

RESEARCH UPDATE
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Market Statistics

Price	\$ 15.77
52 week Range	\$15.51 - \$21.99
Daily Vol (3-mo. average)	2,130
Market Cap (\$M):	\$ 94.5
Enterprise Value (\$M):	\$ 211.7

Shares Outstanding: (\$M) 6.0

Float (M)	3.1
Public Ownership	56.2%
Institutional Ownership	18.3%

Financial Summary

Cash (\$M)	\$ 35.28
Cash/Share	\$ 5.89
Debt (\$M)	\$ 152.57
Equity (\$M)	\$ 111.58
Equity/Share	\$ 18.53

FYE: Price

	2022	2023E	2024E
(in \$M)			
Interest Income	\$ 51.1	\$ 55.8	\$ 62.7
Chng%	12%	9%	13%

Net Income	\$ 12.9	\$ 15.1	\$ 18.0
EPS	\$ 1.9	\$ 2.5	\$ 3.0

P/E	8.2x	6.2x	5.2x
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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
Pathfinder Bank is focused on measured growth and risk mitigation:

Pathfinder Bank is positioned as the market leader in Oswego County, NY by deposit market share and has a growing presence in the attractive Onondaga County, NY market. Given its market position, the Bank has shown consistent balance sheet growth over the past 5 years, with total loan CAGR of 10.5% and total deposit CAGR of 10.7% since 2016. Additionally, the Bank increased allowance for loan losses (ALL) from 1.57% of total loans on December 31, 2021, to 1.71% on December 31, 2022.

Community banks on strong footing: In the wake of the recent SVB failure

there has been increased scrutiny on the banking sector. When compared to larger regional banks, we believe that local banks like PBHC are better suited to weather this bank sector turmoil. This is in large part due to community banks in aggregate having less than 10% of their accounts uninsured by the FDIC as compared to SVB's 95% of accounts being uninsured. It is also notable that SVB had a much lower net interest margin (NIM), at 2.0% in 4Q22, as compared to PBHC at 3.42% in 4Q22.

Well diversified portfolio with good credit quality: 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 0.04% in 2022 and 0.10% in 2021.

Improving profitability metrics: The Bank has experienced improving

metrics over the years with a 53bps increase in ROAA (return on avg. assets) and a 643bps increase in ROAE (return on avg. equity) from 2019 to 2022. A focus on expense control also drove a ~14% decrease in the Bank's efficiency ratio and a 41bps decrease in noninterest expense to average assets ratio, from 2019 to 2022.

Pathfinder Bank is well capitalized: At the end of 2022, the Bank's Tier 1

capital ratio was 9.67%. Additionally, its Total Capital ratio was 15.14% as of December 31, 2022. 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 has \$13.9M in cash as of 4Q22.

Valuation: We are using P/TBV and P/E multiples to frame our valuation of

Pathfinder Bank. Using a P/TB value range of 1.1x to 1.4x, with a mid-point of 1.25x we arrive at a valuation range of \$19.19 to \$24.68, with a mid-point of \$22.04. When applying a P/E range of 7.5x to 9.5x with a midpoint of 8.5x we arrive at a valuation range of \$18.94 to \$23.99 with a midpoint of \$21.46. Based on the factors laid out on Page 9 of this report we believe PBHC should be trading more in line with comps, which is reflected by the multiples.

