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2014
Annual Meeting
of Shareholders

April 23, 2014
10 a.m.

**Alexandria's at the Lake Ontario
Conference and Events Center
Oswego, New York**

***Pathfinder Bancorp, Inc.
Annual Meeting of Shareholders***

Chris R. Burritt
Chairman of the Board

President, CEO – Thomas W. Schneider
Corporate Secretary – Edward A. Mervine, Esq.

Introductions

Directors:

David A. Ayoub
William A. Barclay
John P. Funicello
George P. Joyce
L. William Nelson, Jr.
Lloyd “Buddy” Stemple
John F. Sharkey, III
Adam C. Gagas

External Auditors:

Jamie L. Keiser
Bonadio & Co., LLP

Executive Officers:

James A. Dowd, CPA
Melissa A. Miller
Daniel R. Phillips
Ronald Tascarella

Inspector of Elections

Roberta J. Davis,
Assistant Vice President

Business of the Meeting

- 1) The election of six directors of the Board of Directors of the Company.
 - William A. Barclay
 - Chris R. Burritt
 - Adam C. Gagas
 - George P. Joyce
 - Thomas W. Schneider
 - John F. Sharkey, III

Business of the Meeting

- 2) Ratification of the appointment of Bonadio & Co., LLP as auditors for the Company for the fiscal year ended December 31, 2014.

Report to Shareholders

Thomas W. Schneider

President & CEO

James A. Dowd, CPA

SVP & Chief Financial Officer

This discussion may contain the words or phrases “will likely result”, “are expected to”, “will continue”, “is anticipated”, “estimate”, “project” or similar expression are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties. By identifying these forward-looking statements for you in this manner, the Company is alerting you to the possibility that its actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Important factors that could cause the Company’s actual results and financial condition to differ from those indicated in the forward-looking statements include, among others:

- credit quality and the effect of credit quality on the adequacy of our allowance for loan losses;*
- deterioration in financial markets that may result in impairment charges relating to our securities portfolio;*
- competition in our primary market areas; significant government regulations, legislation and potential changes thereto;*
- a reduction in our ability to generate or originate revenue-producing assets as a result of compliance with heightened capital standards;*
- increased cost of operations due to greater regulatory oversight, supervision and examination of banks and bank holding companies, and higher deposit insurance premiums;*
- the limitation on our ability to expand consumer product and service offerings due to anticipated stricter consumer protection laws and regulations; and other risks described herein and in the other reports and statements we file with the SEC.*

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company wishes to advise readers that the factors listed above could affect the Company’s financial performance and could cause the Company’s actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

Agenda

- 
- A large, faint, light gray compass rose is centered in the background of the slide, behind the agenda items.
- **Corporate Strategy**
 - **Plan of Conversion**
 - **Results**

STRATEGIC PLAN

5 Core Strategic Objectives

- Employee Development
- Product & Service Delivery
- Market Expansion
- Enhance Operation Efficiency/Cost Control
- Capital Management**

Strategic Initiatives

Focus on expanding opportunities in Central New York

Focusing on under-served small business markets (Onondaga County branch opening)

Acquisition of disenfranchised customers and employees as a result of market consolidation

Improving operating efficiencies and effectiveness

Managing our capital for growth and value creation

Focus on growing the Pathfinder Bank brand while maximizing franchise value

Capital Management

Plan of Conversion
("Second Step Conversion")

Reasons:

Regulatory

- Dodd Frank Act
- Basel III Capital Rules

Capital Management

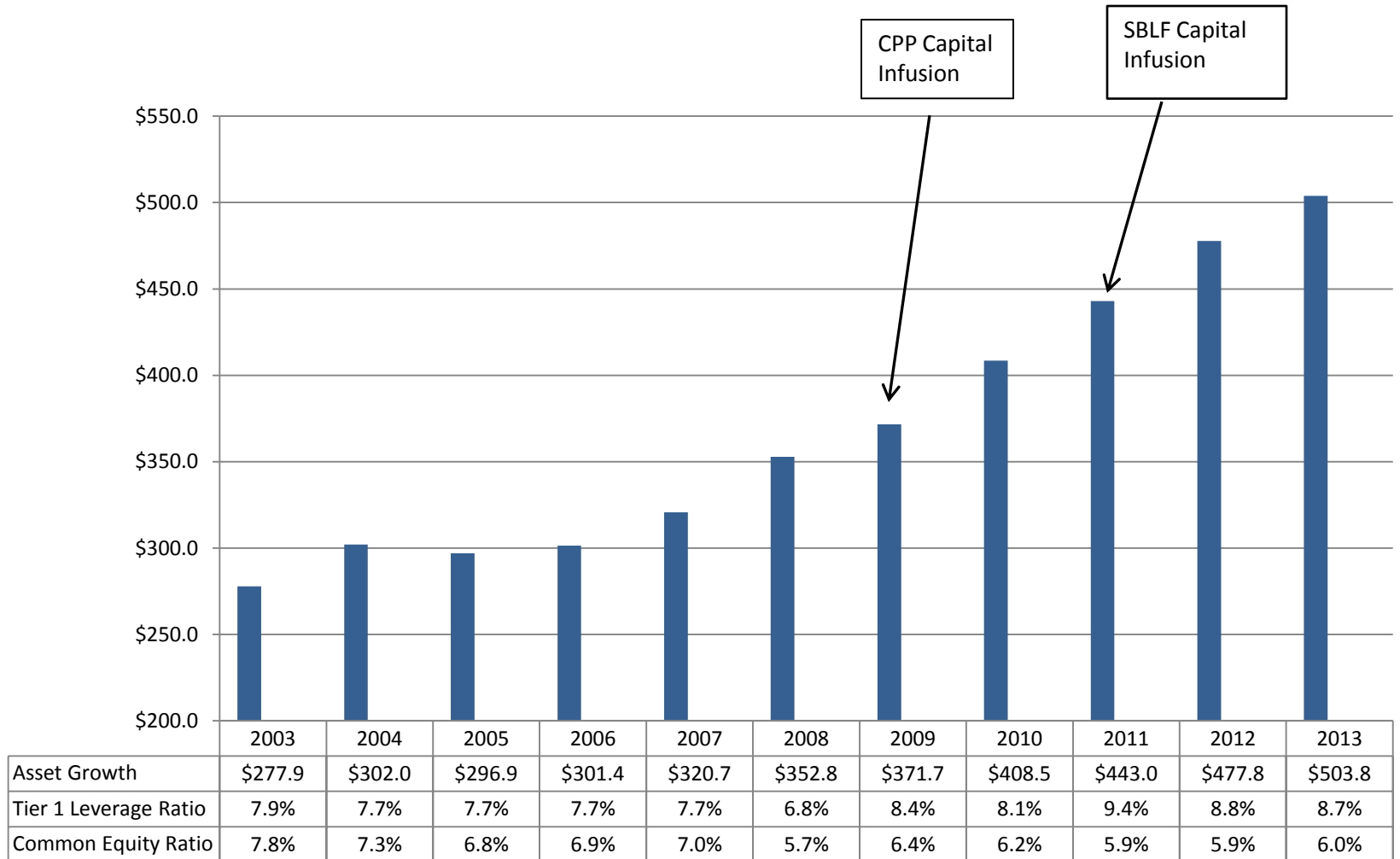
Business:

