimated fair value. Interest income on loans is primarily accrued based on the principal amount outstanding.

The Company's classification of a loan as a nonaccrual loan is based in part on bank regulatory guidelines. Loans are placed on nonaccrual status when timely collection of interest is doubtful. Loans are transferred to a nonaccrual basis generally when principal or interest payments become ninety days delinquent, unless the loan is well secured and in the process of collection, or when management concludes circumstances indicate that borrowers may be unable to meet contractual principal or interest payments. When in the opinion of management the collection of principal appears unlikely, the loan balance is charged-off in total or in part. Accrual of interest is discontinued if the loan is placed on nonaccrual status. When a loan is transferred to a nonaccrual status, any unpaid accrued interest is reversed and charged against income.

Management, considering current information and events regarding the borrowers' ability to repay the obligations, considers a loan to be impaired when it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. When a loan is considered to be impaired, the amount of the impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of collateral if the loan is collateral dependent.

If ultimate repayment of a nonaccrual loan is expected, any payments received are applied in accordance with contractual terms. If ultimate repayment of principal is not expected or management judges it to be prudent, any payment received on a nonaccrual loan is applied to principal until ultimate repayment becomes expected. Nonaccrual loans are returned to accrual status when management determines that the financial condition of the borrower has improved significantly to the extent that there has been a sustained period of repayment performance so that the loan is brought current and the collectibility of both principal and interest appears assured.

Allowance for loan losses
The allowance for loan losses is the amount which, in the opinion of management, is necessary to absorb probable losses in the loan portfolio. The allowance is determined by reference to the market area the Company serves, local economic conditions, the growth and composition of the loan portfolio with respect to the mix between the various types of loans and their related risk characteristics, a review of the value of collateral supporting the loans, and comprehensive reviews of the loan portfolio by the Loan Review staff and management. As a result of the test of adequacy, required additions to the allowance for loan losses are made periodically by charges to the provision for loan losses. Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions or changes in the values of properties securing loans in the process of foreclosure. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance for loan losses based on their judgements about information available to them at the time of their examination which may not be currently available to management.

Premises and equipment
Premises and equipment are stated at cost, less accumulated depreciation. Depreciation of premises and equipment is determined using the straight line method over the estimated useful lives of the respective assets. Expenditures for maintenance, repairs, and minor replacements are charged to expense as incurred.

Other real estate owned
Other real estate owned ("OREO") consists of properties acquired through foreclosure or by acceptance of a deed in lieu of foreclosure. These assets are recorded at the lower of carrying amount or fair market value, less any estimated costs of disposal. Loan losses arising from the acquisition of such assets are charged to the allowance for loan losses and any subsequent valuation write-downs are charged to other expense. Operating costs associated with the properties are charged to expense as incurred. Gains on the sale of OREO are included in income when title has passed and the sale has met the minimum down payment requirements prescribed by generally accepted accounting principles.

Intangible assets
Intangible assets consist of core deposit intangible assets and goodwill. Intangible assets equal the excess of the purchase price over the fair value of the tangible net assets acquired in acquisitions. Intangible assets are being amortized by the straight line method in amounts sufficient to write-off the intangible assets over their estimated useful lives; such intangible assets and useful lives are reviewed annually for events or changes in circumstances that may indicate that the carrying amount of the assets are not recoverable.

Treasury stock
Treasury stock acquisitions are recorded at cost. Subsequent sales of treasury stock are recorded on an average cost basis. Gains on the sale of treasury stock are credited to capital surplus. Losses on the sale of treasury stock are charged to capital surplus to the extent of previous gains, otherwise charged to retained earnings.

Postretirement benefits
The Company uses actuarial based accrual accounting for its postretirement health care plans, electing to recognize the transition obligation on a delayed basis over the plan participants' future service periods, estimated to be twenty years.

Income taxes
Income taxes are accounted for under the asset and liability method. The Company files a consolidated tax return on the accrual basis. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

NOTE 2 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 years presented in the income statement:

Year ended December 31,	1999	1998	1997
(in thousands)			
Basic EPS:			
Weighted average common shares outstanding	13,031	13,198	13,176
Net income available to common shareholders	$18,370	$19,102	$14,749
Basic EPS	$ 1.41	$ 1.45	$ 1.12
Diluted EPS:			
Weighted average common shares outstanding	13,031	13,198	13,176
Dilutive common stock options	132	276	159
Weighted average common shares and potential common stock	13,163	13,474	13,335
Net income available to common stockholders	$18,370	$19,102	$14,749
Diluted EPS	$ 1.40	$ 1.42	$ 1.11

NOTE 3 FEDERAL RESERVE BOARD REQUIREMENT
The Company is required to maintain a reserve balance with the Federal Reserve Bank of New York. The required average total reserve for the 14 day maintenance period ending December 29, 1999, was $15.2 million of which $1.0 million was required to be on deposit with the Federal Reserve Bank and the remaining $14.2 million was represented by cash on hand.

NOTE 4 BUSINESS COMBINATIONS (UNAUDITED)

Lake Ariel Bancorp, Inc.
On February 17, 2000, the stockholders of NBT Bancorp Inc. and Lake Ariel Bancorp, Inc. approved a merger of the two companies. On this date, Lake Ariel Bancorp, Inc. and its wholly owned subsidiaries were merged with and into NBT Bancorp Inc. with each issued and outstanding share of Lake Ariel receiving 0.9961 shares of NBT Bancorp Inc. common stock. The transaction resulted in the issuance of 4.9 million shares of NBT Bancorp Inc. common stock, bringing the Company's outstanding shares to 17.9 million after the merger. In addition to approving the merger, stockholders approved proposals to increase the number of authorized shares of common stock from 15 million to 30 million and to change the authorized common and preferred stock to shares having a par value of $0.01 per share.

LA Bank, N.A., a former subsidiary of Lake Ariel Bancorp, Inc., is a commercial bank headquartered in northeast Pennsylvania. LA Bank, N.A., with approximately $570 million in assets at December 31, 1999, has twenty-two branch offices in five counties.

The merger qualified as a tax-free exchange for Lake Ariel Bancorp, Inc. stockholders and is being accounted for as a pooling-of-interests combination. NBT Bancorp Inc.'s consolidated financial statements presented in future periods will be restated to include the results of operations of Lake Ariel Bancorp, Inc. Concurrent with the announcement of the merger, NBT Bancorp Inc. reduced its stock repurchase plan from 600,000 shares to 200,000 leaving 76,500 shares remaining for repurchase under the reduced plan.

The following table presents unaudited pro forma data combining the results of operations of NBT Bancorp Inc. and Lake Ariel Bancorp, Inc. as if the merger had been consummated on December 31, 1999. This data reflects adjustments to conform the accounting methods of Lake Ariel Bancorp, Inc. with those of NBT Bancorp Inc.

Year ended December 31,	1999	1998	1997
(in thousands, except per share data)			
Net interest income	$74,807	$ 69,883	$ 64,784
Net income	22,175	22,873	18,180
Diluted earnings per share	1.23	1.25	1.05

Pioneer American Holding Company Corp.

On December 8, 1999, NBT Bancorp Inc. and Pioneer American Holding Company Corp., the parent company of Pioneer American Bank, N.A., announced they entered into a definitive agreement of merger. The merger is subject to the approval of each company's stockholders and of banking regulators. The merger is expected to close in the second quarter of 2000 and is intended to be accounted for as a pooling-of-interests and qualify as a tax-free exchange for Pioneer American stockholders. Stockholders of Pioneer American will receive a fixed ratio of 1.805 shares of NBT Bancorp Inc. common stock for each share exchanged. NBT Bancorp Inc. will issue approximately 5.2 million shares and share equivalents in exchange for all of the Pioneer American common stock and share equivalents outstanding.

Pioneer American Bank, N.A. is a full service commercial bank with total assets of approximately $420 million at December 31, 1999. The Bank has eighteen branches in five counties 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.