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

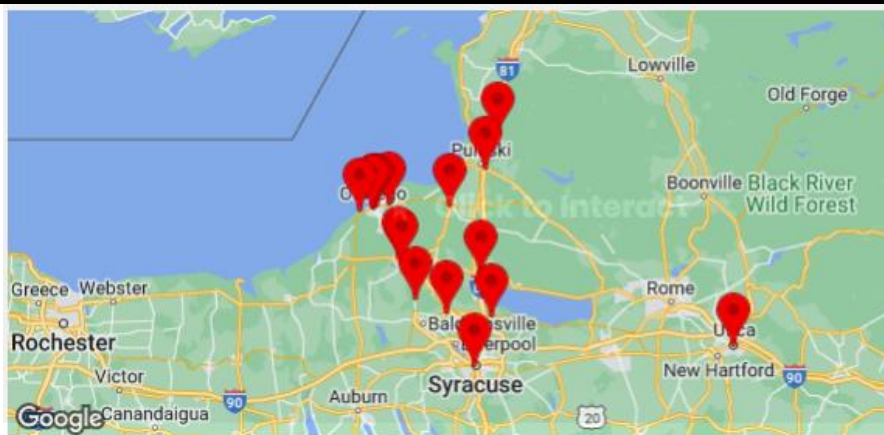


Pathfinder Bank performance is tied to its primary market area, which is Oswego County and Onondaga County in Central New York. The economies of these areas are driven primarily by manufacturing, energy production, health care, education, and government. According to independent market surveys, median home values in Onondaga County and Oswego County were \$184,900 and \$150,000, respectively.

As of September 30, 2022, 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.

Source: Company Reports

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.

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, and a well distributed network of branches, 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.

Exhibit 3: Market Share

Oswego, NY				
2021 Rank	Institution (ST)	2021 Branches	2021 Deposits (\$000s)	2021 Market Share (%)
1	Pathfinder Bancorp. (NY)	7	783,639	45.00%
2	Fulton Savings Bank (NY)	4	248,433	14.27%
3	Community Bank, System Inc. (NY)	4	269,670	15.48%
4	NBT Bancorp, Inc. (NY)	4	187,100	10.74%
5	KeyCorp (OH)	4	181,512	10.42%
6	JPMorgan Chase & Co. (NY)	1	71,191	4.09%
Totals for Institutions in Market		24	\$1,741,545	100.0%

Onondaga, NY				
2021 Rank	Institution (ST)	2021 Branches	2021 Deposits (\$000s)	2021 Market Share (%)
1	M & T Bank Corp. (NY)	26	\$4,115,906	30.89%
2	KeyCorp (OH)	20	2,845,992	21.36%
3	JPMorgan Chase & Co. (NY)	10	1,493,351	11.21%
4	Bank of America Corporation (NC)	8	1,464,534	10.99%
5	Solvay Bank Corp (NY)	9	1,000,149	7.51%
6	NBT Bancorp, Inc. (NY)	11	644,161	4.84%
7	Geddes FS&LA (NY)	1	433,932	3.26%
8	Citizens Financial Group Inc. (RI)	4	439,526	3.30%
9	Community Bank System Inc. (NY)	4	337,305	2.53%
10	Berkshire Bank Bancorp Inc. (MA)	2	284,300	2.13%
11	Pathfinder Bancorp Inc. (NY)	3	263,400	1.98%
Totals for Institutions in Market		98	\$13,322,556	100.00%

Source: Company Reports

Since 2016, the Bank has grown its assets by an 11.0% CAGR from \$0.8B at the end of FY16 to \$1.4B at the end of FY22. 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 4: 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.

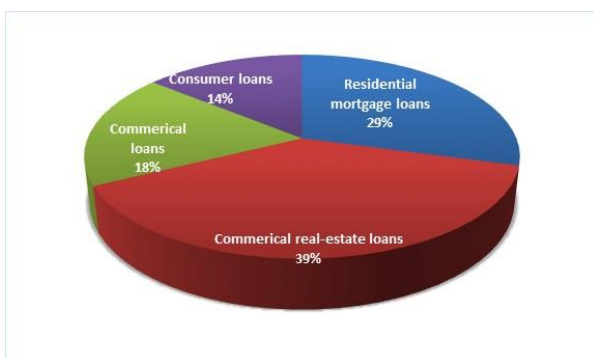
- ✓ Enhance fee income by analyzing market rates and analyzing internal practices to ensure that the Bank receives value for its services that are in-line with peer banks and credit unions in its market.
- ✓ Manage operating expenses to ensure a rate of growth in revenue that exceeds its rate of growth 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 FY22 end, Pathfinder's loan portfolio was \$898.8M and consisted primarily of commercial real-estate loans, residential mortgage loans, commercial loans, and consumer loans.