- Growth
- Valuations - Timing
- Benefits to Shareholders

Opportunities

Asset Growth Over 10 Years

(\$ in millions)

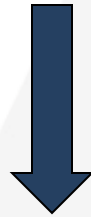


STRATEGIC PLAN

5 Core Strategic Objectives

- Employee Development
- Product & Service Delivery**
- Market Expansion**
- Enhance Operation Efficiency/Cost Control
- Capital Management**

PATHFINDER BANK BRAND



COMPETITIVE ADVANTAGE

LOCAL. COMMUNITY. TRUST.



MAIN OFFICE
214 West First Street, Oswego

PLAZA OFFICE
State Route 104 East, Oswego

DOWNTOWN DRIVE-THRU
34 East Bridge Street, Oswego

MEXICO OFFICE
Norman & Main Streets, Mexico

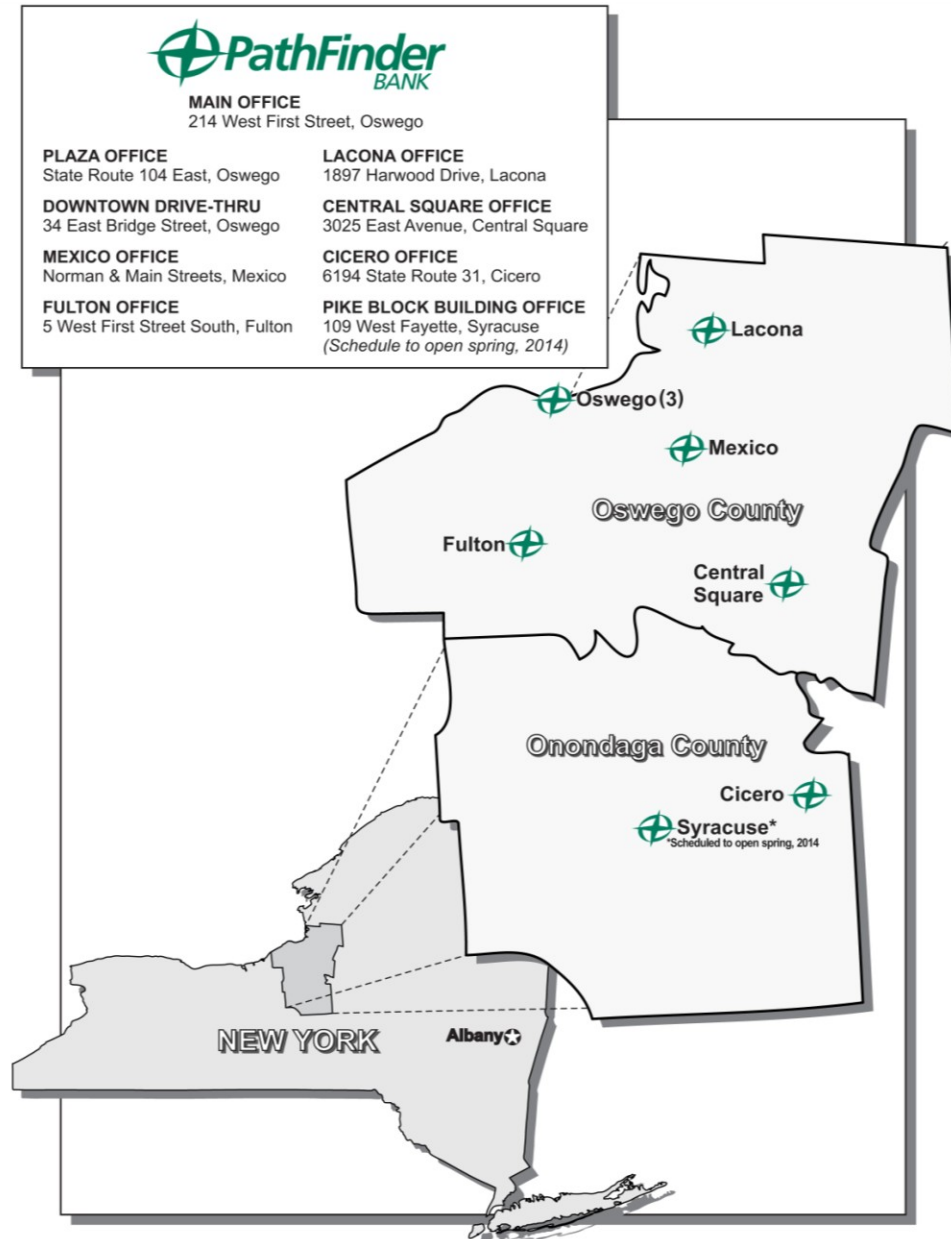
FULTON OFFICE
5 West First Street South, Fulton

LACONA OFFICE
1897 Harwood Drive, Lacona

CENTRAL SQUARE OFFICE
3025 East Avenue, Central Square

CICERO OFFICE
6194 State Route 31, Cicero

PIKE BLOCK BUILDING OFFICE
109 West Fayette, Syracuse
(Schedule to open spring, 2014)



Deposit Market Rank by County - 2013

#1 market share holder in Oswego County

Meaningful penetration into Onondaga County in a short timeframe

OSWEGO COUNTY

Rank	Institution (ST)	Total Deposits (\$000)	Market Share (%)
1	Pathfinder Bancorp Inc. (MHC) (NY)	\$362,229	31.19%
2	Fulton Savings Bank (NY)	201,081	17.31%
3	KeyCorp (OH)	140,054	12.06%
4	Community Bank System Inc. (NY)	140,039	12.06%
5	NBT Bancorp Inc.(NY)	139,950	12.05%
6	Bank of America Corp. (NC)	132,988	11.45%
7	JP Morgan Chase & Co. (NY)	44,859	3.86%
8	Woodforest Financial Group (TX)	304	0.03%
Total for Institutions in Market		\$ 1,161,504	