NOTE 5 SECURITIES

The amortized cost, estimated fair value and unrealized gains and losses of securities available for sale are as follows:

(in thousands)	Amortized Cost	Gains	Unrealized Losses	Fair Value
DECEMBER 31, 1999				
U.S. Treasury	$ 10,400	$ --	$ 1,865	$ 8,535
Federal Agency	64,479	--	6,826	57,653
State & Municipal	1,120	4	1	1,123
Mortgage-backed	274,926	1	10,016	264,911
Other securities	9,373	362	371	9,364
Total	$360,298	$ 367	$19,079	$341,586
December 31, 1998				
U.S. Treasury	$ 10,406	$ 75	$ --	$ 10,481
Federal Agency	67,430	745	85	68,090
State & Municipal	1,273	49	--	1,322
Mortgage-backed	267,759	4,584	50	272,293
Other securities	3,281	303	12	3,572
Total	$350,149	$ 5,756	$ 147	$355,758

Gross realized gains and gross realized losses on the sale of securities available for sale were $1.5 million and $0.01 million, respectively, in 1999. Gross realized gains and gross realized losses on the sale of securities available for sale were $0.6 million and $0.02 million, respectively, in 1998. Gross realized gains and gross realized losses on the sale of securities available for sale were $0.4 million and $0.7 million, respectively, in 1997.

At December 31, 1999 and 1998, securities with amortized costs totaling $375.3 million and $319.5 million, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

The amortized cost, estimated fair value, and unrealized gains and losses of securities held to maturity are as follows:

(in thousands)	Amortized Cost	Gains	Unrealized Losses	Fair Value
DECEMBER 31, 1999				
State & Municipal	$30,000	$--	$--	$30,000
Other securities	1,517	--	--	1,517
Federal Home Loan Bank Stock	10,929	--	--	10,929
Total	$42,446	$--	$--	$42,446
December 31, 1998				
State & Municipal	$22,649	$--	$--	$22,649
Other securities	1,517	--	--	1,517
Federal Home Loan Bank Stock	10,929	--	--	10,929
Total	$35,095	$--	$--	$35,095

As a member of the Federal Home Loan Bank (FHLB), the Company holds the required investment in FHLB stock.

At December 31, 1999 and 1998 all of the mortgage-backed securities held by the Company were issued or backed by Federal agencies.

Remaining maturities of debt securities at December 31, 1999

(dollars in thousands)	Within One Year Amount	Within One Year Yield	After One Year But Within Five Years Amount	After One Year But Within Five Years Yield	After Five Years But Within Ten Years Amount	After Five Years But Within Ten Years Yield	After Ten Years Amount	After Ten Years Yield	Total Portfolio Amount	Total Portfolio Yield
SECURITIES AVAILABLE FOR SALE:										
U.S. Treasury	$ --	--%	$ --	--%	$ --	--%	$ 10,400	5.23%	$ 10,400	5.23%
Federal Agency	--	--	--	--	21,569	6.65	42,910	7.21	64,479	7.02
State & Municipal	--	--	792	6.10	328	6.13	--	--	1,120	6.11
Mortgage-backed	213	6.42	12,203	7.17	69,864	6.92	192,646	6.98	274,926	6.97
Other securities	--	--	--	--	--	--	9,373	4.40	9,373	4.40
Amortized cost	$ 213	6.42%	$12,995	7.10%	$91,761	6.85%	$255,329	6.85%	$360,298	6.86%
Fair value	$ 213		$12,871		$88,201		$240,301		$341,586	
SECURITIES HELD TO MATURITY:										
State & Municipal	$24,073	6.05%	$ 4,296	7.34%	$ 1,568	7.43%	$ 63	8.35%	$ 30,000	6.32%
Amortized cost	$24,073	6.05%	$ 4,296	7.34%	$ 1,568	7.43%	$ 63	8.35%	$ 30,000	6.32%
Fair value	$24,073		$ 4,296		$ 1,568		$ 63		$ 30,000	

In the tables setting forth the maturity distribution and weighted average taxable equivalent yield of securities at December 31, 1999, the yields on amortized cost of state and municipal securities have been calculated based on effective yields weighted for the scheduled maturity of each security using the marginal federal tax rate of 35%. Maturities of mortgage-backed securities are stated based on their estimated average life.

NOTE 6 LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans by category is as follows:

December 31,	1999	1998
(in thousands)		
Real estate mortgages	$162,734	$149,647
Commercial real estate mortgages	197,629	178,778
Real estate construction and development	14,077	10,378
Commercial and agricultural	254,852	209,731
Consumer	189,981	188,549
Home equity	103,758	84,422
Total loans	$923,031	$821,505

The Company's concentrations of credit risk are reflected in the balance sheet. The concentrations of credit risk with standby letters of credit, committed lines of credit and commitments to originate new loans generally follow the loan classifications. A substantial portion of the Company's loans is secured by real estate located in central and northern New York. Accordingly, the ultimate ability to collect on a substantial portion of the Company's portfolio is susceptible to changes in market conditions of those areas. Management is not aware of any material concentrations of credit to any industry or individual borrowers.

Changes in the allowance for loan losses for the three years ended December 31, 1999, are summarized as follows:

(in thousands)	1999	1998	1997
Balance at January 1,	$12,962	$11,582	$10,473
Provision	3,900	4,599	3,505
Recoveries	888	933	892
	17,750	17,114	14,870
Loans charged off	3,895	4,152	3,288
Balance at December 31,	$13,855	$12,962	$11,582

Nonperforming Loans

The interest income that would have accrued on nonaccrual loans at original contract rates for the years ended December 31, 1999, 1998, and 1997 was $0.5 million, $0.6 million and $0.6 million, respectively. Approximately $0.2 million, $0.2 million and $0.1 million of interest on the above nonaccrual loans was collected and recognized as income for the years ended December 31, 1999, 1998 and 1997, respectively. The Company is not committed to advance additional funds to these borrowers. Nonaccrual loans were $4.2 million and $3.6 million at December 31, 1999 and 1998, respectively.

At December 31, 1999, the recorded investment in impaired loans was $3.2 million. Included in this amount is $0.3 million of impaired loans for which the specifically allocated allowance for loan loss is $0.3 million. In addition, included in impaired loans is $2.9 million of impaired loans that, as a result of the adequacy of collateral values and cash flow analysis do not have a specific allocation. At December 31, 1998, the recorded investment in impaired loans was $2.4 million, of which $1.1 million had a specific allowance allocation of $0.2 million and $1.3 million for which there was no specific allocation. The average recorded investment in impaired loans was $2.6 million, $4.0 million and $3.1 million in 1999, 1998 and 1997, respectively. During the years ended December 31, 1999, 1998 and 1997 the Company recognized $0.2 million, $0.2 million and $0.1 million, respectively, of interest income on impaired loans, all of which was recognized using the cash basis of income recognition.

Loans Held For Sale and Loan Servicing

The Company carries loans held for sale at the lower of aggregate cost or estimated fair value. It is the Company's practice to sell its higher education loans to the Student Loan Marketing Association at the Company's cost after the student leaves school. During 1999, $1.5 million of such loans were sold. At December 31, 1999, the aggregate cost and estimated fair value of student loans held for sale were $3.5 million, while at December 31, 1998 aggregate cost and estimated market value were $2.9 million.

The Company originates mortgage loans, classified as held for sale, for the State of New York Mortgage Agency. These loans are sold after closing at the aggregate cost to the Company. At December 31, 1999 the aggregate cost and estimated fair value of mortgage loans held for sale was $0.1 million. At December 31, 1998 the aggregate cost and estimated fair value of mortgage loans held for sale was $0. During 1999, $0.9 million of such loans were sold with servicing retained. At December 31, 1999, the Company serviced $23.9 million of real estate mortgages on behalf of other financial intermediaries. Such loans are not reflected in the Company's balance sheet.