Exhibit 5: 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.

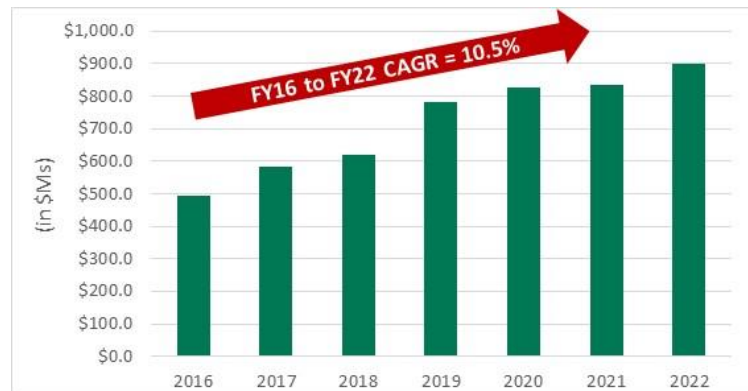
The Company believes that commercial real-estate loans will continue to provide growth opportunities. As such, the Bank expects to increase this business line with target loan sizes of \$500K to \$2.0M to small businesses and real-estate projects in its market area. Importantly, commercial real-estate loans are secured by properties such as multi-family residential, office, retail, warehouse, and owner-occupied commercial properties.

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 FY22 end, were \$898.8M, an increase of \$65.0M or 7.8% 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 reducing its asset duration to better solidify its balance sheet given potential headwinds in recent fiscal and monetary policy.

Exhibit 6: Loan Growth Trends



Source: Company Presentation

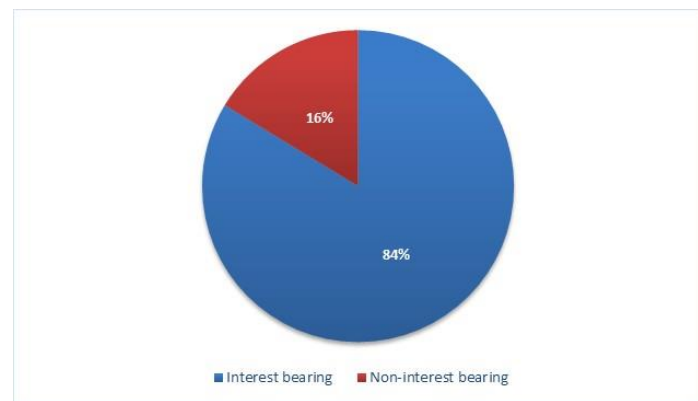
Deposits

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

Total deposits in FY22 were \$1.13B, an increase of \$70.1M or 6.6% compared to \$1.06B at the end of FY21.