ONONDAGA COUNTY

Rank	Institution (ST)	Total Deposits (\$000)	Market Share (%)
1	M & T Bank Corp. (NY)	\$2,539,826	29.15%
2	KeyCorp (OH)	1,774,695	20.37%
3	First Niagara Finl Group (NY)	803,375	9.22%
4	JPMorgan Chase & Co. (NY)	728,680	8.36%
5	Bank of America Corp. (NC)	628,646	7.22%
6	Solvay Bank Corp. (NY)	577,446	6.63%
7	Geddes FS&LA (NY)	420,148	4.82%
8	NBT Bancorp Inc. (NY)	398,144	4.57%
9	Berkshire Hills Bancorp Inc. (MA)	332,493	3.82%
10	RBS	250,996	2.88%
11	Seneca FS&LA (NY)	114,516	1.31%
12	Fulton Savings Bank (NY)	41,218	0.47%
13	Pathfinder Bancorp Inc. (MHC)(NY)	40,137	0.46%
14	Lyons Bancorp Inc (NY)	31,797	0.36%
15	Community Bank System Inc. (NY)	30,279	0.35%
Total for Institutions in Market		\$8,712,396	

Source: FDIC Deposit Market Share Report as of 6-30-13 and 6-30-11

Oswego and Onondaga Market Combined

2013

Rank	Institution (ST)	Total Deposits (000's)	Market Share %
1	M & T Bank Corp. (NY)	\$2,539,826	25.72%
2	KeyCorp (OH)	1,914,749	19.39%
3	First Niagara Finl Group (NY)	803,375	8.14%
4	Bank of America Corp. (NC)	773,539	7.83%
5	JP Morgan Chase & Co. (NY)	761,634	7.71%
6	Solvay Bank Corp. (NY)	577,446	5.85%
7	NBT Bancorp Inc. (NY)	538,094	5.45%
8	Berkshire Hills Bancorp Inc. (MA)	420,148	4.26%
9	Pathfinder Bancorp Inc. (NY)	402,366	4.08%
10	Geddes FS&LA (NY)	332,493	3.37%
11	Fulton Savings Bank (NY)	250,996	2.54%
12	RBS Citizens	242,299	2.45%
13	Community Bank System Inc. (NY)	170,318	1.72%
14	Seneca FS&LA (NY)	114,516	1.16%
15	Lyons Bancorp Inc (NY)	31,797	0.32%
16	Woodforest Financial Group (TX)	304	0.00%

Total Institution Share

\$9,873,900

2011

Rank	Institution (ST)	Total Deposits (000's)	Market Share %
1	M & T Bank Corp. (NY)	\$2,198,443	23.21%
2	KeyCorp (OH)	1,636,374	17.27%
3	HSBC Bank (VA)	1,170,915	12.36%
4	Bank of America Corp. (NC)	707,583	7.47%
5	JP Morgan Chase & Co. (NY)	650,846	6.87%
6	Solvay Bank Corp. (NY)	575,236	6.07%
7	Alliance Financial Corp (NY)	531,890	5.61%
8	Beacon Federal Bancorp Inc. (NY)	442,473	4.67%
9	Geddes FS&LA (NY)	410,170	4.33%
10	Pathfinder Bancorp Inc. (NY)	390,318	4.12%
11	Fulton Savings Bank (NY)	238,961	2.52%
12	RBS Citizens	221,678	2.34%
13	Seneca FS&LA (NY)	122,084	1.29%
14	Community Bank System Inc. (NY)	74,115	0.78%
15	First Niagara Finl Group (NY)	71,126	0.75%
16	Lyons Bancorp Inc (NY)	29,673	0.31%
17	Woodforest Financial Group (TX)	887	0.01%

Total Institution Share

\$9,472,772

Benefits:

- ❑ Enhanced Liquidity for Common Stock
- ❑ Immediately Accretive to Book Value per Share
- ❑ Provides Capital for Continued Growth
- ❑ Eliminate a Limited Structure (MHC)
- ❑ Increases Flexibility for Mergers and Acquisitions