Related Party Loans

In the ordinary course of business, the Company has made loans at prevailing rates and terms to directors, officers, and other related parties. Such loans, in management's opinion, did not present more than the normal risk of collectiblity or incorporate other unfavorable features. The aggregate amount of loans outstanding to qualifying related parties and changes during the years are summarized as follows:

	1999	1998
(in thousands)		
Balance at January 1,	$ 4,442	$ 3,563
New loans	2,637	3,463
Repayments	(677)	(2,584)
Balance at December 31,	$ 6,402	$ 4,442

NOTE 7 PREMISES AND EQUIPMENT, NET

A summary of premises and equipment follows:

December 31,	1999	1998
(in thousands)		
Company premises	$22,287	$21,836
Equipment	22,364	20,630
Construction in progress	1,399	306
	46,050	42,772
Accumulated depreciation	24,387	22,531
Total premises and equipment	$21,663	$20,241

Depreciation of premises and equipment totaled $2.2 million in 1999, $2.0 million in 1998 and $1.5 million in 1997.

Rental expense included in occupancy expense amounted to $0.4 million annually in 1999 and 1998, and $0.3 million in 1997. The future minimum rental commitments as of December 31, 1999, for noncancellable operating leases were as follows: 2000--$0.5 million; 2001--$0.4 million; 2002--$0.3 million; 2003--$0.2 million; and 2004 and beyond--$0.5 million.

NOTE 8 INTANGIBLE ASSETS, NET

At December 31, 1999 and 1998, the accumulated amortization of intangible assets was $19.2 and $18.2 million, respectively. The table below presents significant balances, amortization and the respective periods of amortization:

December 31,	1999	1998
(in thousands)		
Goodwill (25 yrs.):		
Beginning balance	$ 5,379	$ 5,718
Amortization	(338)	(339)
Ending balance	5,041	5,379
Core deposit intangible assets (10-12 yrs.):		
Beginning balance	2,193	2,924
Amortization	(642)	(731)
Ending balance	1,551	2,193
Total intangible assets, net	$ 6,592	$ 7,572

NOTE 9 DEPOSITS

Time deposits of $100,000 or more aggregated $293.2 million and $282.0 million at year-end 1999 and 1998, respectively.

The following table sets forth the maturity distribution of time certificates of deposit at December 31, 1999:

(in thousands)	
Within one year	$474,096
After one but within two years	49,539
After two but within three years	16,315
After three but within four years	8,062
After four but within five years	3,313
After five years	79
TOTAL	$551,404

NOTE 10 SHORT-TERM BORROWINGS

Short-term borrowings consist of federal funds purchased and securities sold under repurchase agreements, which generally represent overnight borrowing transactions, and other short-term borrowings, primarily Federal Home Loan Bank (FHLB) advances, with original maturities of one year or less. The Company has unused lines of credit available for short-term financing of $229 million at December 31, 1999. Securities collateralizing repurchase agreements, with a market value of $31.8 million at December 31, 1999, are held in safekeeping by non-affiliated financial institutions and are under the Company's control.

Information related to short-term borrowings is summarized as follows:

	1999	1998	1997
(dollars in thousands)			
FEDERAL FUNDS PURCHASED			
Balance at year-end	$48,000	$28,000	$25,000
Average during the year	36,912	35,674	29,501
Maximum month end balance	63,000	60,000	49,000
Weighted average rate during the year	5.18%	5.58%	5.70%
Weighted average rate at December 31	5.51%	4.75%	6.13%
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS			
Balance at year-end	$27,049	$38,388	$59,721
Average during the year	32,520	33,659	51,427
Maximum month end balance	37,268	42,085	95,403
Weighted average rate during the year	4.04%	4.01%	5.04%
Weighted average rate at December 31	3.84%	3.61%	5.03%
OTHER SHORT-TERM BORROWINGS			
Balance at year-end	$40,250	$30,201	$49,806
Average during the year	37,529	44,908	38,331
Maximum month end balance	70,250	50,165	49,806
Weighted average rate during the year	5.40%	5.96%	6.02%
Weighted average rate at December 31	5.54%	5.62%	5.82%

NOTE 11 LONG-TERM DEBT

Long-term debt consists of FHLB advances having an original maturity at issuance of more than one year. A summary of long-term debt as of December 31, 1999 follows:

(dollars in thousands)	Maturity Date	Interest Rate	Amount
FHLB advance	2005	5.23	10,000
FHLB advance	2008	5.33	117
FHLB advance	2008	7.20	40
FHLB advance	2009	5.10	10,000
FHLB advance	2009	5.41	15,000
Total			$35,157

FHLB advances are collateralized by the FHLB stock owned by the Company, mortgage-backed securities with a market value of $37.1 million and a blanket lien on its residential real estate mortgage loans.

NOTE 12 INCOME TAXES

Total income taxes were allocated as follows:

Year ended December 31,	1999	1998	1997
(in thousands)			
Income before income taxes	$11,602	$ 4,553	$ 8,301
Stockholders' equity, capital surplus, for stock options exercised	(296)	(117)	(329)
Stockholders' equity, for accumulated comprehensive (loss) income	(9,936)	654	2,695
Total	$ 1,370	$ 5,090	$10,667

The components of income tax expense included in operations are as follows:

Year ended December 31,	1999	1998	1997
(in thousands)			
Current:			
Federal	$ 9,228	$ 4,435	$7,297
State	2,591	1,345	1,439
	11,819	5,780	8,736
Deferred:			
Federal	(358)	(998)	(330)
State	141	(229)	(105)
	(217)	(1,227)	(435)
Total	$11,602	$ 4,553	$8,301

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

December 31,	1999	1998
(in thousands)		
Deferred tax assets:		
Allowance for loan losses	$ 5,366	$5,132
Unrealized loss on securities available for sale	7,644	-
Deferred compensation	342	324
Postretirement benefit obligation	1,068	993
Other	433	492
Total gross deferred tax assets	14,853	6,941
Deferred tax liabilities:		
Prepaid pension obligation	389	396
Premises and equipment, primarily due to accelerated depreciation	668	644
Unrealized gain on securities available for sale	-	2,292
Securities discount accretion	369	328
Other	18	25
Total gross deferred tax liabilities	1,444	3,685
Net deferred tax assets	$13,409	$3,256

Realization of deferred tax assets is dependent upon the generation of future taxable income or the existence of sufficient taxable income within the carryback period. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. Based on available evidence, gross deferred tax assets will ultimately be realized and a valuation allowance was not deemed necessary at December 31, 1999 and 1998.

The following is a reconciliation of the provision for income taxes to the amount computed by applying the applicable Federal statutory rate of 35% to income before taxes:

Year ended December 31,	1999	1998	1997
(in thousands)			
Federal income tax at statutory rate	$10,490	$8,279	$8,068
Benefit of federal tax rates below statutory rate	-	(100)	-
Tax exempt income	(687)	(570)	(613)
Non-deductible expenses	316	243	220
State taxes, net of federal tax benefit	1,776	725	867
Federal income tax benefit from corporate realignment	-	(4,186)	-
Other, net	(293)	162	(241)
Income taxes	$11,602	$4,553	$8,301

NOTE 13 NONINTEREST EXPENSE

Included in the data processing and communications expense category are data processing fees of $2.7 million, $2.6 million, and $1.9 million in years 1999, 1998 and 1997, respectively. The future minimum annual commitments for data processing services as of December 31, 1999 were as follows: 2000--$3.9 million; 2001--$3.6 million; 2002--$3.0 million; 2003--$1.4 million; and 2004 and beyond--$0.

NOTE 14 COMMITMENTS AND CONTINGENT LIABILITIES

The Company is a party to financial instruments with off balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Commitments to extend credit include agreements to lend to a borrower as long as there is not a violation of any condition established in the contract. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a borrower to a third party. The Company's exposure to credit loss in the event of nonperformance by the other party to the commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit standards in making commitments and conditional obligations as it does for on balance sheet instruments. Collateral for these commitments vary but may include negotiable instruments, accounts receivable, inventory, property, plant, equipment and vehicles. At December 31, 1999, off balance sheet commitments to extend credit for primarily variable rate loans amounted to $158.3 million secured by $83.8 million in collateral value. The amount of standby letters of credit at December 31, 1999, amounted to $1.6 million secured by $0.1 million in cash. At December 31, 1998, off balance sheet commitments to extend credit for primarily variable rate loans amounted to $165.3 million secured by $95.0 million in collateral value. The amount of standby letters of credit at December 31, 1998, amounted to $1.4 million secured by $0.1 million in cash.

