

RESEARCH UPDATE

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Market Statistics

Price	\$ 11.98
52 week Range	\$11.41 - \$16.49
Daily Vol (3-mo. average)	2,630
Market Cap (\$M):	\$ 72.9
Enterprise Value (\$M):	\$ 260.0
Shares Outstanding (\$M)	6.1
Float (M)	3.1
Public Ownership	31.6%
Institutional Ownership	19.4%

Financial Summary

Cash (\$M)	\$ 24.5
Cash/Share	\$ 8.01
Debt (\$M)	\$ 211.6
Equity (\$M)	\$ 120.3
Equity/Share	\$ 19.65

FYE: Dec	2023	2024E	2025E
(in \$M)			
Interest Income	\$ 67.7	\$ 78.5	\$ 84.1
Chng%	32%	16%	7%
Net Income	\$ 9.3	\$ 11.3	\$ 12.3
EPS	\$ 1.5	\$ 1.9	\$ 2.1
P/E	7.9x	6.2x	5.6x



COMPANY DESCRIPTION

Pathfinder Bancorp operates as a holding company that owns Pathfinder Bank (the Company or Bank), which provides various banking and financial products and services primarily in Central New York. The Bank is primarily engaged in the business of attracting deposits from the general public in the Bank's market areas. The Bank has a loan portfolio secured by commercial real-estate, residential real-estate, and originates unsecured small business loans, and consumer loans. The Company is also involved in the property, casualty, and life insurance brokerage business. The Company primarily serves individuals, families, small to mid-size businesses, and municipalities. Pathfinder Bancorp was founded in 1859 and is headquartered in Oswego, NY.

PATHFINDER BANCORP INC. (NASDAQ: PBHC)

Company Summary

Growth Through Acquisition: During 1Q24 the Company announced an agreement to purchase the East Syracuse Branch from Berkshire Bank. This branch is in a high traffic area of Syracuse, NY which is expected to see 8.46% growth in median HHI over the next 5 years. We also note that Syracuse is the future home of the Micron Mega Complex, which will be the largest semiconductor fabrication facility in the U.S. We view this acquisition as highly accretive, despite an estimated \$1.1M in pre-tax one-time acquisition costs, and expect it to strengthen the balance sheet with low-cost stable deposits. We expect the transaction to close in early 2H24.

Commercial Loans: Many banks in the industry are facing pressures due to their exposure to commercial real estate ("CRE") loans. We note that banks with less than \$10.0B in assets tend to have the greatest exposure. PBHC saw net charge-offs to average loans increase to 0.48% in FY23, up from 0.04% in FY22. This increase was largely due to the increase in non-performing loans in the Company's CRE portfolio. We recognize that the downgrade was only on a limited number of relatively large CRE loans. Going forward we do not believe that PBHC has outsize exposure to CRE loans given that the Company currently holds approximately 40% of its loan portfolio in CRE loans and we remain encouraged by the continued focus on diligent underwriting. Lastly, we point out that PBHC operates in markets that are less exposed to office buildings with only 4% of its loan portfolio allocated to office space, which is in-line with the rest of the industry.

Well Diversified Portfolio: Pathfinder Bank's loan portfolio is well diversified and primarily consists of commercial real-estate loans, commercial loans, and residential mortgage loans. Net charge-offs to average loans were 0.48% for FY23, which is down from 0.61% in 3Q23 and up from 0.04% in 4Q22.

Improving Profitability Metrics: The Bank has experienced improving metrics over the years with a 24bps increase in ROAA (return on avg. assets) and a 275bps increase in ROAE (return on avg. equity) from 2019 to 2023. Notably, the Company has seen decreased metrics year over year, though this is expected to be a short-term effect from the increase in provision for credit losses in 2023. These metrics have improved sequentially growing by 9bps and 122bps for ROAA and ROAE respectfully since last quarter.

Pathfinder Bank is Well Capitalized: At the end of 4Q23, the Bank's Tier 1 capital ratio was 10.11%. Additionally, its Total Capital ratio was 15.05% as of 4Q23. The Company has historically been proactive in supplementing its ratios for future growth as evidenced by its subordinated debt offerings in FY15 and FY20, and an equity offering in FY19. Lastly, the Company had \$48.7M in cash as of 4Q23.

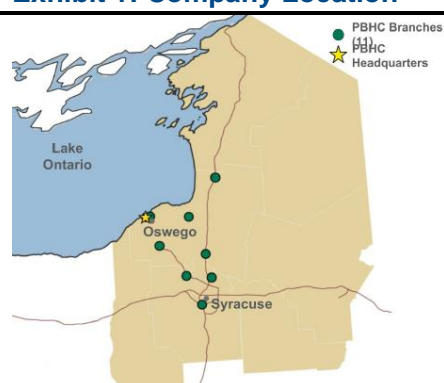
Valuation: We are using P/TBV and P/E multiples to frame our valuation of Pathfinder Bank. Using a P/TB value range of 1.0x to 1.1x, with a mid-point of 1.05x we arrive at a valuation range of \$18.83 to \$20.71, with a mid-point of \$19.77. When applying a P/E range of 9.0x to 11.0x with a midpoint of 10.0x we arrive at a valuation range of \$17.40 to \$21.27 with a midpoint of \$19.33. Based on the factors laid out on Page 8 of this report we believe PBHC should be trading more in line with comps.