2013 Financial Results

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James A. Dowd

SVP & Chief Financial Officer

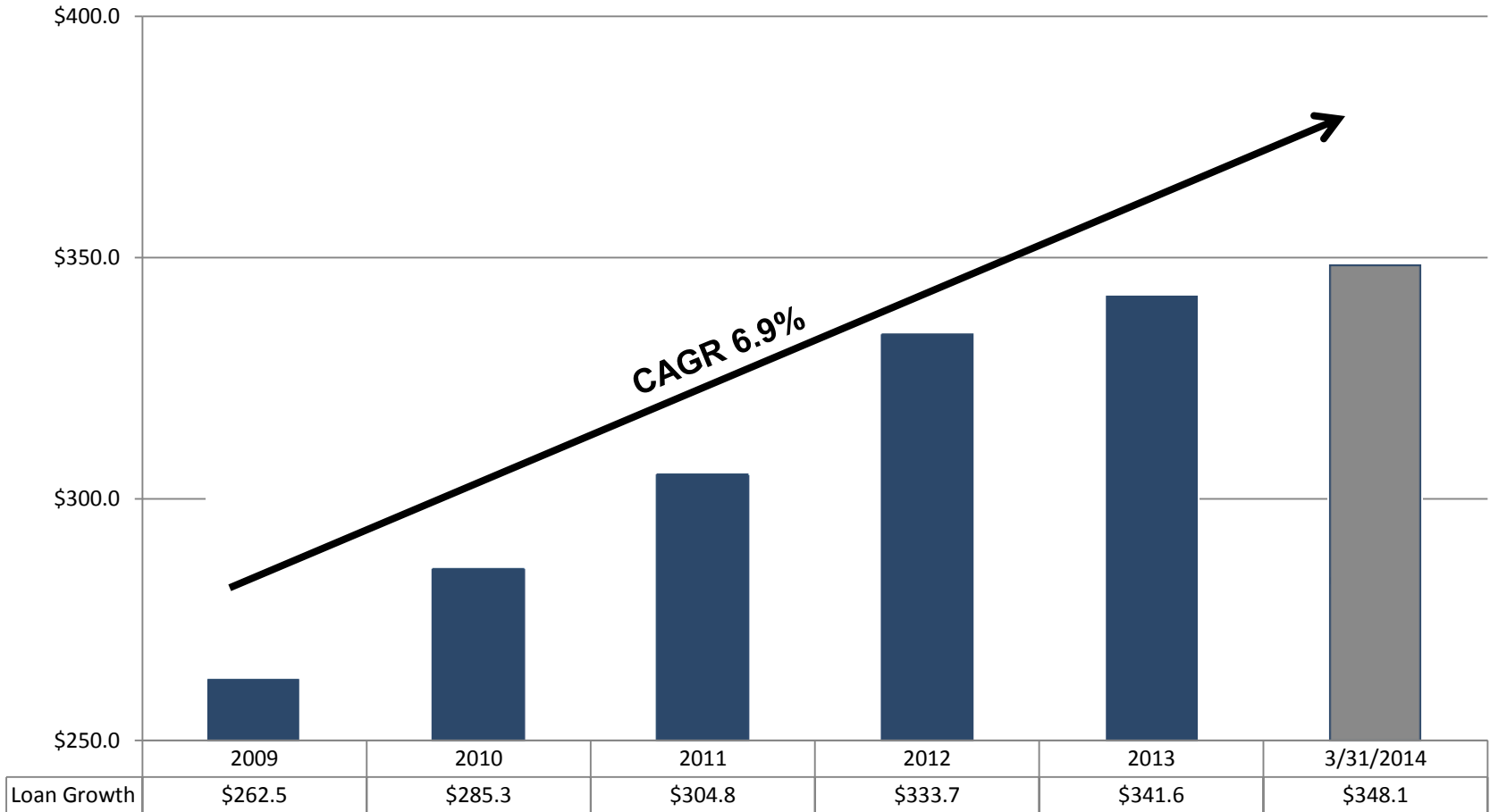
Balance Sheet Results

Growth

- Organic
- Balanced
- Diversified

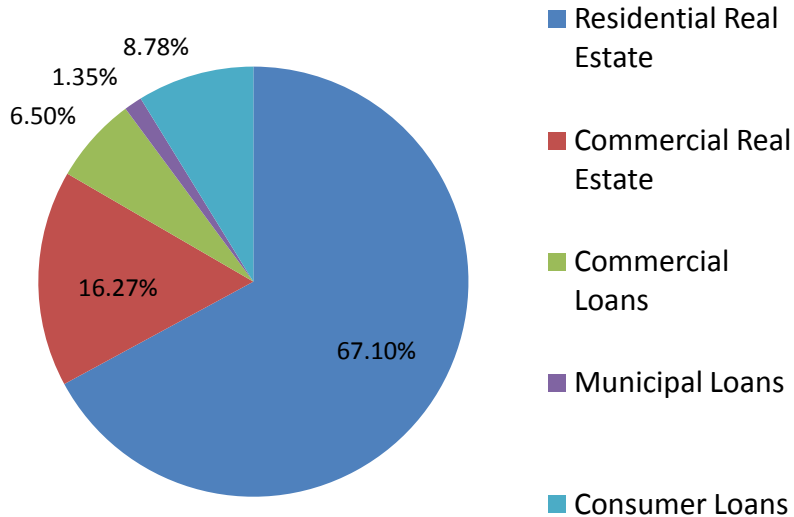
Loan Growth

(\$ in Millions)