At December 31, 1999 and 1998, the Company held no off balance sheet derivative financial instruments such as interest rate swaps, forward contracts, futures, options on financial futures, or interest rate floors, and therefore was not subject to the market risk associated with such derivative financial instruments.

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.

NOTE 15 STOCKHOLDERS' EQUITY

The Company has a Dividend Reinvestment Plan for stockholders under which no new shares of common stock were issued in 1999 and 1998. There were 772,869 shares of common stock reserved for future issuance under the plan at December 31, 1999 (the number of shares available has been adjusted for stock dividends and splits).

Certain restrictions exist regarding the ability of the Bank to transfer funds to the Company in the form of cash dividends. The approval of the Comptroller of the Currency is required to pay dividends in excess of the Bank's earnings retained in the current year plus retained net profits for the preceding two years or when the Bank fails to meet certain minimum regulatory capital standards. At December 31, 1999, the Bank had the ability to pay $21.9 million in dividends to the Company without obtaining prior regulatory approval. Under the State of Delaware Business Corporation Law, the Company may declare and pay dividends either out of accumulated net retained earnings or capital surplus.

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. In November 1994, the Company adopted 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. At that time, 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, 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.

Regulatory Capital Requirements

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgements by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 Capital to risk-weighted assets, and of Tier 1 capital to average assets. As of December 31, 1999 the Company and the Bank meet all capital adequacy requirements to which it is subject.

As of December 31, 1999 the most recent notification from The Office of the Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Company and the Bank's actual capital amounts and ratios are presented in the following table.

	ACTUAL		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions:	
(in thousands)	AMOUNT	RATIO	Amount	Ratio	Amount	Ratio
As of December 31, 1999:						
Total Capital (to Risk Weighted Assets):						
Company Consolidated	$142,495	15.55%	$ 73,303	8.00%	$ 91,628	10.00%
Bank	$132,427	14.59%	$ 72,637	8.00%	$ 90,796	10.00%
Tier 1 Capital (to Risk Weighted Assets):						
Company Consolidated	$131,012	14.30%	$ 36,651	4.00%	$ 54,977	6.00%
Bank	$121,047	13.33%	$ 36,319	4.00%	$ 54,478	6.00%
Tier 1 Capital (to Average Assets):						
Company Consolidated	$131,012	9.50%	$ 41,372	3.00%	$ 68,953	5.00%
Bank	$121,047	8.84%	$ 41,098	3.00%	$ 68,497	5.00%
As of December 31, 1998:						
Total Capital (to Risk Weighted Assets):						
Company Consolidated	$129,967	15.94%	$ 65,214	8.00%	$ 81,517	10.00%
Bank	$124,646	15.36%	$ 64,912	8.00%	$ 81,140	10.00%
Tier 1 Capital (to Risk Weighted Assets):						
Company Consolidated	$119,743	14.69%	$ 32,607	4.00%	$ 48,910	6.00%
Bank	$114,469	14.11%	$ 32,456	4.00%	$ 48,684	6.00%
Tier 1 Capital (to Average Assets):						
Company Consolidated	$119,743	9.33%	$ 38,513	3.00%	$ 64,188	5.00%
Bank	$114,469	8.96%	$ 38,341	3.00%	$ 63,901	5.00%

NOTE 16 EMPLOYEE BENEFIT PLANS

Postretirement Benefits Other Than Pensions

Nonpension benefits are accrued over the employees' active service period, defined as the date of employment up to the date of the employees' eligibility for such benefits. The Company provides certain health care benefits for retired employees. The health care plans are contributory for participating retirees and also requires them to absorb deductibles and coinsurance with contributions adjusted annually to reflect cost sharing provisions and benefit limitations. Substantially all of the employees may become eligible for these benefits if they reach normal retirement age while working for the Company or its subsidiaries. The benefits are provided by the participants choice of health maintenance organizations with community rated premiums or self-insured plans administered by insurance companies, whose premiums are based on the claims paid during the year. The Company funds the cost of post retirement health care as benefits are paid. The Company elected to recognize the transition obligation in the balance sheets and statements of income on a delayed basis over the plan participant's future service periods, estimated to be twenty years.

The Company used a health care trend rate in calculating its postretirement benefit obligation of 7.0% to 8.0% for 2000, grading down uniformly to 5.5% for 2005 and thereafter.

The net postretirement health benefits expense and funded status are as follows:

Year ended December 31,	1999	1998	1997
(in thousands)			
Components of net periodic benefit cost:			
Service cost	$ 235	$ 205	$ 182
Interest cost	278	261	255
Amortization of transition obligation	85	85	85
Amortization of gains and losses	24	25	28
Net periodic postretirement benefit cost	$ 622	$ 576	$ 550
Change in benefit obligation:			
Benefit obligation at beginning of the year	$ 4,350	$ 4,158	
Service cost	235	205	
Interest cost	278	261	
Plan participant's contributions	106	95	
Actuarial gain	(932)	(172)	
Benefits paid	(222)	(197)	
Benefit obligation at end of year	$ 3,815	$ 4,350	
Components of accrued benefit cost:			
Funded status	$(3,815)	$(4,350)	
Unrecognized transition obligation	1,103	1,188	
Unrecognized actuarial net loss	152	1,108	
Accrued benefit cost	$(2,560)	$(2,054)	
Weighted average discount rate	7.75%	6.75%	

Assumed health care cost trend rates have a significant effect on amounts reported for the health care plans. A one-percentage point change in the health care trend rates would have the following effects:

	1-PERCENTAGE POINT INCREASE	1-PERCENTAGE POINT DECREASE
(in thousands)		
Effect on total of service and interest cost components	$ 140	$ (109)
Effect on postretirement benefit obligation	843	(681)

Retirement Savings and Employee Stock Ownership Plan

Effective January 1, 1997, the Company terminated the existing Retirement Savings Plan and Employee Stock Ownership Plan (ESOP) and merged the assets and liabilities into the 401(k) and Employee Stock Ownership Plan. The Company contributed an amount equal to 100% of employees, 401(k) contributions up to 5% of their annual salary for 1999, 1998 and 1997. In addition, the Company may also make discretionary ESOP contributions based on the Company's profitability. Participation in the Plan is contingent upon certain age and service requirements. Provisions for contributions to the combined Plan amounted to $1.1 million in 1999, $1.0 million in 1998 and $0.7 million in 1997.

Pension Plan
The Company has a qualified, noncontributory pension plan covering substantially all employees. Benefits paid from the plan are based on age, years of service, compensation prior to retirement and social security benefits, and are determined in accordance with defined formulas. The Company's policy is to fund the pension plan in accordance with ERISA standards.

The net pension expense and the funded status of the plan are as follows:

Year ended December 31,	1999	1998	1997
(in thousands)			
Components of net periodic benefit cost:			
Service cost	$ 892	$ 701	$ 508
Interest cost	1,457	1,354	1,181
Expected return on plan assets	(1,935)	(1,705)	(1,406)
Amortization of initial unrecognized asset	(109)	(109)	(109)
Amortization of prior service cost	257	257	257
Amortization of unrecognized net gain	--	--	(36)
Net periodic pension cost	$ 562	$ 498	$ 395
Change in benefit obligation:			
Benefit obligation at beginning of year	$(21,434)	$(19,490)	
Service cost	(892)	(701)	
Interest cost	(1,457)	(1,354)	
Prior service cost	--	-	
Actuarial gain	2,402	(1,119)	
Benefits paid	1,236	1,230	
Benefit obligation at end of year	$(20,145)	$(21,434)	
Change in plan assets:			
Fair value of plan assets at beginning of year	$ 21,931	$ 19,431	
Actual return on plan assets	745	3,672	
Employer contributions	550	58	
Benefits paid	(1,236)	(1,230)	
Fair value of plan assets at end of year	$ 21,990	$ 21,931	
Plan assets in excess of projected benefit obligation	$ 1,845	$ 497	
Unrecognized portion of net asset at transition	(1,085)	(1,194)	
Unrecognized net actuarial loss	(3,459)	(2,247)	
Unrecognized prior service cost	3,677	3,934	
Prepaid benefit cost	$ 978	$ 990	
Weighted average assumptions as of December 31,			
Discount rate	7.75%	6.75%	7.00%
Expected long-term return on plan assets	9.00%	9.00%	9.00%
Rate of compensation increase	4.00%	4.00%	4.00%

Stock Option Plans
The Company has two stock option plans (Plans). At December 31, 1999, there were 1,676,948 shares of the Company's common stock reserved for issuance under the Plans. Under the terms of the Plans, options were granted to key employees to purchase shares of the Company's common stock at a price equal to the fair market value of the common stock on the date of the grant. Options granted terminate eight or ten years from the date of the grant.