Business Overview

Pathfinder Bancorp was founded in 1859 and is headquartered in Oswego, NY. Pathfinder Bancorp operates as a holding company that owns Pathfinder Bank (the Company or the Bank). Pathfinder Bank provides various banking and financial products and services in Central New York. The Company primarily serves individuals, families, small to mid-size businesses, and municipalities.

The Bank is primarily engaged in the business of attracting deposits from the general public in the Bank's market areas. The Bank then invests these deposits, together with other sources of funds, in loans that are secured by commercial and residential real estate, and commercial business and other consumer assets other than real estate. Additionally, the Bank originates unsecured small business loans and consumer loans. The Company is also involved in the property, casualty, and life insurance brokerage business.

Exhibit 1: Company Location

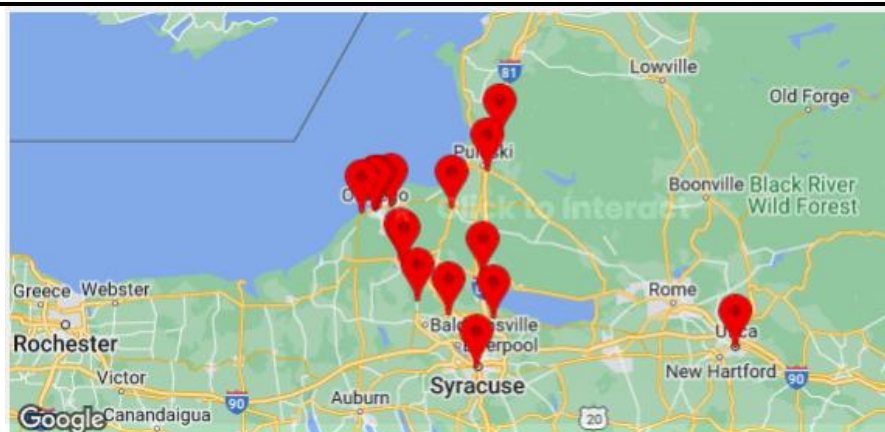


Source: Company Reports

Pathfinder Bank's performance is tied to its primary market area, which is Oswego County and Onondaga County in Central New York. The economies of these areas are driven primarily by manufacturing, energy production, health care, education, and government. More recently there has been an increase in emergence technology commercialization in the areas of bioprocessing, medical devices, aircraft systems, and renewable energy. According to independent market surveys, median home values in Onondaga County and Oswego County were \$222,670 and \$166,723, respectively.

As of December 31, 2023, the Company operated through 11 full-service offices in Oswego and Onondaga counties. Of the 11 branch offices, 7 branch offices are in Oswego County, and 4 branch offices are in Onondaga County. The Bank also operates one limited purpose office located in Oneida County.

Exhibit 2: Central New York Branch & ATM Locations



Source: Company Reports

The Bank has a leading market position by deposit market share in Oswego County. And the Bank has an increasing presence in Onondaga County. As of June 2023, the Company held 49% of all deposits in Oswego County and has the 11th largest deposit base in Onondaga County.

The Company competitively positions itself by focusing on building and developing profitable consumer and commercial customer relationships, while maintaining its role as a community bank. The Company competes for deposits by offering a high level of personal service, a wide range of competitively priced financial services, a well distributed network of branches and ATMs, and electronic banking.

For its loans, the Bank competes through competitive pricing, its experienced and active loan officers, local knowledge of its markets and local decision making, strong community support and involvement, and a highly reputable brand.

Pathfinder Bank has been successful in growing within its market area as evidenced by the growth in total assets.

Since 2016, the Bank has grown its assets by a 10.1% CAGR from \$0.8B at the end of FY16 to \$1.5B at the end of 4Q23. Prior to 2019, the Bank laid out a strategic goal of hitting \$1B in total assets. Having accomplished this objective, in May 2019, the Company shifted its strategic focus toward improving earnings.