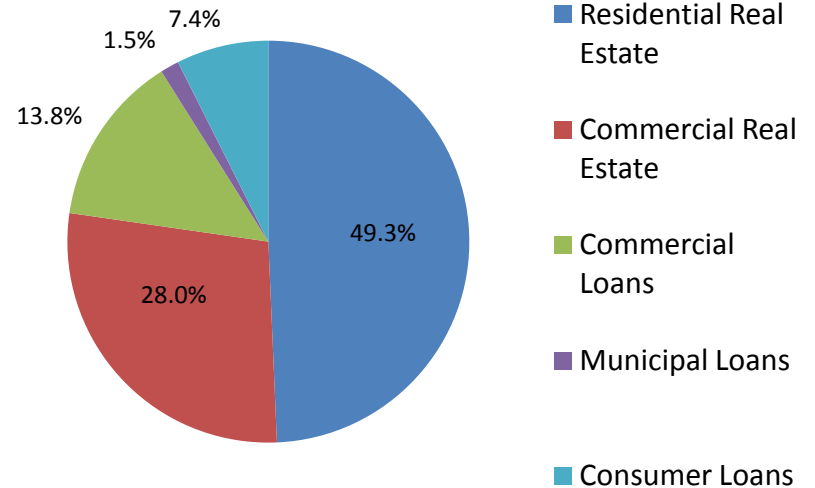


Loan Portfolio Composition

Loan Composition December 31, 2003

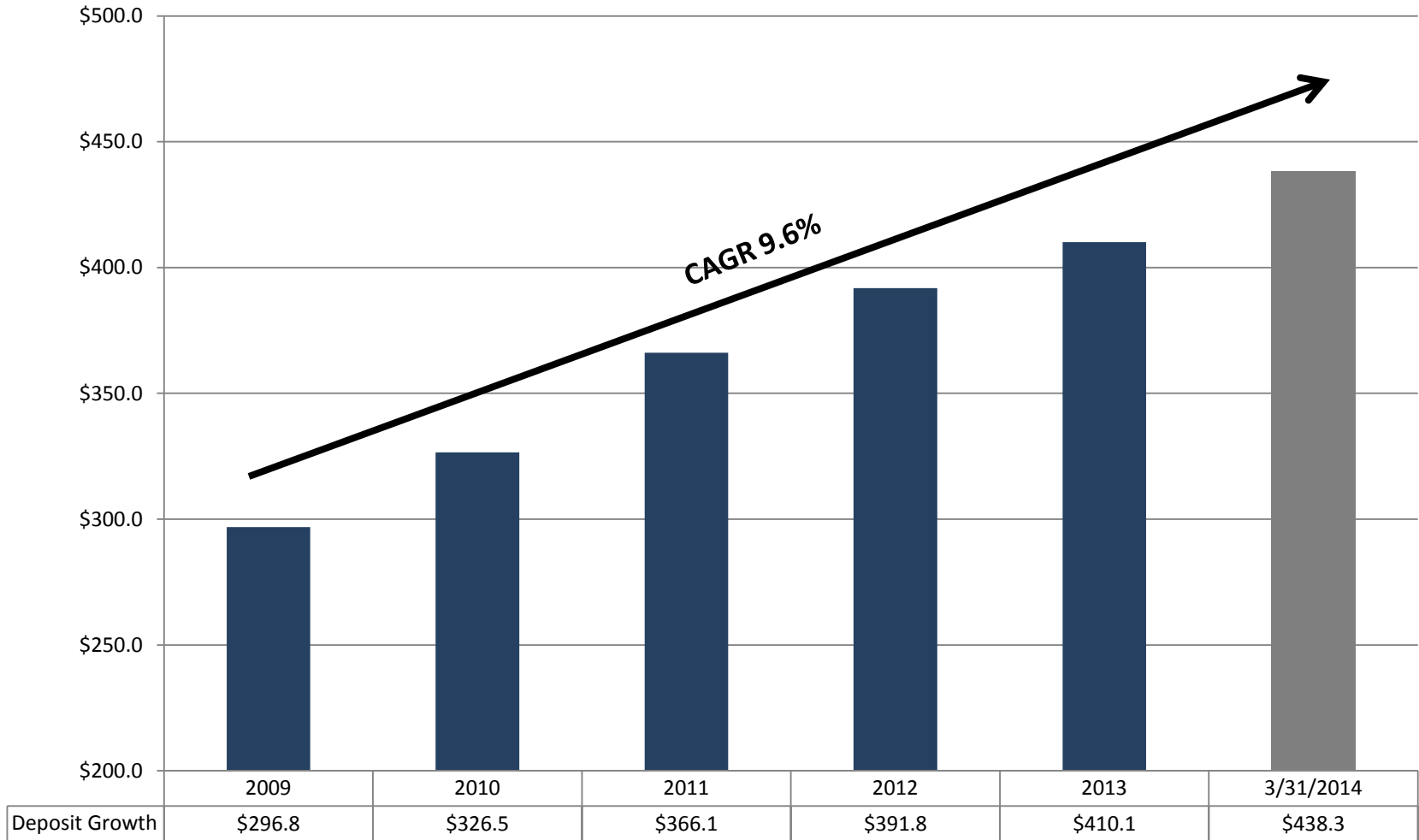


Loan Composition December 31, 2013



Deposit Growth

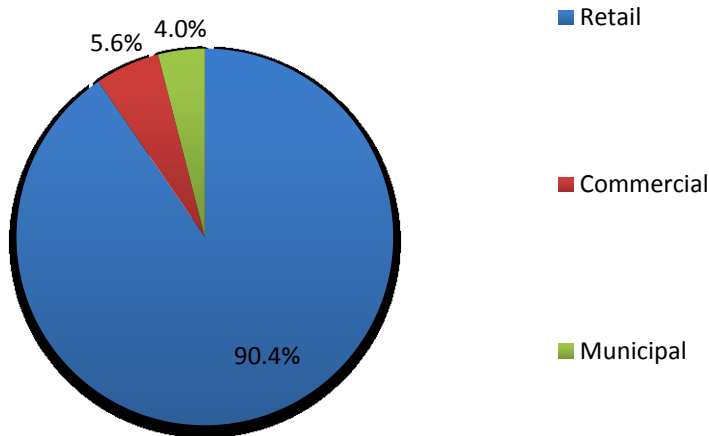
(\$ in Millions)