At December 31, 1999, there were 859,057 additional shares available for grant under the Plans. The per share weighted-average fair value of stock options granted during 1999, 1998 and 1997 was $5.37, $6.77 and $5.14, respectively on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions: 1999 - expected dividend yield of 3.72%, expected volatility of 29.05%, risk-free interest rates between 4.63% and 6.16%, and expected life 7 years; 1998 - expected dividend yield of 2.75%, expected volatility of 21.86%, risk-free interest rates of 5.49% and 5.62%, and expected life 7 years; 1997 - expected dividend yield of 2.60%, expected volatility of 22.56%, risk-free interest rates of 6.52% and 6.58%, and an expected life of 7 years.

The Company applies APB Opinion No. 25 in accounting for its Plans and, accordingly, no compensation cost has been recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		1999	1998	1997
Net income	As reported	$18,370	$19,102	$14,749
	Pro forma	17,674	18,613	14,404
Basic earnings per share	As reported	$ 1.41	$ 1.45	$ 1.12
	Pro forma	1.36	1.41	1.09
Diluted earnings per share	As reported	$ 1.40	$ 1.42	$ 1.11
	Pro forma	1.34	1.38	1.08

Pro forma net income reflects only options granted after January 1, 1995. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net income amounts presented above because compensation cost is reflected over the options' vesting period of 4 years and compensation cost for options granted prior to January 1, 1995 is not considered.

Because the Company's employee stock options have characteristics significantly different from those of traded options for which the Black-Scholes model was developed, and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing models, in management's opinion, do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The following is a summary of changes in options outstanding:

	Number of Options	Weighted Average of Exercise Price of Options Under Plans
Balance, December 31, 1996	680,706	$ 9.31
Granted	175,033	11.67
Exercised	(307,823)	9.19
Lapsed	(30,759)	10.34
Balance, December 31, 1997	517,157	$10.11
Granted	179,634	18.17
Exercised	(23,691)	8.07
Lapsed	(3,336)	11.37
Balance, December 31, 1998	669,764	$12.34
Granted	230,165	20.47
Exercised	(64,303)	8.91
Lapsed	(17,735)	16.23
BALANCE, DECEMBER 31, 1999	817,891	$14.81

The following table summarizes information concerning currently outstanding and exercisable options:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$5.01 - $10.50	263,201	5.15	$ 9.66	234,904	$ 9.59
$10.51 - $16.00	155,832	7.08	11.64	93,499	11.64
$16.01 - $21.50	398,858	8.66	19.46	69,913	18.17
$5.01 - $21.50	817,891	7.23	$14.81	398,316	$11.58

NOTE 17 PARENT COMPANY FINANCIAL INFORMATION

CONDENSED BALANCE SHEETS

DECEMBER 31,	1999	1998
(in thousands)		
ASSETS		
Cash and cash equivalents	$ 1,750	$ 1,875
Due from subsidiary bank	288	24
Securities available for sale	7,724	3,572
Loans	18	18
Investment in subsidiary bank	116,577	125,187
Other assets	253	51
TOTAL ASSETS	$126,610	$130,727
LIABILITIES AND STOCKHOLDERS' EQUITY		
Other liabilities	$ 74	$ 95
Total liabilities	74	95
Stockholders' equity	126,536	130,632
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$126,610	$130,727

CONDENSED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31,	1999	1998	1997
(in thousands)			
Dividends from subsidiary bank	$12,500	$11,500	$ 6,000
Interest and dividend income	353	345	322
Gain on sale of securities available for sale	1,036	16	-
	13,889	11,861	6,322
Interest expense	6	-	-
Operating expense	888	257	299
Income before income taxes and equity in undistributed income of subsidiary bank	12,995	11,604	6,023
Income tax expense	223	61	26
Equity in undistributed income of subsidiary bank	5,598	7,559	8,752
NET INCOME	$18,370	$19,102	$14,749

CONDENSED STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31,	1999	1998	1997
(in thousands)			
OPERATING ACTIVITIES:			
Net income	$ 18,370	$ 19,102	$ 14,749
Adjustments to reconcile net income to net cash provided by operating activities:			
Net accretion on securities	--	(4)	(4)
Net realized gains on sale of securities available for sale	(1,036)	(16)	--
(Decrease) in other assets	(21)	66	(83)
Increase (decrease) in other liabilities	(201)	(49)	(3)
Undistributed net income of subsidiary bank	(5,598)	(7,559)	(8,752)
Other, net	122	(87)	(18)
Net cash provided by operating activities	11,636	11,453	5,889
INVESTING ACTIVITIES:			
Securities available for sale:			
Proceeds from sales of securities	2,301	3,416	-
Purchases	(5,717)	(2,965)	(3,384)
Net cash provided by (used in) investing activities	(3,416)	451	(3,384)
FINANCING ACTIVITIES:			
Treasury shares reissued	5,110	4,059	6,559
Purchase of treasury stock	(4,643)	(9,094)	(2,568)
Cash dividends and payment for fractional shares	(8,548)	(7,722)	(5,563)
Net cash used in financing activities	(8,081)	(12,757)	(1,572)
Net increase (decrease) in cash and cash equivalents	139	(853)	933
Cash and cash equivalents at beginning of year	1,899	2,752	1,819
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,038	$ 1,899	$ 2,752

NOTE 18 FAIR VALUES OF FINANCIAL INSTRUMENTS

A financial instrument is defined as cash, evidence of an ownership interest in an entity, or a contract that imposes the obligation to deliver, receive, or exchange cash or other financial instruments between willing entities on potentially favorable or unfavorable terms. There are no off balance sheet derivative financial instruments at December 31, 1999 and 1998. The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents
For these short-term instruments, carrying value approximates fair value.

Securities
Fair values for securities are based on quoted market prices or dealer quotes, where available. Where quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans
For variable rate loans that reprice frequently and have no significant credit risk, fair values are based on carrying values. The fair values for fixed rate loans are estimated through discounted cash flow analyses using interest rates currently being offered for loans with similar terms and credit quality. The fair value of loans held for sale on an aggregate basis, are based on quoted market prices. Nonperforming loans are valued based upon recent loss history for similar loans.

Accrued interest receivable and payable
For these short-term instruments, carrying value approximates fair value.

Deposits
The fair values disclosed for savings, money market, and noninterest bearing accounts are, by definition, equal to their carrying values at the reporting date. The fair value of fixed maturity certificates of deposit is estimated using a discounted cash flow analysis that applies interest rates currently offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Short-term borrowings
For short-term borrowings, carrying value approximates fair value.

Long-term debt
The fair value of long-term debt has been estimated using discounted cash flow analyses that apply interest rates currently being offered for notes with similar terms.

Commitments to extend credit and standby letters of credit
The fair value of commitments to extend credit and standby letters of credit are estimated using fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit worthiness of the counterparts. Carrying amounts which are comprised of the unamortized fee income are immaterial.

Estimated fair values of financial instruments

December 31,	1999		1998	
(in thousands)	CARRYING AMOUNT	FAIR VALUE	Carrying Amount	Fair Value
FINANCIAL ASSETS				
Cash and cash equivalents	$ 46,033	$ 46,033	$ 47,181	$ 47,181
Loans held for sale	3,621	3,621	2,887	2,887
Securities available for sale	341,586	341,586	355,758	355,758
Securities held to maturity	42,446	42,446	35,095	35,095
Loans	923,031	911,275	821,505	859,833
Less allowance for loan losses	13,855	--	12,962	--
Net loans	909,176	911,275	808,543	859,833
Accrued interest receivable	7,004	7,004	6,431	6,431
FINANCIAL LIABILITIES				
Deposits:				
Interest bearing:				
Savings, NOW and money market	392,193	392,193	391,614	391,614
Certificates of deposit	551,404	549,680	498,445	500,013
Noninterest bearing	164,476	164,476	154,146	154,146
Total deposits	1,108,073	1,106,349	1,044,205	1,045,773
Short-term borrowings	115,299	115,299	96,589	96,589
Long-term debt	35,157	34,370	10,171	10,848
Accrued interest payable	$ 4,004	$ 4,004	$ 2,731	$ 2,731

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Part IV.