Exhibit 3: Historical Total Asset Growth



Source: Company Reports

The Company's new strategic focus rests on a few tenants, which we outline below:

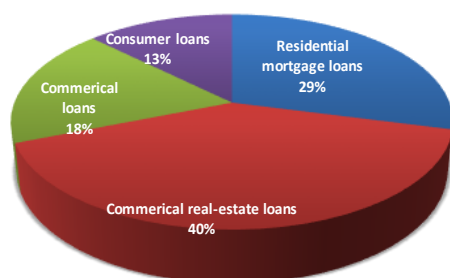
- ✓ Lower costs of funds and interest rate sensitivity through a long-term shift in deposit mix to non-maturity deposits; specifically, business and retail checking deposits.
- ✓ Enhance fee income by analyzing market rates and analyzing internal practices to ensure that the Bank receives value for its services that are in-line with peer banks and credit unions in its market.
- ✓ Manage operating expenses to ensure a rate of growth in revenue that exceeds its rate of growth in operating expenses without compromising its service model and risk management practice.

Loan Portfolio

The Company's primary lending activities are originating commercial real-estate and commercial loans, most of which have periodically adjustable interest rates, and one-to-four family residential real-estate loans, the majority of which have fixed interest rates. To diversify its portfolio, increase revenues, and make the loan portfolio less rate sensitive, the Company has actively pursued an increase to its commercial real-estate and commercial business lending activities.

At 4Q23 end, Pathfinder's loan portfolio was \$894.2M and consisted primarily of commercial real-estate loans, residential mortgage loans, commercial loans, and consumer loans.

Exhibit 4: Loan Portfolio Composition



Source: Company Presentation

Within the commercial loan portfolio, real estate represents the lion's share at over half the portfolio, with lines of credit, and other commercial/industrial loans.

The Company, along with the rest of the industry, is experiencing significant headwinds. Of note is an increase in the provision for credit losses, which stands at \$0.3M for 4Q23. This is a result of a larger commercial loan relationship being downgraded. It is expected that the Bank's experienced lending department will take appropriate steps to navigate through these situations. Given PBHC's level of diversification, the long-term thesis remains intact, allowing the company to look through the current loan environment and take steps to further expand within its current local marketplace. Overall loan growth is expected to pace around 4% annually.

On its commercial loans, including commercial term loans and commercial lines of credit, the loans are typically secured by equipment, furniture and fixtures, inventory, accounts receivable, or other business assets. Its commercial loans are typically adjustable-rate lines, indexed to the prime interest rate.

On residential real-estate loans, the Company's lending activities are focused on originating one-to-four family, owner-occupied residential loans. Substantially all these loans are secured by properties located in its market area, and typically have terms up to 30 years, although the Bank typically sells the majority of its originated residential mortgage loans, with stated maturities greater than 15 years, in the secondary market.

As mentioned, total loans at 4Q23 end, were \$894.2, an increase of \$60.5M or 7.3% compared to \$833.7M at the end of FY21. Given that the Company surpassed its \$100M milestone in total shareholder equity, it intentionally slowed asset growth and is modestly reducing its asset duration while increasing liquidity to drive future loan growth and better solidify its balance sheet in the near term given potential headwinds from recent fiscal and monetary policy.

Exhibit 5: Loan Growth Trends



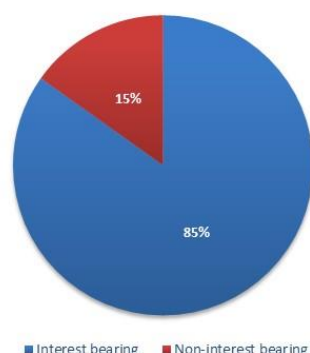
Source: Company Presentation

Deposits

Deposits are the primary source of funds for the Bank to use in its lending and investment activities. Most of the Bank's depositors are individuals or businesses who work, reside, or operate in Oswego and Onondaga Counties. The Bank offers a variety of deposits including:

- Checking
- Savings
- Money market deposit accounts
- CDs

Exhibit 6: Deposit Composition



Source: Company Reports

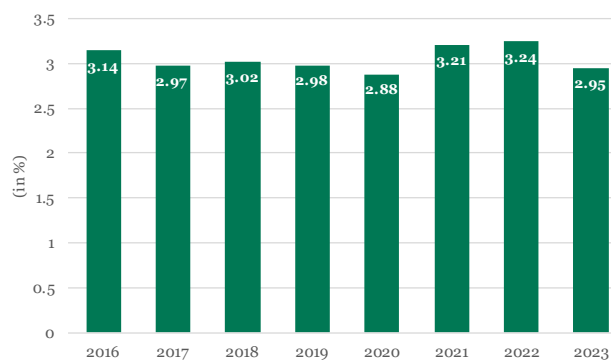
Total deposits in 3Q23 were \$1.1B, an increase of \$64.7M or 6.1% compared to \$1.06B at the end of FY21.

Net Interest Income and Margins

Net interest margin (NIM) is a good indicator of how profitable banks are through their investments.