Exhibit 7: Deposit Composition

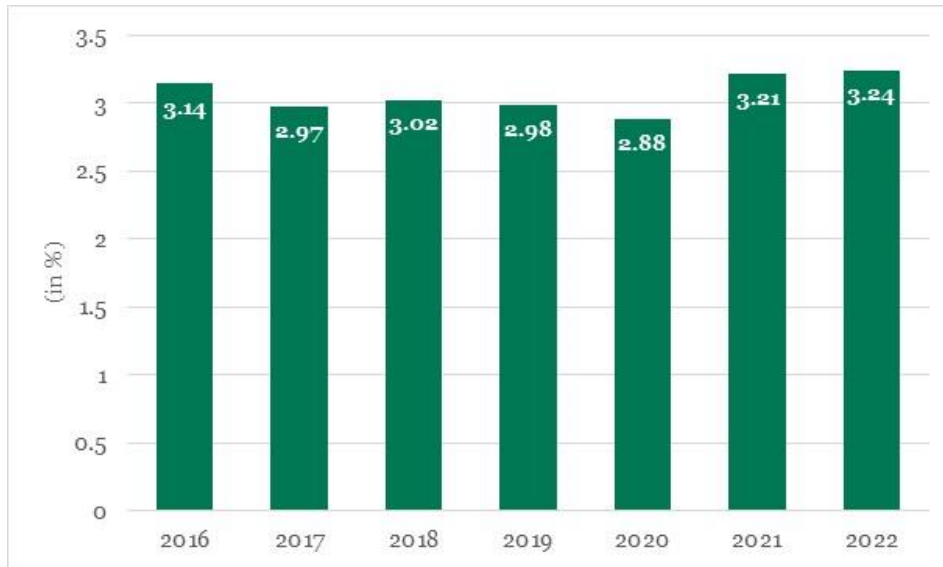


Source: Company Reports

Net Interest Income and Margins

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

Exhibit 9: NIM Trends



Source: Company Presentation

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, above 3.0% over the last 7 quarters.

Exhibit 10: Trailing 10 Quarter NIM Trends



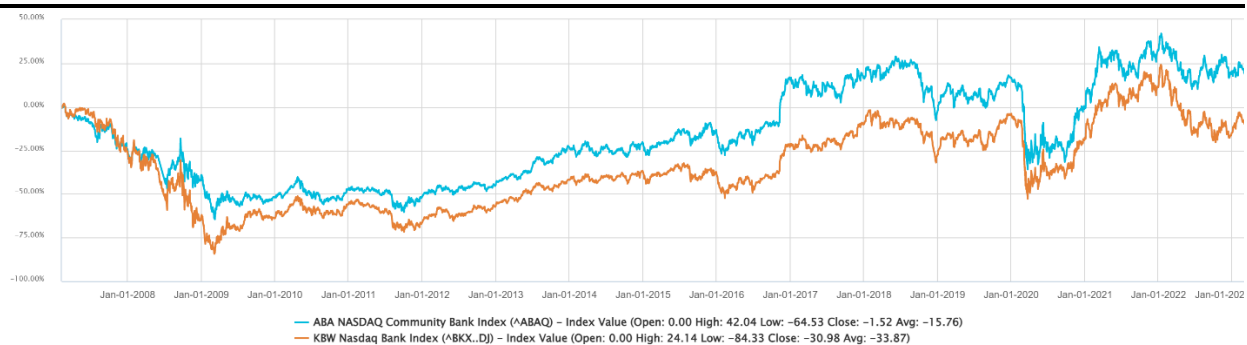
Source: Company Reports

Community Banking Market Environment

Given the current market environment in the wake of the SVB collapse there has been increased scrutiny placed on the banking sector. We believe that most of the volatility found in community banks related to this is unwarranted, as there are a significant number of differences between community banks like PBHC and regional banks such as SVB. Community banks tend to be more insulated from bank runs due to ~90% of their accounts being FDIC insured on average. This is in comparison to SVB, which only had ~5% of their accounts insured. Community banks also tend to be better diversified across loan holders as opposed to SVB which loaned heavily to the venture capital industry. We believe that it is unlikely that depositors or loan holders will be bringing their business to national banks due to the potential for decreased service quality and increased fees, in addition to the friction of changing banking institutions.

Additionally, we note that the community bank sector has seen increased deposit activity since the SVB collapse (per Bloomberg). We believe this can be attributed to depositors moving out of regional banks and into community banks.

Exhibit 11: Community bank returns compared to the banking sector, post-GFC



Source: Capital IQ

This combination of secure deposits along with the increased inflows makes us believe that the historical trend of heightened market volatility presenting an opportunistic time to invest into community banks will hold true following this market event. This historical trend is exemplified by Exhibit 11, showing the Nasdaq Community Bank Index (^ABAQ) outperforming the Nasdaq Bank Index (^BKX..DJ) since the market peak prior to the GFC.