Item 14(b) -- Reports on FORM 8-K

During the quarter ended December 31, 1999, the Company filed the following Current Reports on Form 8-K:

(1) A report filed December 16, 1999 stating that NBT Bancorp Inc. and Pioneer American Holding Company Corp. announced that they had entered into an Agreement and Plan of Merger, dated as of December 7, 1999.

(2) A report filed December 22, 1999 announcing changes adopted by the Registrant's Board of Directors on November 22, 1999 to the NBT Bancorp Inc. Stockholders Rights Agreement.

DESCRIPTION OF EXHIBITS

Agreement and Plan of Merger by and between NBT Bancorp Inc. and Pioneer American Holding Company Corp., dated as of December 7, 1999

Certificate of Incorporation of NBT BANCORP INC., as amended through April 18, 1998.

By-laws of NBT BANCORP INC., as amended and restated through November 22, 1999.

NBT BANCORP INC. 401(k) and Employee Stock Ownership Plan made as of January 1, 1997.

NBT BANCORP INC. Defined Benefit Pension Plan Amended and restated as of October 1, 1989, including Amendments adopted through August 31, 1998.

NBT BANCORP INC. 1993 Stock Option Plan as amendment through April 28, 1998.

Change in control agreement with Daryl R. Forsythe.

Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of January 1, 1995.

Death Benefits Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made August 22, 1995.

Wage Continuation Plan between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of August 1, 1995.

NBT Bancorp Inc. and Subsidiaries Master Deferred Compensation Plan of Directors, adopted February 11, 1992.

Wage Continuation Plan between NBT Bancorp Inc., NBT Bank, National Association and (Key Management Group) made as of January 2, 1997.

Restricted Stock Agreement between NBT Bank, National Association and Daryl R. Forsythe made January 1, 1997.

Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 1998.

Restricted Stock Agreement between NBT Bank, National Association and (Director) made January 1, 1998.

Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 1999.

Restricted Stock Agreement between NBT Bank, National Association and (Director) made January 1, 1999.

Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 2000.

Restricted Stock Agreement between NBT Bank, National Association and (Director) made January 1, 2000.

Supplemental Retirement Income Plan between NBT Bank, National Association and Certain Management and Highly Compensated Employees made as of January 1, 1996.

Form of Employment Agreement with John G. Martines

Form of Employment Agreement with John W. Reuther

A list of the subsidiaries of the registrant.

Consent of KPMG LLP.

Financial Data Schedule.

COPIES OF EXHIBITS ARE AVAILABLE UPON PAYMENT OF REPRODUCTION COSTS. SUBMIT YOUR WRITTEN REQUEST TO MICHAEL J. CHEWENS, EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND TREASURER OF NBT BANCORP INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report on FORM 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, this 10th day of March, 2000.

NBT BANCORP INC.

(Registrant)

By:
/s/ DARYL R. FORSYTHE

Daryl R. Forsythe, President
and Chief Executive Officer

/s/ MICHAEL J. CHEWENS

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the date indicated.

/s/ J. PETER CHAPLIN	March 10, 2000
J. Peter Chaplin, Director	DATE
/s/ DARYL R. FORSYTHE	March 10, 2000
Daryl R. Forsythe, Director	DATE
/s/ EVERETT A. GILMOUR	March 10, 2000
Everett A. Gilmour, Director	DATE
/s/ PETER B. GREGORY	March 10, 2000
Peter B. Gregory, Director	DATE
/s/ ANDREW S. KOWALCZYK, JR.	March 10, 2000
Andrew S. Kowalczyk, Jr., Director	DATE
/s/ DAN B. MARSHMAN	March 10, 2000
Dan B. Marshman, Director	DATE
/s/ JOHN C. MITCHELL	March 10, 2000
John C. Mitchell, Director	DATE
/s/ WILLIAM L. OWENS	March 10, 2000
William L. Owens, Director	DATE
/s/ PAUL O. STILLMAN	March 10, 2000
Paul O. Stillman, Director	DATE

EXHIBIT INDEX

The following documents are attached as Exhibits to this FORM 10-K 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-K Exhibit Number		Exhibit Cross Reference
2.1	Agreement and Plan of Merger by and between NBT Bancorp Inc. and Pioneer American Holding Company Corp., dated as of December 7, 1999 FORM S-4 Registration Statement, file number 333-30988 filed February 23, 2000 -- Appendix A	*
3.1	Certificate of Incorporation of NBT BANCORP INC., as amended through April 18, 1998. FORM 10-Q for the quarterly period ended March 31, 1998, filed May 15, 1998 -- Exhibit 10.3.	*
3.2	By-laws of NBT BANCORP INC., as amended and restated through November 22, 1999. FORM S-4\A Registration Statement, file number 333-93197 filed January 11, 2000 -- Exhibit 3.	*
10.1	NBT BANCORP INC. 401(k) and Employee Stock Ownership Plan made as of January 1, 1997. FORM 10-K for the year ended December 31, 1997, filed March 16, 1998 -- Exhibit 10.1	*
10.2	NBT BANCORP INC. Defined Benefit Pension Plan Amended and restated as of October 1, 1989, including Amendments adopted through August 31, 1998. FORM 10-K for the year ended December 31, 1998, filed March 16, 1999 -- Exhibit 10.2	*
10.3	NBT BANCORP INC. 1993 Stock Option Plan as amended through April 18, 1998. FORM 10-Q for the quarterly period ended March 31, 1998, filed May 15, 1998 -- Exhibit 10.4.	*
10.4	Change in control agreement with Daryl R. Forsythe. FORM 10-K for the year ended December 31, 1994, filed March 31, 1995 -- Exhibit 10.21.	*
10.5	Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of January 1, 1995. FORM 10-Q for the quarterly period ended September 30, 1995, filed November 13, 1995 -- Exhibit 10.1.	*
10.6	Death Benefits Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made August 22, 1995. FORM 10-Q for the quarterly period ended September 30, 1995, filed November 13, 1995 -- Exhibit 10.2.	*
10.7	Wage Continuation Plan between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of August 1, 1995. FORM 10-Q for the quarterly period ended September 30, 1995, filed November 13, 1995 -- Exhibit 10.4.	*
10.8	NBT Bancorp Inc. and Subsidiaries Master Deferred Compensation Plan of Directors, adopted February 11, 1992. FORM 10-Q for the quarterly period ended September 30, 1995, filed November 13, 1995 -- Exhibit 10.3.	*

EXHIBIT INDEX (continued)