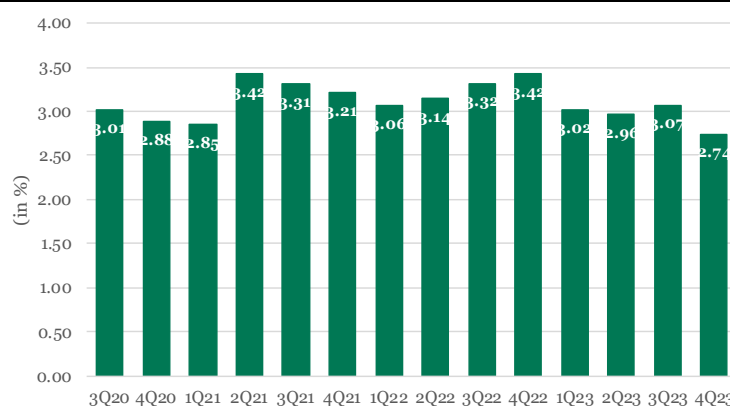
While NIM declined due to the impact of COVID-19, as mentioned, in May 2019 the Company shifted its strategic focus toward improving earnings. Since then, NIM has been more consistent, maintaining a reasonable NIM level given the aggressive rate environment that all banks have been navigating over the last several quarters. Should interest rates either see slower growth or a decrease in rates we expect PBHC to return to a NIM of 3.0% or greater.

Exhibit 7: NIM Trends



Source: Company Presentation

Exhibit 8: Trailing NIM Trends



Source: Company Reports

Risks

Geographic concentration – Pathfinder Bank is largely concentrated in the state of New York, which exposes it to risks associated with lack of geographic diversification. A local or regional economic downturn could adversely affect the Company's profitability.

Changes in interest rates – Pathfinder Bank's results depend on its net interest income; should the rates it earns on loans, securities and other interest-bearing assets fluctuate faster than the rates it is required to pay on deposits and borrowed funds, results would suffer.

Security of systems – Any material breaches in the security of Pathfinder Bank's banking systems could cause material losses for the Bank. Protecting sensitive consumer data is essential as is maintenance and backup of key financial and customer information.

Failure to stay competitive – Pathfinder Bank operates in an extremely competitive marketplace, and failure of its branches to stay competitive in its respective local markets could cause significant harm to financial results and result in closures; competition continues to increase as consolidation occurs in the industry and changes to regulations affect the business. Pathfinder Bank is much smaller than certain competitors that have access to significantly more resources when compared to Pathfinder Bank. Additionally, technology now enables banking online which broadens the reach of the competition, and Pathfinder Bank faces higher costs than the newer trending online financial services organizations that lack physical branches.

Trading of common shares is limited – Trading in the Pathfinder Bancorp's common shares is not very active, which could cause concern for current and future shareholders, and the limited trading can cause exaggerated price volatility for shares of Pathfinder Bancorp.

Access to future capital – Should the Company incur significant loan losses, desire to execute acquisitions, or require additional funds for other operational purposes, the timing and terms of the capital may not be favorable given certain economic and/or market conditions.

External shocks – War, terrorism, other acts of violence or natural or manmade disasters such as a global pandemic may affect the markets in which the Company operates, the Company's customers, the Company's delivery of products and customer service, and could have a material adverse impact on our business, results of operations, or financial condition.

VALUATION SUMMARY

We are using a P/TBV and P/E to frame our valuation of Pathfinder Bank. Below is our comp table.

Comparative Analysis

Consolidated Statements of Income (in \$Ms, except per share amounts)
(all figures in \$M except per share information)