Includes brokered deposits

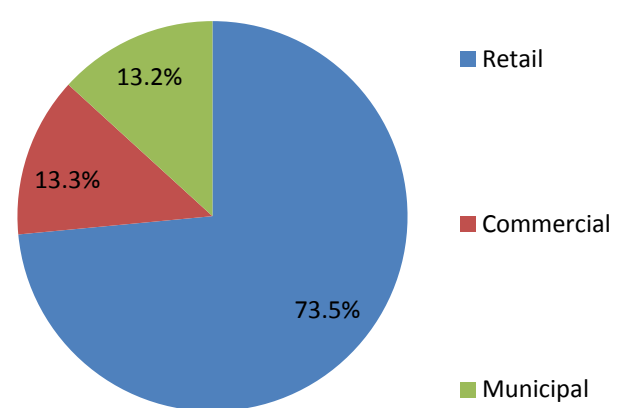
Deposit Portfolio Composition

**Deposit Composition
December 31, 2003**

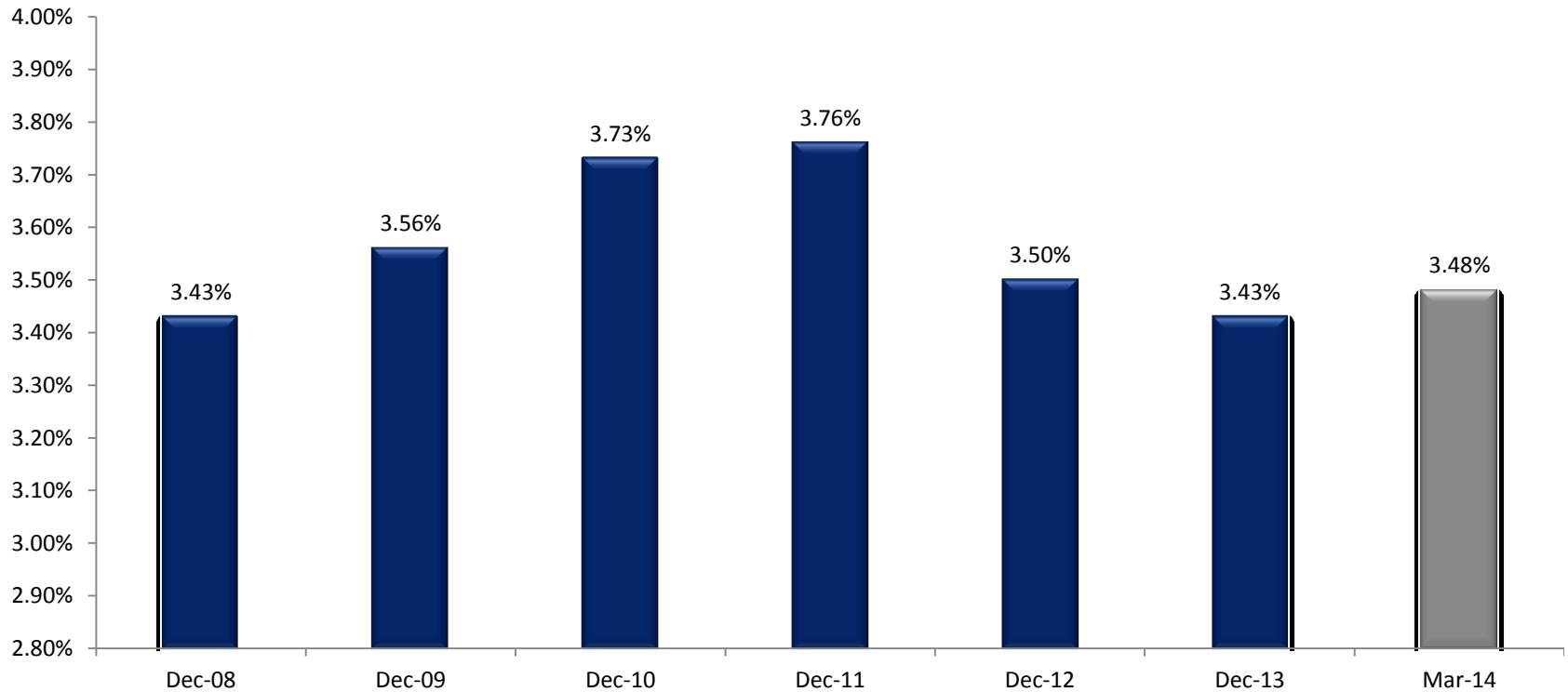


Includes Brokered Deposits

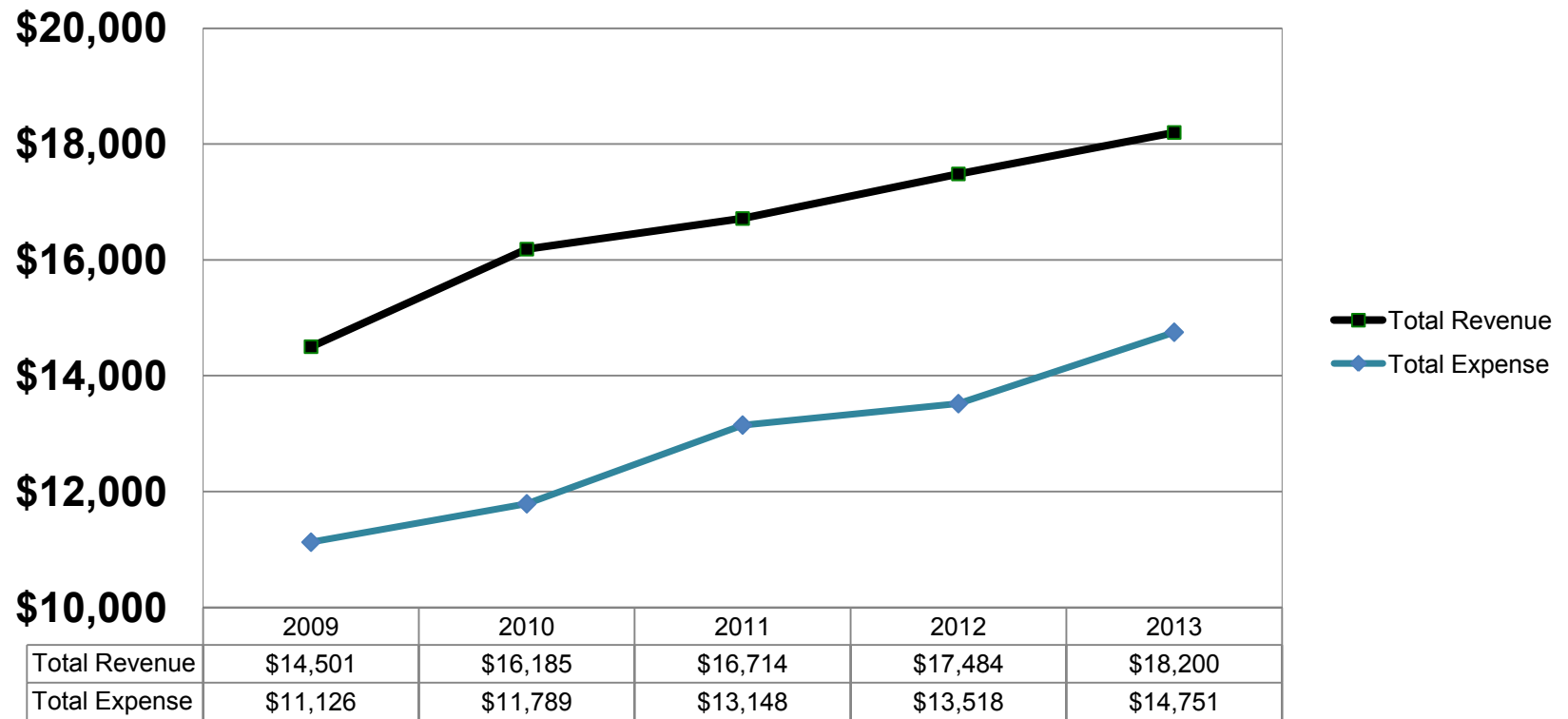
**Deposit Composition
December 31, 2013**