FORM 10-K Exhibit Number		Exhibit Cross Reference
10.9	Wage Continuation Plan between NBT Bancorp Inc., NBT Bank, National Association and (Key Management Group) made as of January 2, 1997. FORM 10-K for the year ended December 31, 1996, filed March 14, 1997 -- Exhibit 10.40. Substantially identical contracts for the following have been omitted: John R. Bradley, Senior Vice President, Commercial Banking Division Head; Martin A. Dietrich, Senior Vice President, Retail Division Head; Joe C. Minor, Senior Vice President, Chief Financial Officer and Treasurer; and John D. Roberts, Senior Vice President, Trust Division Head.	*
10.10	Restricted Stock Agreement between NBT Bank, National Association and Daryl R. Forsythe made January 1, 1997. FORM 10-K for the year ended December 31, 1996, filed March 14, 1997 -- Exhibit 10.55.	*
10.11	Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 1998. FORM 10-Q for the quarterly period ended March 31, 1998, filed May 15, 1998 -- Exhibit 10.1. Substantially identical contracts for the following directors have been omitted: Andrew S. Kowalczyk, Jr.; Paul O. Stillman; John C. Mitchell; Everett A. Gilmour and Peter B. Gregory.	*
10.12	Restricted Stock Agreement between NBT Bank, National Association and (Director) made January 1, 1998. FORM 10-Q for the quarterly period ended March 31, 1998, filed May 15, 1998 -- Exhibit 10.2 Substantially identical contracts for the following directors have been omitted: Dan B. Marshman; Kenneth M. Axtell; J. Peter Chaplin; Andrew S. Kowalxzyk, Jr.; Paul O. Stillman; William L. Owens; John C. Mitchell; Janet H. Ingraham; Everett A. Gilmour; Richard F. Monroe and Peter B. Gregory.	*
10.13	Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 1999. FORM 10-K for the year ended December 31, 1998, filed March 16, 1999 -- Exhibit 10.16. Substantially identical contracts for the following directors have been omitted: Andrew S. Kowalczyk, Jr.; Paul O. Stillman; John C. Mitchell; Everett A. Gilmour and Peter B. Gregory.	*
10.14	Restricted Stock Agreement between NBT Bank, National Association and (Director) made January 1, 1999. FORM 10-K for the year ended December 31, 1998, filed March 16, 1999 -- Exhibit 10.17. Substantially identical contracts for the following directors have been omitted: Dan B. Marshman; Kenneth M. Axtell; J. Peter Chaplin; Andrew S. Kowalxzyk, Jr.; Paul O. Stillman; William L. Owens; John C. Mitchell; Janet H. Ingraham; Everett A. Gilmour; Richard F. Monroe and Peter B. Gregory.	*

EXHIBIT INDEX (continued)

FORM 10-K Exhibit Number		Exhibit Cross Reference
10.15	Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 2000. Document is attached as exhibit 10.18 Substantially identical contracts for the following directors have been omitted: Andrew S. Kowalczyk, Jr.; Paul O. Stillman; John C. Mitchell; Everett A. Gilmour, Peter B. Gregory, J. Peter Chaplin, Dan B. Marshman and William L. Owens.	Herein
10.16	Restricted Stock Agreement between NBT Bank, National Association and (Director) made January 1, 2000. Document is attached as exhibit 10.19 Substantially identical contracts for the following directors have been omitted: Dan B. Marshman; Kenneth M. Axtell; J. Peter Chaplin; Andrew S. Kowalxzyk, Jr.; Paul O. Stillman; William L. Owens; John C. Mitchell; Janet H. Ingraham; Everett A. Gilmour; Richard F. Monroe and Peter B. Gregory.	Herein
10.17	Supplemental Retirement Income Plan between NBT Bank, National Association and Certain Management and Highly Compensated Employees made as of January 1, 1996. FORM 10-Q for the quarterly period ended June 30, 1997, filed August 13, 1997 - Exhibit 10.3.	*
10.18	Form of Employment Agreement with John G. Martines Schedule 13D, filed August 18, 1999 - Exhibit 2.4	*
10.19	Form of Employment Agreement with John W. Reuther Schedule 13D, filed December 16, 1999 - Exhibit 2.4	*
21	A list of the subsidiaries of the registrant is attached as Exhibit 21.	Herein
23	Consent of KPMG LLP. Document is attached as Exhibit 23.	Herein
27	Financial Data Schedule. Document is attached as Exhibit 27.	Herein

EXHIBIT 10.15
Restricted Stock Agreement between NBT BANCORP INC. and (Director).

RESTRICTED STOCK AGREEMENT
BETWEEN
NBT BANCORP INC. AND (DIRECTOR)

AGREEMENT made as of January 1, 2000 by and between NBT Bancorp Inc. ("Company") and [name of director] ("Participant"):

WHEREAS, the Participant is a Director of the Company and, as such, receives an annual retainer fee in addition to fees for meeting attendance. The Company and Participant agree that the Participant is entitled to receive the retainer fee in Company Stock subject to the conditions specified below.

THEREFORE, in consideration of the mutual promises and covenants contained herein, it is hereby agreed as follows:

1. AWARD OF SHARES.
Under the terms of this Agreement, the Company has awarded the Participant a Restricted stock award on January 1, 2000 ("Award Date"), covering 190 shares of NBT Bancorp Inc. Common Stock, with a fair market value equal to $3,008.27 (annual director's retainer), subject to the terms, conditions and restrictions set forth in this agreement.

2. AWARD RESTRICTIONS.
The shares covered by restricted stock award shall vest in accordance with the schedule set forth below:

Full Years Elapsed from Award Date	Percent Vested
1	33%
2	66%
3	100%

Upon the vesting of any part of the restricted stock award by virtue of the lapse of the restriction period set forth above or under Section 4 of this Agreement, the Company shall cause a stock certificate covering the requisite number of shares in the name of the Participant or beneficiary(ies) to be distributed within 30 days after vesting. Upon receipt of such stock certificate(s), the Participant or beneficiary(ies) are free to hold or dispose of such certificate at will.

During the restriction period, the shares covered by the restricted stock award not already vested are not transferable by the Participant by means of sale, assignment, exchange, pledge, or otherwise. However, the restriction period will lapse upon a change of ownership control within the meaning of Internal Revenue Code ss.368(c) of Company or NBT Bancorp Inc. The lapse of the restriction period will cause the restricted stock award to be fully vested.

3. STOCK CERTIFICATES.
The stock certificate(s) evidencing the restricted stock award shall be registered in the name of the Participant as of the Award Date. Physical possession or custody of such stock certificate(s) shall be retained by the Company until such time as the shares are vested (i.e. the restriction period lapses). The Company reserves the right to place a legend on the stock certificate(s) restricting the transferability of such certificate(s).

During the restriction period, except as otherwise provided in Section 2 of this Agreement, the Participant shall be entitled to all rights of a stockholder of the Company, including the right to vote the shares and receive cash dividends. Stock dividends declared by the Company will be characterized as restricted stock, and distributed with the principle restricted stock.

4. TERM OF DIRECTORSHIP.
If the Participant terminates board membership with the Company due to death, disability, retirement, or failure to be re-elected or re-appointed, the restricted stock award, to the extent not already vested, shall vest in full as of the date of such termination. Voluntary resignation or removal for cause will result in forfeiture of the non-vested grants. The Participant may designate a beneficiary(ies) to receive the stock certificate representing that portion of the restricted stock award automatically vested upon death. The participant has the right to change such beneficiary designation at will.

5. DUTY TO NOTIFY.
It is the Participant's duty to notify the Company in the event an Internal Revenue Code ss.83(b) election is made in the year of the award.

6. WITHHOLDING TAXES.
The Company shall have the right to retain and withhold from any payment under the restricted stock awarded the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such payment. At its discretion, the Company may require a Participant receiving shares of Common Stock under a restricted stock award to reimburse the Company for any such taxes required to be withheld by the Company and withhold any distribution in whole or in part until the Company is so

reimbursed. In lieu thereof, the Company shall have the right to withhold from any other cash amounts due or to become due from the Company to the Participant an amount equal to such taxes required to be withheld by the Company to reimburse the Company for any such taxes or retain and withhold a number of shares having a market value not less than the amount of such taxes and cancel (in whole or in part) any such shares so withheld in order to reimburse the Company for any such taxes.

7. IMPACT ON OTHER BENEFITS.
The value of the restricted stock award (either on the Award Date or at the time the shares are vested) shall not be includable as compensation or earnings for purposes of any other benefit plan offered by the Company.

8. ADMINISTRATION.
The Compensation Committee shall have full authority and discretion to decide all matters relating to the administration and interpretation of this Agreement. The Compensation Committee shall have full power and authority to pass and decide upon cases in conformity with the objectives of this Agreement under such rules as the Board of Directors of the Company may establish.

Any decision made or action taken by the Company, the Board of Directors, or the Compensation Committee arising out of, or in connection with, the administration, interpretation, and effect of this Agreement shall be at their absolute discretion and will be conclusive and binding on all parties. No member of the Board of Directors, Compensation Committee, or employee of the Company shall be liable for any act or action hereunder, whether of omission or commission, by the Participant or by any agent to whom duties in connection with the administration of this Agreement have been delegated in accordance with the provision of this Agreement.