Name	Ticker	Price (1)	S/O	Mrkt Cap	Financial (MRQ)			EPS (2)			Valuation				Profitability (3)		
					Assets	BV/sh	TBV/sh	2022	LTM	2024E	P/E LTM	P/E 2024E	P/BV	P/TBV	NIM	ROA	ROE
Chemung Financial Corporation	CHMG	\$ 40.00	4.8	\$ 187.2	\$ 2,710.5	\$ 41.21	\$ 36.61	\$ 6.13	\$ 4.16	\$ 4.69	9.6x	8.5x	1.0x	1.1x	0.0%	0.9%	13.8%
Evans Bancorp, Inc.	EVBN	\$ 26.35	5.5	\$ 143.9	\$ 2,108.7	\$ 32.75	\$ 32.40	\$ 4.04	\$ 3.97	\$ 1.72	6.6x	15.3x	0.8x	0.8x	0.0%	1.1%	14.8%
Middlefield Banc Corp.	MBCN	\$ 22.15	8.1	\$ 178.7	\$ 1,822.9	\$ 25.41	\$ 20.10	\$ 2.59	\$ 1.63	\$ 1.63	13.6x	13.6x	0.9x	1.1x	0.0%	1.0%	8.6%
Malvern Bancorp, Inc.	MLVF	\$ -	7.6	-	\$ 996.3	\$ 19.47	\$ 19.47	\$ 0.92	\$ 0.86	-	0.0x	nm	0.0x	0.0x	2.8%	0.7%	4.7%
Norwood Financial Corp.	NWFL	\$ 23.50	8.1	\$ 189.5	\$ 2,201.1	\$ 22.45	\$ 18.80	\$ 3.58	\$ 1.63	\$ -	14.4x	nm	1.0x	1.3x	0.0%	0.8%	9.6%
SB Financial Group, Inc.	SBFG	\$ 13.14	6.8	\$ 89.2	\$ 1,343.2	\$ 18.37	\$ 14.94	\$ 1.77	\$ 1.33	\$ 1.49	9.8x	8.8x	0.7x	0.9x	0.0%	0.9%	10.0%
Union Bankshares, Inc.	UNB	\$ 27.70	4.5	\$ 125.2	\$ 1,468.9	\$ 14.56	\$ 14.56	\$ 2.79	\$ 1.77	\$ -	15.6x	nm	1.9x	1.9x	0.0%	0.8%	18.6%
							Average	\$ 3.12	\$ 2.19	\$ 2.38	10.0x	11.6x	0.9x	1.0x	0.4%	0.9%	11.4%
							Median	\$ 2.79	\$ 1.63	\$ 1.49	9.8x	11.2x	0.9x	1.1x	0.0%	0.9%	10.0%
Pathfinder Bancorp, Inc.	PBHC	\$ 11.98	6.1	\$ 72.9	\$ 1,392.3	\$ 18.74	\$ 18.83	\$ 1.64	\$ 1.16	\$ 1.93	10.3x	6.2x	0.6x	0.6x	0.0%	0.6%	7.0%

(1) Previous day's closing price

(2) Estimates are from CapitalIQ except for PBHC which are Stonegate estimates

(3) Credit and Profitability metrics are LTM figures except for NIM which is MRQ

Source: Capital IQ, Stonegate Capital Partners

As can be seen above, Pathfinder is trading at a P/TBV of 0.6x vs. median comps at 1.1x. We also note that over the prior 3-year period, Pathfinder Bank has traded at an average P/TBV of 0.9x, vs. comps at an average P/TBV of 1.2x. While the Company has traded at an ~26% discount to the comps over the prior 3-year period, given the Company's successful execution of driving its total assets and the recent strategic shift to focus on improving its earnings, we believe the discount is too wide.

As such we are using a P/TBV value range of 1.0x to 1.1x, with a mid-point of 1.05x. At the midpoint, this represents a market multiple, which we believe is reasonable given management's strategic initiatives coupled with its current credit and profitability ratios vs. comps. Using the above assumptions, we arrive at a valuation range of \$18.83 to \$20.71, with a mid-point of \$19.77.

TBV/S Valuation	1.00x		1.05x		1.10x	
	\$	18.83	\$	18.83	\$	18.83
	\$	18.83	\$	19.77	\$	20.71

		<u>P/E</u>		
		9.0x	10.0x	11.0x
EPS	\$	1.93	\$ 1.93	\$ 1.93
Valuation	\$	17.40	\$ 19.33	\$ 21.27

When we look at Pathfinder through a Forward P/E Multiple lens, we note that PBHC is trading at 6.2x vs median comps at 11.2x. We think that given the above-mentioned strengths that PBHC has, it should be trading more in line with comps. Applying a multiple range of 9.0x to 11.0x with a midpoint of 10.0x arrives at a valuation range of \$17.40 to \$21.27, with a midpoint of \$19.33.