Net Interest Margin



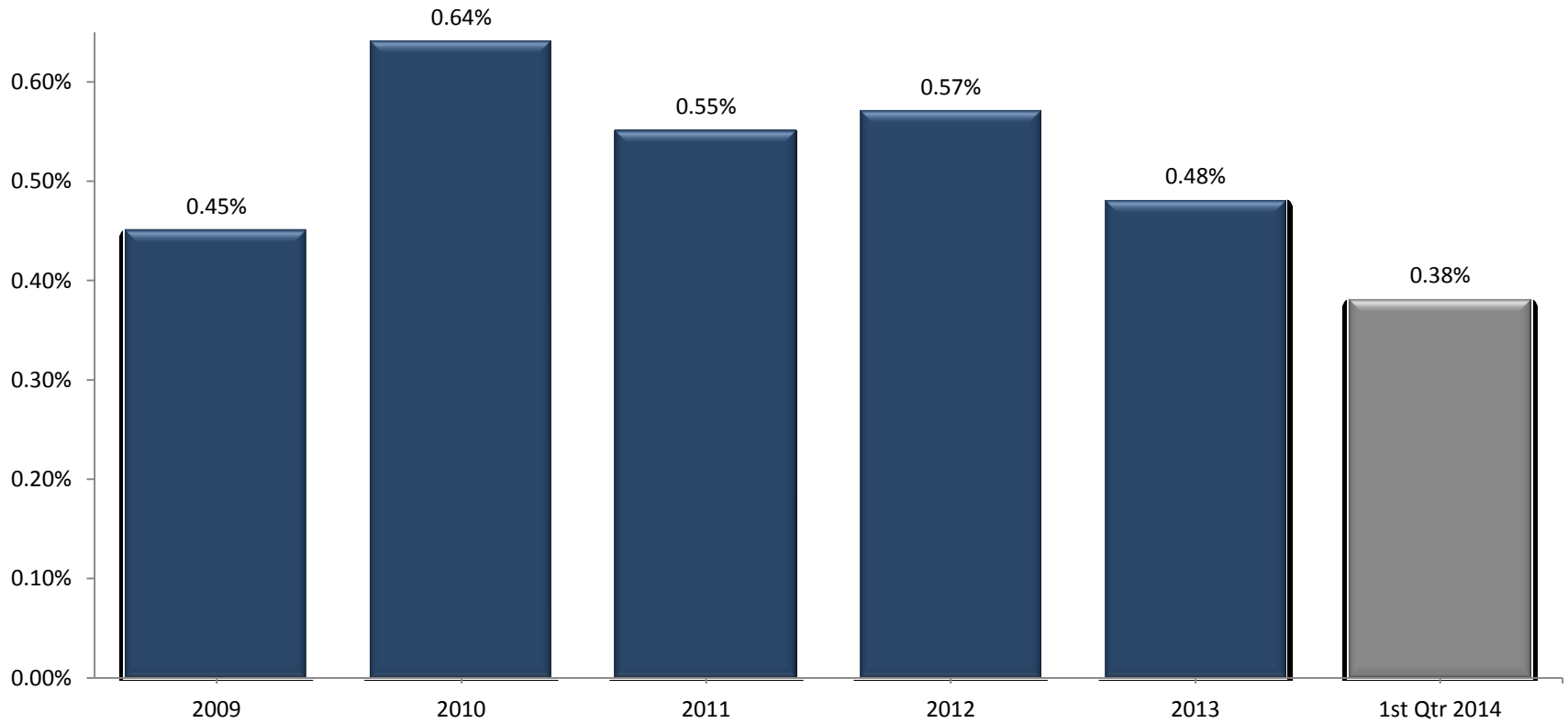
Revenue and Operating Expense Trends



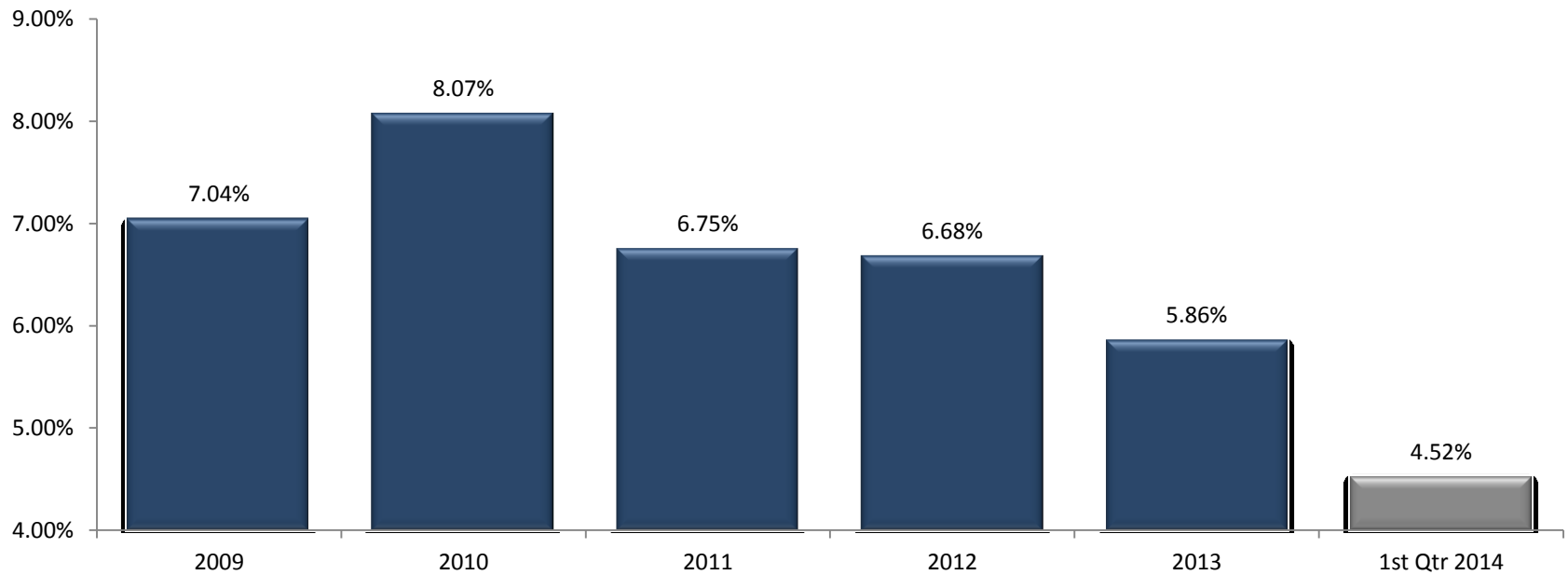
Rate/Volume Analysis Year Ended December 31, 2013

	<u>Volume</u>	<u>Rate</u>	<u>Total Incr/(Decr)</u>
Interest Income:			
Loans	\$1,281	\$(1,008)	\$ 273
Investments	127	(254)	(127)
Interest Earning Deposits	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Total Interest Income	<u>1,406</u>	<u>(1,262)</u>	<u>144</u>
Interest Expense:			
Deposits	62	(480)	(418)
Borrowings	<u>99</u>	<u>(325)</u>	<u>(226)</u>
Total Interest Expense	<u>161</u>	<u>(805)</u>	<u>(644)</u>
Net Change in Net Interest Income	<u>\$1,245</u>	<u>\$ (457)</u>	<u>\$ 788</u>