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				Credit (3)		Profitability (3)			
					Assets	BV/sh	TBV/sh	2022	LTM	2023E	P/E LTM	P/E 2023E	P/BV	P/TBV	NPAs / Assets	Reserve s / NPLs	NIM	ROA	ROE	
Norwood Financial Corp.	NWFL	\$ 27.51	8.1	\$ 223.8	\$ 2,047.1	\$ 20.57	\$ 16.93	\$ 3.58	\$ 2.78	\$ -	9.9x	nm	1.3x	1.6x	0.07%	1527.3%	3.5%	1.4%	15.7%	
Chemung Financial Corporation	CHMG	\$ 41.15	4.7	\$ 193.8	\$ 2,645.6	\$ 35.44	\$ 30.79	\$ 6.13	\$ 4.91	\$ 5.44	8.4x	7.6x	1.2x	1.3x	0.32%	240.4%	3.1%	1.1%	15.2%	
Evans Bancorp, Inc.	EVBN	\$ 32.20	5.4	\$ 173.9	\$ 2,178.5	\$ 28.59	\$ 26.00	\$ 4.04	\$ 3.34	\$ 3.56	9.7x	9.1x	1.1x	1.2x	0.29%	308.5%	3.5%	1.0%	13.3%	
Union Bankshares, Inc.	UNB	\$ 22.23	4.5	\$ 100.2	\$ 1,336.5	\$ 12.25	\$ 12.25	\$ 2.79	\$ 2.11	\$ -	10.5x	nm	1.8x	1.8x	0.18%	347.9%	3.3%	1.0%	18.1%	
Middlefield Banc Corp.	MBCN	\$ 27.56	8.1	\$ 222.9	\$ 1,687.7	\$ 23.98	\$ 19.19	\$ 2.59	\$ 2.20	\$ 2.40	12.5x	11.5x	1.1x	1.4x	0.47%	687.5%	4.1%	1.0%	9.1%	
Malvern Bancorp, Inc.	MLVF	\$ 14.92	7.6	\$ 113.1	\$ 1,017.8	\$ 19.61	\$ 19.61	\$ 0.92	\$ 0.76	\$ -	19.6x	nm	0.8x	0.8x	0.22%	466.1%	3.0%	0.6%	4.7%	
SB Financial Group, Inc.	SBFG	\$ 14.38	7.0	\$ 100.7	\$ 1,335.6	\$ 17.08	\$ 13.72	\$ 1.77	\$ 1.25	\$ 1.77	11.5x	8.1x	0.8x	1.0x	0.38%	318.7%	3.2%	0.9%	9.5%	
Salisbury Bancorp, Inc.	SAL	\$ 24.48	5.7	\$ 139.6	\$ 1,541.6	\$ 22.50	\$ 20.04	\$ 2.74	\$ 2.13	\$ 3.20	11.5x	7.7x	1.1x	1.2x	0.17%	557.7%	3.2%	1.0%	12.0%	
								Average	\$ 3.07	\$ 2.43	\$ 3.27	11.7x	8.8x	1.2x	1.3x	0.26%	556.8%	3.4%	1.0%	12.2%
								Median	\$ 2.77	\$ 2.17	\$ 2.09	11.0x	8.1x	1.1x	1.3x	0.25%	407.0%	3.3%	1.0%	12.6%
Pathfinder Bancorp, Inc.	PBHC	\$ 15.77	6.0	\$ 94.5	\$ 1,399.9	\$ 18.40	\$ 17.63	\$ 1.64	\$ 1.64	\$ 2.53	9.6x	6.2x	0.9x	0.9x	0.66%	169.9%	3.2%	1.0%	11.7%	

(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 0.9x vs. average comps at 1.3x. We also note that over the prior 3-year period, Pathfinder Bank has traded at an average P/TB of 0.9x, vs. comps at an average P/TB of 1.2x. While the Company has traded at an ~28% discount to the comps over the prior 3-year period, given the Company's successful execution of driving its total assets and its recent strategic shift to focus on improving its earnings, we believe the discount is too wide.