BALANCE SHEET

Pathfinder Bankcorp																	
Consolidated Balance Sheets (\$Ms)																	
Fiscal Year: December																	
	FY2019	FY2020	Q1 Mar-21	Q2 Jun-21	Q3 Sep-21	Q4 Dec-21	FY2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY2023
ASSETS																	
Assets																	
Cash and Due from Banks	8.3	14.9	10.9	13.0	27.2	13.9	13.9	13.7	14.8	15.6	13.9	13.9	15.2	22.5	12.8	12.3	12.3
Interest-earning Deposits	11.9	28.6	41.0	28.1	48.0	23.3	23.3	23.5	23.5	28.9	21.3	21.3	17.1	14.3	11.7	36.4	36.4
Total Cash And Cash Equivalents	20.2	43.5	52.0	41.2	75.2	37.1	37.1	37.2	38.3	44.5	35.3	35.3	32.3	36.8	24.5	48.7	48.7
Available-for-sale Securities-at Fair Value	111.1	128.3	159.1	157.6	175.5	190.6	190.6	198.1	203.2	191.5	191.7	191.7	187.0	185.8	206.8	258.7	258.7
Held-to-maturity Securities, At Amortized Cost	123.0	171.2	165.6	62.4	161.7	160.9	160.9	168.0	181.5	195.9	194.4	194.4	201.2	195.5	185.6	179.3	179.3
Marketable Equity Securities, At Fair Value	0.5	1.9	2.1	2.1	0.7	0.7	0.7	1.2	0.7	1.2	1.9	1.9	2.1	2.4	3.0	3.2	3.2
Federal Home Loan Bank Stock, At Cost	4.8	4.4	4.6	4.5	3.7	4.2	4.2	3.5	4.2	3.7	6.0	6.0	5.2	6.5	5.8	8.7	8.7
Loans	745.5	824.0	864.9	834.2	787.9	831.9	831.9	854.9	866.3	885.9	897.7	897.7	910.2	891.1	896.1	897.2	897.2
Loans Held for Sale	35.9	1.5	0.4	0.7	0.3	0.5	0.5	0.7	-	0.3	0.0	0.0	-	-	-	-	-
Less: Allowance for Loan Losses	8.7	12.8	13.7	14.6	14.1	12.9	12.9	13.0	13.1	13.6	15.3	15.3	17.9	18.8	15.8	16.0	16.0
Loans Receivable, net	772.8	812.7	851.6	820.3	774.1	819.5	819.5	842.6	853.2	872.6	882.4	882.4	892.3	872.3	880.4	881.2	881.2
Premises & Equipment-net	22.7	22.3	22.2	22.2	21.9	21.7	21.7	21.9	22.0	22.0	17.9	17.9	17.7	17.8	18.5	18.4	18.4
Operating Lease Right-of-use Assets	2.4	2.2	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.0	2.1	2.1	2.1	2.0	1.6	1.5	1.5
Accrued Interest Receivable	3.7	4.5	4.7	4.5	4.6	4.5	4.5	4.7	4.8	5.2	6.2	6.2	5.6	6.1	6.6	7.3	7.3
Foreclosed Real Estate	0.1	-	-	-	-	-	-	-	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2
Intangible Assets, Net	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Goodwill	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Bank Owned Life Insurance	17.4	17.9	23.0	23.1	23.3	23.4	23.4	23.6	23.7	23.9	24.0	24.0	24.2	24.3	24.5	24.6	24.6
Other Assets	10.4	14.0	15.4	14.9	14.6	15.7	15.7	20.8	24.6	29.7	33.2	33.2	29.7	37.8	38.6	29.2	29.2
Total Assets	1,093.8	1,227.4	1,307.2	1,259.7	1,262.2	1,285.2	1,285.2	1,328.4	1,363.1	1,396.9	1,399.9	1,399.9	1,404.3	1,392.3	1,400.6	1,465.8	1,465.8
Liabilities & Shareholders' Equity																	
Interest Bearing	774.4	833.9	871.4	848.0	840.0	863.5	863.5	909.3	945.0	993.4	941.7	941.7	962.6	934.2	953.1	949.9	949.9
Demand Deposits-non-Interest-Bearing	107.5	162.1	197.5	183.7	206.2	191.9	191.9	204.7	192.8	187.2	183.7	183.7	181.6	166.9	174.7	170.2	170.2
Total Deposits	881.9	996.0	1,068.9	1,031.7	1,046.2	1,055.3	1,055.3	1,114.1	1,137.8	1,180.6	1,125.4	1,125.4	1,144.3	1,101.1	1,127.9	1,120.1	1,120.1
Short-term Borrowings	25.1	4.0	4.0	2.0	-	12.5	12.5	2.5	15.7	11.5	60.3	60.3	43.5	69.5	56.7	125.7	125.7
Long-term Borrowings	68.0	78.0	82.5	81.7	67.1	64.6	64.6	60.0	60.0	54.1	55.7	55.7	55.7	59.9	53.9	49.9	49.9
Subordinated Loan	15.1	39.4	39.4	29.5	29.5	29.6	29.6	29.6	29.6	29.7	29.7	29.7	29.8	29.8	29.9	29.9	29.9
Accrued Interest Payable	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.5	1.0	1.0	1.5	1.6	1.7	2.2	2.2
Operating Lease Liabilities	2.7	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.3	2.4	2.4	2.4	2.4	1.7	1.7	1.7
Other Liabilities	9.9	9.6	9.4	8.7	10.1	10.0	10.0	10.2	9.2	10.4	13.8	13.8	14.8	13.6	14.4	16.0	16.0
Total Liabilities	1,003.1	1,129.7	1,206.9	1,156.2	1,155.5	1,174.5	1,174.5	1,219.0	1,255.0	1,289.2	1,288.3	1,288.3	1,291.9	1,277.9	1,286.2	1,345.5	1,345.5
Shareholders' Equity																	
Preferred Stock Convertible	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock - Par Value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional Paid in Capital	49.4	50.0	50.3	50.5	50.7	51.0	51.0	51.2	51.4	51.6	52.1	52.1	52.2	52.6	53.0	53.1	53.1
Retained Earnings	44.8	50.3	52.0	54.5	57.5	60.9	60.9	63.4	66.1	68.6	71.3	71.3	71.2	72.7	74.3	76.1	76.1
Accumulated Other Comprehensive Income (Loss)	(3.0)	(2.2)	(1.8)	(1.2)	(1.4)	(1.3)	(1.3)	(5.1)	(9.4)	(12.6)	(12.2)	(12.2)	(11.5)	(11.4)	(13.4)	(9.6)	(9.6)
Unearned ESOP Shares	(0.9)	(0.7)	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)
Total Shareholders' Equity	90.4	97.5	99.9	103.2	106.3	110.3	110.3	109.1	107.7	107.3	111.0	111.0	111.7	113.8	113.8	119.5	119.5
Minority Interest	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.6	0.6	0.7	0.7	0.7	0.8	0.8
Total Equity	90.7	97.7	100.2	103.5	106.6	110.6	110.6	109.4	108.1	107.8	111.6	111.6	112.4	114.4	114.4	120.3	120.3
Total Liabilities & Shareholders' Equity	1,093.8	1,227.4	1,307.2	1,259.7	1,262.2	1,285.2	1,285.2	1,328.4	1,363.1	1,396.9	1,399.9	1,399.9	1,404.3	1,392.3	1,400.6	1,465.8	1,465.8
Book Value Per Share	15.94	17.56	18.07	17.37	17.85	18.43	18.43	18.23	17.96	17.88	18.40	18.40	18.52	18.74	18.67	19.59	19.59
Tangible Book Value Per Share	14.95	16.53	17.04	16.59	17.08	17.66	17.66	17.45	17.18	17.11	17.63	17.63	17.75	17.98	17.91	18.83	18.83
Return on Average Assets (%)	0.43	0.60	0.68	0.95	1.07	1.24	0.98	0.90	0.99	0.93	1.02	0.96	0.75	0.57	0.63	0.72	0.67
Return on Average Equity (%)	5.34	7.43	10.50	14.17	12.71	14.38	11.91	10.63	12.08	11.49	12.89	11.77	9.20	6.96	7.50	8.72	8.09