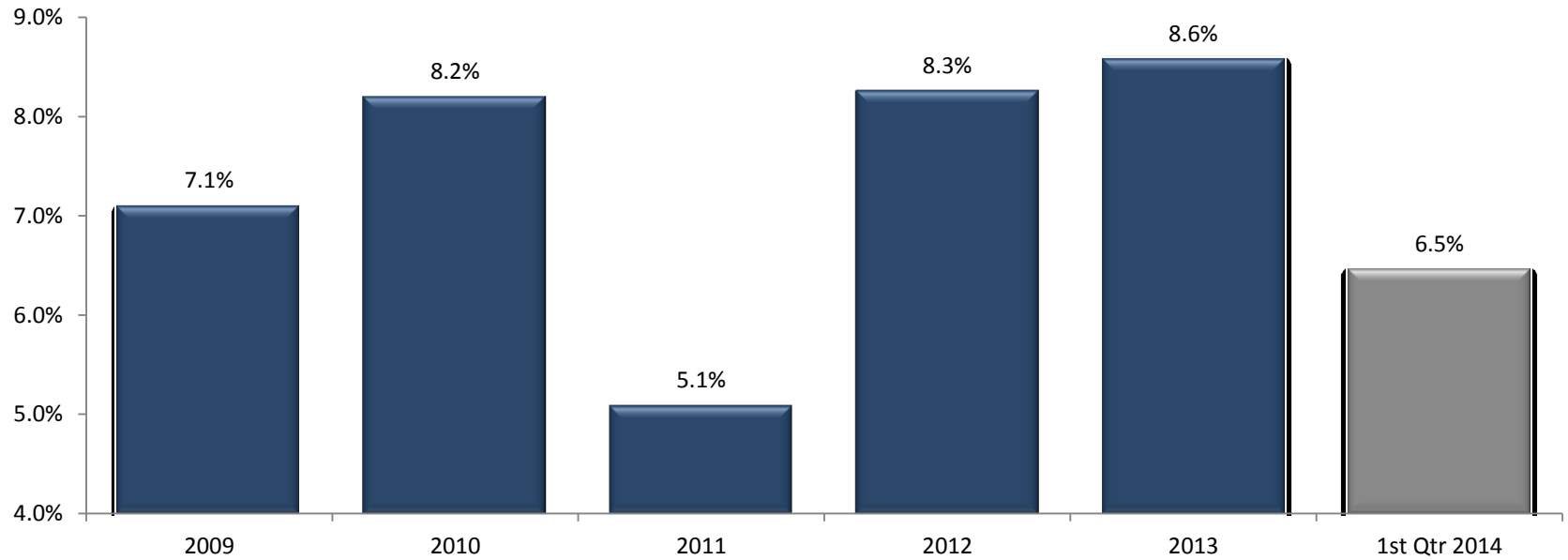
Return on Average Assets

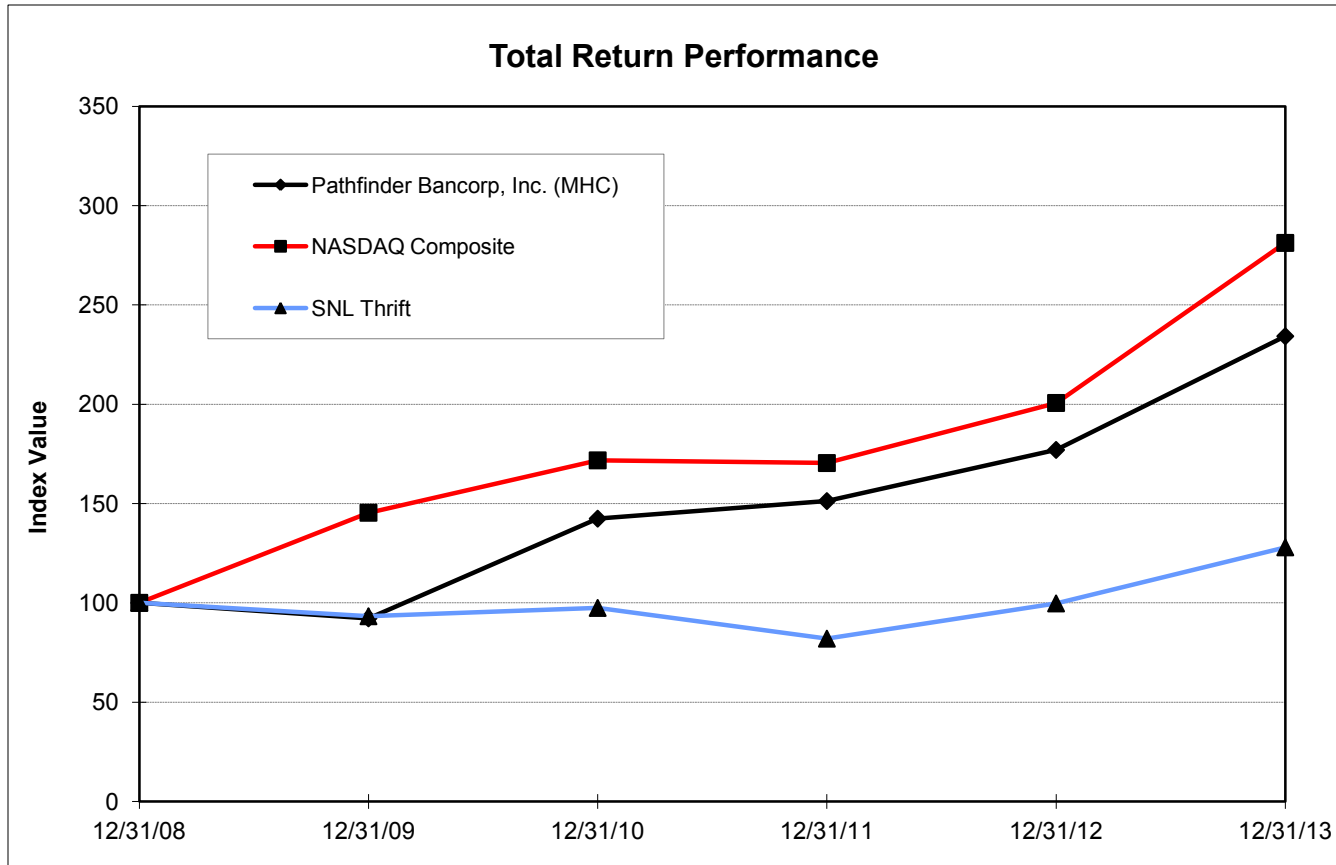


Return on Average Equity



Return on Average Common Equity





Index	Period Ending					
	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13
Pathfinder Bancorp, Inc. (MHC)	100.00	92.19	142.37	151.22	176.99	234.23
NASDAQ Composite	100.00	145.36	171.74	170.38	200.63	281.22
SNL Thrift	100.00	93.26	97.45	81.97	99.70	127.95



Questions?

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Voting Results



Thank you.