As such we are using a P/TB value range of 1.1x to 1.4x, with a mid-point of 1.25x. At the mid-point, 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 \$19.39 to \$24.68, with a mid-point of \$22.04.

When we look at Pathfinder through a Forward P/E Multiple lens, we note that PBHC is trading at 6.9x vs average comps at 8.8x. 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 7.5x to 9.5x with a midpoint of 8.5x arrives at a valuation range of \$18.94 to \$23.99, with a midpoint of \$21.46.

		P/TBV		
		1.10x	1.25x	1.40x
TBV/S Valuation	\$	17.63	\$ 17.63	\$ 17.63
	\$	19.39	\$ 22.04	\$ 24.68

		P/E		
		7.5x	8.5x	9.5x
EPS Valuation	\$	2.53	\$ 2.53	\$ 2.53
	\$	18.94	\$ 21.46	\$ 23.99

BALANCE SHEET

Pathfinder Bankcorp Consolidated Balance Sheets (\$Ms) Fiscal Year: December												
ASSETS	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
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
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
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
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
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
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
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
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
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
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
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
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
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
Foreclosed Real Estate	0.1	-	-	-	-	-	-	-	0.2	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
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
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
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
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
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
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
Total Deposits	881.9	995.9	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
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
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
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
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
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
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
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
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
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
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
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
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)
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)
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
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
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
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
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
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
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
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

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	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1E Mar-23	Q2E Jun-23	Q3E Sep-23	Q4 E Dec-23	FY 2023E	Q1E Mar-24	Q2E Jun-24	Q3E Sep-24	Q4 E Dec-24	FY 2024E
Interest and dividend income	42.5	45.8	11.0	11.7	13.4	15.0	51.1	13.5	13.8	14.1	14.4	55.8	15.2	15.5	15.8	16.2	62.7
Interest expense	10.9	7.5	1.5	1.7	2.6	3.8	9.7	3.0	3.1	3.1	3.2	12.4	3.9	4.0	4.1	4.2	16.1
Net interest income	31.6	38.3	9.5	10.0	10.8	11.2	41.4	10.5	10.7	10.9	11.1	43.3	11.3	11.5	11.8	12.0	46.6
Provision for loan losses	4.7	1.0	0.1	0.1	0.7	1.9	2.8	0.8	0.3	0.3	0.3	1.7	0.3	0.3	0.4	0.4	1.4
Net interest income after provision for loan losses	26.9	37.3	9.4	9.9	10.1	9.3	38.6	9.8	10.4	10.6	10.8	41.6	11.0	11.2	11.4	11.6	45.2
Noninterest inc, excluding net gains on sales of securities, fixed assets, loans, & foreclosed real-estate	4.9	5.3	1.5	1.3	1.3	1.9	6.0	1.3	1.3	1.3	1.3	5.3	1.3	1.3	1.3	1.3	5.3
Net gains on sales of securities, loans & foreclosed real-estate	1.2	0.5	0.1	0.0	0.0	-	0.1	-	-	-	-	-	-	-	-	-	-
Gain (losses) on marketable equity securities	0.4	0.4	0.1	0.0	(0.2)	(0.1)	(0.2)	-	-	-	-	-	-	-	-	-	-
Total noninterest expense	25.1	27.5	7.3	7.1	7.3	7.2	28.9	7.1	7.1	7.1	7.1	28.2	7.1	7.1	7.1	7.1	28.2
Earnings before taxes	8.3	16.0	3.7	4.1	4.0	3.9	15.7	4.0	4.7	4.9	5.1	18.6	5.3	5.5	5.7	5.9	22.3
Provision for income tax	1.3	3.5	0.7	0.8	0.8	0.4	2.7	0.7	0.9	0.9	0.9	3.4	1.0	1.0	1.0	1.1	4.1
Net income attributable to noncontrolling interest & Pathfinder Bancorp	7.0	12.5	3.0	3.3	3.2	3.6	13.0	3.3	3.8	4.0	4.1	15.2	4.3	4.5	4.6	4.8	18.1
Net income (loss) attributable to noncontrolling interest	0.1	0.1	0.0	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	3.0	3.3	3.2	3.5	12.9	3.3	3.8	3.9	4.1	15.1	4.3	4.4	4.6	4.8	18.0
Basic EPS	\$ 1.17	\$ 2.07	\$ 0.49	\$ 0.41	\$ 0.53	\$ 0.59	\$ 1.91	\$ 0.55	\$ 0.63	\$ 0.66	\$ 0.69	\$ 2.53	\$ 0.71	\$ 0.74	\$ 0.77	\$ 0.80	\$ 3.02
Diluted EPS	\$ 1.17	\$ 2.07	\$ 0.49	\$ 0.41	\$ 0.53	\$ 0.59	\$ 1.91	\$ 0.49	\$ 0.63	\$ 0.66	\$ 0.69	\$ 2.53	\$ 0.49	\$ 0.74	\$ 0.77	\$ 0.80	\$ 3.02
Wtd avg shares - basic	4.6	5.2	5.9	5.9	5.9	6.0	5.9	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Wtd avg shares - diluted	4.6	5.2	5.9	5.9	5.9	6.0	5.9	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Dividend per share	\$ 0.24	\$ 0.28	\$ 0.07	\$ 0.07	\$ 0.09	\$ 0.09	\$ 0.32	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.36	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.40