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Pathfinder Bankcorp

Consolidated Statements of Income (in \$Ms, except per share amounts)

Fiscal Year: December

	FY 2020	FY 2021	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1E Mar-24	Q2E Jun-24	Q3E Sep-24	Q4 E Dec-24	FY 2024E	Q1E Mar-25	Q2E Jun-25	Q3E Sep-25	Q4 E Dec-25	FY 2025E
Interest and dividend income	42.5	45.8	51.1	15.0	16.6	17.7	18.3	67.7	19.1	19.4	19.8	20.2	78.5	20.4	20.8	21.2	21.6	84.1
Interest expense	10.9	7.5	9.7	5.1	6.9	7.6	9.2	28.7	9.1	9.2	9.3	9.4	37.0	10.0	10.1	10.2	10.3	40.7
Net interest income	31.6	38.3	41.4	10.0	9.7	10.1	9.2	38.9	9.9	10.2	10.5	10.8	41.6	10.4	10.7	11.0	11.3	43.3
Provision for loan losses	4.7	1.0	2.8	0.7	1.1	0.8	0.3	2.9	1.0	0.3	0.3	0.4	2.0	0.9	0.4	0.4	0.4	2.0
Net interest income after provision for loan losses	26.9	37.3	38.6	9.3	8.6	9.2	8.9	36.0	9.0	9.9	10.2	10.5	39.6	9.5	10.3	10.6	10.9	41.3
Noninterest inc, excluding net gains on sales of securities, fixed assets, loans, & foreclosed real-estate	4.9	5.3	6.0	1.5	1.1	1.2	1.4	5.2	1.1	1.1	1.5	1.5	5.2	1.5	1.5	1.5	1.5	5.9
Net gains on sales of securities, loans & foreclosed real-estate	1.2	0.5	0.1	0.0	0.1	0.0	(0.0)	0.2	-	-	-	-	-	-	-	-	-	-
Gain (losses) on marketable equity securities	0.4	0.4	(0.2)	0.1	(0.2)	(0.1)	(0.0)	(0.2)	-	-	-	-	-	-	-	-	-	-
Total noninterest expense	25.1	27.5	28.9	7.5	7.2	7.7	7.0	29.4	7.4	7.4	7.8	7.8	30.5	7.9	7.9	7.9	7.9	31.6
Earnings before taxes	8.3	16.0	15.7	3.3	2.5	2.8	3.2	11.8	2.7	3.6	3.8	4.1	14.3	3.0	3.9	4.2	4.5	15.5
Provision for income tax	1.3	3.5	2.7	0.7	0.5	0.6	0.6	2.4	0.5	0.7	0.8	0.8	2.9	0.6	0.8	0.8	0.9	3.1
Net income attributable to noncontrolling interest & Pathfinder Bankcorp	7.0	12.5	13.0	2.7	2.0	2.2	2.6	9.4	2.2	2.9	3.1	3.3	11.4	2.4	3.1	3.3	3.6	12.4
Net income (loss) attributable to noncontrolling interest	0.1	0.1	0.1	0.1	(0.0)	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Net income (loss) attributable to pathfinder bancorp	6.9	12.4	12.9	2.6	2.0	2.2	2.5	9.3	2.1	2.9	3.0	3.3	11.3	2.4	3.1	3.3	3.6	12.3
Basic EPS	\$ 1.17	\$ 2.07	\$ 1.90	\$ 0.43	\$ 0.32	\$ 0.35	\$ 0.41	\$ 1.51	\$ 0.34	\$ 0.49	\$ 0.53	\$ 0.58	\$ 1.93	\$ 0.39	\$ 0.53	\$ 0.58	\$ 0.64	\$ 2.14
Diluted EPS	\$ 1.17	\$ 2.07	\$ 1.90	\$ 0.43	\$ 0.32	\$ 0.35	\$ 0.41	\$ 1.51	\$ 0.34	\$ 0.49	\$ 0.53	\$ 0.58	\$ 1.93	\$ 0.39	\$ 0.53	\$ 0.58	\$ 0.64	\$ 2.14
Wtd avg shares - basic	4.6	5.2	5.9	6.0	4.6	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Wtd avg shares - diluted	4.6	5.2	5.9	6.0	4.6	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Dividend per share	\$ 0.24	\$ 0.28	\$ 0.32	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.36	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.40	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.40