9. COMPANY RELATION WITH PARTICIPANTS.
Nothing in this Agreement shall confer on the Participant any right to continue as a director of the Company.

10. FORCE AND EFFECT.
The various provisions of this Agreement are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

11. GOVERNING LAWS.
Except to the extent pre-empted under federal law, the provisions of this Agreement shall be construed, administered and enforced in accordance with the domestic internal law of the State of New York.

12. ENTIRE AGREEMENT.
This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

IN WITNESS WHEREOF, the parties have executed this Agreement on this _____ day of ________, ________

NBT BANCORP INC.

By

President

And

by

CFO and Treasurer

Signature of Participant

Name of Participant
(please print)

EXHIBIT 10.16

Restricted Stock Agreement between NBT BANK N.A. and (Director).

RESTRICTED STOCK AGREEMENT
BETWEEN
NBT BANK, N.A. AND (DIRECTOR)

AGREEMENT made as of January 1, 2000 by and between NBT Bank, N.A. ("Company") and [name of director] (Participant"):

WHEREAS, the Participant is a Director of the Company and, as such, receives an annual retainer fee in addition to fees for meeting attendance. The Company and Participant agree that the Participant is entitled to receive the retainer fee in Company Stock subject to the conditions specified below.

THEREFORE, in consideration of the mutual promises and covenants contained herein, it is hereby agreed as follows:

1. AWARD OF SHARES.
Under the terms of this Agreement, the Company has awarded the Participant a Restricted stock award on January 1, 2000 ("Award Date"), covering 190 shares of NBT Bancorp Inc. Common Stock, with a fair market value equal to $3,008.27 (annual director's retainer), subject to the terms, conditions and restrictions set forth in this agreement.

2. AWARD RESTRICTIONS.
The shares covered by restricted stock award shall vest in accordance with the schedule set forth below:

Full Years Elapsed from Award Date	Percent Vested
1	33%
2	66%
3	100%

Upon the vesting of any part of the restricted stock award by virtue of the lapse of the restriction period set forth above or under Section 4 of this Agreement, the Company shall cause a stock certificate covering the requisite number of shares in the name of the Participant or beneficiary(ies) to be distributed within 30 days after vesting. Upon receipt of such stock certificate(s), the Participant or beneficiary(ies) are free to hold or dispose of such certificate at will.

During the restriction period, the shares covered by the restricted stock award not already vested are not transferable by the Participant by means of sale, assignment, exchange, pledge, or otherwise. However, the restriction period will lapse upon a change of ownership control within the meaning of Internal Revenue Code ss.368(c) of Company or NBT Bancorp Inc. The lapse of the restriction period will cause the restricted stock award to be fully vested.

3. STOCK CERTIFICATES.
The stock certificate(s) evidencing the restricted stock award shall be registered in the name of the Participant as of the Award Date. Physical possession or custody of such stock certificate(s) shall be retained by the Company until such time as the shares are vested (i.e. the restriction period lapses). The Company reserves the right to place a legend on the stock certificate(s) restricting the transferability of such certificate(s).

During the restriction period, except as otherwise provided in Section 2 of this Agreement, the Participant shall be entitled to all rights of a stockholder of the Company, including the right to vote the shares and receive cash dividends. Stock dividends declared by the Company will be characterized as restricted stock, and distributed with the principle restricted stock.

4. TERM OF DIRECTORSHIP.
If the Participant terminates board membership with the Company due to death, disability, retirement, or failure to be re-elected or re-appointed, the restricted stock award, to the extent not already vested, shall vest in full as of the date of such termination. Voluntary resignation or removal for cause will result in forfeiture of the non-vested grants. The Participant may designate a beneficiary(ies) to receive the stock certificate representing that portion of the restricted stock award automatically vested upon death. The participant has the right to change such beneficiary designation at will.

5. DUTY TO NOTIFY.
It is the Participant's duty to notify the Company in the event an Internal Revenue Code ss.83(b) election is made in the year of the award.

6. WITHHOLDING TAXES.
The Company shall have the right to retain and withhold from any payment under the restricted stock awarded the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such payment. At its discretion, the Company may require a Participant receiving shares of Common Stock under a restricted stock award to reimburse the Company for any such taxes required to be withheld by the Company and withhold any distribution in whole or in part until the Company is so

reimbursed. In lieu thereof, the Company shall have the right to withhold from any other cash amounts due or to become due from the Company to the Participant an amount equal to such taxes required to be withheld by the Company to reimburse the Company for any such taxes or retain and withhold a number of shares having a market value not less than the amount of such taxes and cancel (in whole or in part) any such shares so withheld in order to reimburse the Company for any such taxes.

7. IMPACT ON OTHER BENEFITS.
The value of the restricted stock award (either on the Award Date or at the time the shares are vested) shall not be includable as compensation or earnings for purposes of any other benefit plan offered by the Company.

8. ADMINISTRATION.
The Compensation Committee shall have full authority and discretion to decide all matters relating to the administration and interpretation of this Agreement. The Compensation Committee shall have full power and authority to pass and decide upon cases in conformity with the objectives of this Agreement under such rules as the Board of Directors of the Company may establish.

Any decision made or action taken by the Company, the Board of Directors, or the Compensation Committee arising out of, or in connection with, the administration, interpretation, and effect of this Agreement shall be at their absolute discretion and will be conclusive and binding on all parties. No member of the Board of Directors, Compensation Committee, or employee of the Company shall be liable for any act or action hereunder, whether of omission or commission, by the Participant or by any agent to whom duties in connection with the administration of this Agreement have been delegated in accordance with the provision of this Agreement.

9. COMPANY RELATION WITH PARTICIPANTS.
Nothing in this Agreement shall confer on the Participant any right to continue as a director of the Company.

10. FORCE AND EFFECT.
The various provisions of this Agreement are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

11. GOVERNING LAWS.
Except to the extent pre-empted under federal law, the provisions of this Agreement shall be construed, administered and enforced in accordance with the domestic internal law of the State of New York.

12. ENTIRE AGREEMENT.
This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

IN WITNESS WHEREOF, the parties have executed this Agreement on this _____ day of ________, ________

NBT BANK, N.A.

By

Chairman and CEO

And

by

CFO and Treasurer

Signature of Participant

Name of Participant
(please print)

EXHIBIT 21
List of Subsidiaries of the Registrant

SUBSIDIARIES OF THE REGISTRANT

NBT BANCORP INC. has one subsidiary, which is wholly owned:

NBT Bank, National Association
52 South Broad Street
Norwich, New York 13815

Telephone: (607) 337-6000

E.I.N. 15-0395735

EXHIBIT 23
Consent of KPMG LLP

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
NBT Bancorp Inc.:

We consent to incorporation by reference in the registration statements on Form S-3 (File No. 33-12247) and Form S-8 (File Nos. 33-18976, 33-77410, 333-02925 and 333-67615) of NBT Bancorp Inc. of our report dated January 21, 2000, relating to the consolidated balance sheets of NBT Bancorp Inc. and subsidiary as of December 31, 1999 and 1998, and the related consolidated statements of income, stockholders' equity, cash flows and comprehensive income for each of the years in the three-year period ended December 31, 1999, which report appears in the December 31, 1999 annual report on Form 10-K.

KPMG LLP
Syracuse, New York
March 8, 2000

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NBT BANCORP INC'S FORM 10-K FOR THE PERIOD ENDED DECEMBER 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO FINANCIAL STATEMENTS

0000790359
NBT BANCORP INC.
1,000
U.S. DOLLARS

12-MOS
DEC-31-1999
JAN-01-1999
DEC-31-1999
1
41,183
4,850
0
0
341,586
42,446
42,446
923,031
13,855
1,393,617
1,108,073
115,299
8,552
35,157
0
0
13,637
112,899
1,393,617
75,862
25,790
307
101,959
34,588
41,377
60,582
3,900
1,507
38,507
29,972
18,370
0
0
18,370
1.41
1.40
4.85
4,228
507
0
36,074
12,962
3,895
888
13,855
11,312
0
2,543