Margin Analysis

Net income margin	16.4%	27.1%	25.3%	17.3%	11.9%	12.3%	13.8%	13.7%	11.2%	14.7%	15.3%	16.2%	14.4%	11.8%	14.7%	15.6%	16.4%	14.7%
Net Interest margin	2.7%	3.2%	3.2%	3.0%	3.0%	3.1%	3.4%	2.8%	2.8%	2.8%	2.9%	2.8%	2.8%	2.7%	2.7%	2.8%	2.8%	2.7%
Interest Income %	3.7%	3.8%	3.9%	1.1%	1.3%	1.4%	1.3%	4.9%	1.4%	1.4%	1.4%	1.4%	5.3%	1.3%	1.3%	1.3%	1.3%	5.2%
Interest Expense %	1.0%	0.6%	0.8%	0.4%	0.5%	0.6%	0.7%	2.2%	0.7%	0.7%	0.7%	0.7%	2.7%	0.7%	0.7%	0.7%	0.7%	2.8%
Net Provision Ratio	1.5%	1.6%	1.7%	2.0%	2.1%	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.1%
Tax %	15.5%	21.9%	16.9%	20.0%	21.2%	20.7%	18.6%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

Growth Rate Y/Y

Interest and Dividend Income	1.8%	7.8%	11.5%	37.0%	42.0%	32.0%	22.0%	32.4%	26.6%	16.9%	12.2%	10.3%	16.1%	7.0%	7.0%	7.0%	7.0%	7.0%
Interest expense	-19.7%	-30.7%	28.7%	235.0%	298.4%	192.4%	138.3%	196.5%	79.4%	33.5%	22.0%	2.3%	28.6%	10.2%	10.2%	10.2%	10.2%	10.2%
Net Income Interest after provision for loan losses	2.6%	38.4%	3.7%	-1.0%	-13.4%	-8.4%	-4.3%	-6.9%	-3.1%	15.2%	10.4%	17.9%	9.9%	5.3%	4.0%	4.0%	4.1%	4.3%
Earnings Before Taxes	53.0%	91.9%	-2.0%	-10.0%	-38.4%	-30.2%	-19.6%	-24.9%	-19.4%	44.0%	38.5%	30.3%	21.1%	12.6%	7.0%	8.8%	8.6%	9.0%
Net Income	64.4%	77.5%	4.2%	-10.7%	-39.9%	-31.3%	-27.5%	-27.7%	-19.3%	46.1%	39.8%	28.1%	21.1%	12.6%	7.0%	8.8%	8.6%	9.0%
Non Interest Income	9.4%	9.0%	12.8%	1.1%	-10.8%	-8.2%	-28.4%	-12.9%	-24.0%	-0.4%	22.1%	7.7%	0.2%	29.5%	29.5%	0.0%	0.0%	12.9%
Non Interest Expense	-2.5%	9.6%	5.0%	3.8%	0.4%	5.3%	-2.3%	1.8%	-1.3%	3.5%	2.3%	11.1%	3.8%	6.4%	6.4%	1.0%	1.0%	3.6%

Source: Company Reports, Stonegate Capital Partners estimates

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