Margin Analysis																	
Net income margin	16.4%	27.1%	26.9%	28.0%	23.8%	23.5%	25.3%	24.1%	27.4%	27.9%	28.5%	27.0%	28.0%	28.5%	29.0%	29.5%	28.7%
Net Interest margin	2.7%	3.2%	3.1%	3.1%	3.3%	3.4%	3.2%	3.1%	3.1%	3.1%	3.1%	3.0%	3.1%	3.1%	3.1%	3.1%	3.0%
Interest Income %	3.7%	3.8%	0.9%	0.9%	1.0%	1.2%	3.9%	1.0%	1.0%	1.0%	1.0%	4.0%	1.1%	1.1%	1.1%	1.1%	4.1%
Interest Expense %	1.0%	0.6%	0.1%	0.1%	0.2%	0.3%	0.8%	0.2%	0.2%	0.2%	0.2%	0.9%	0.3%	0.3%	0.3%	0.3%	1.0%
Net Provision Ratio	1.5%	1.6%	1.5%	1.5%	1.5%	1.7%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Tax %	15.5%	21.9%	19.4%	19.2%	19.5%	9.7%	16.9%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%

Growth Rate Y/Y																	
Interest and Dividend Income	1.8%	7.8%	0.4%	-3.0%	15.1%	34.3%	11.5%	23.2%	17.9%	5.2%	-4.5%	9.1%	12.5%	12.5%	12.5%	12.5%	12.5%
Interest expense	-19.7%	-30.7%	-36.4%	-6.6%	41.4%	163.9%	28.7%	97.8%	77.7%	21.0%	-16.1%	28.4%	29.6%	29.6%	29.6%	29.6%	29.6%
Net Income Interest after provision for loan losses	2.6%	38.4%	24.3%	6.8%	4.0%	-13.7%	3.7%	4.4%	4.9%	5.2%	16.1%	7.6%	12.5%	7.6%	7.6%	7.6%	8.7%
Earnings Before Taxes	53.0%	91.9%	35.6%	5.0%	-10.1%	-20.9%	-2.0%	8.8%	14.8%	22.6%	28.3%	18.7%	30.2%	17.0%	16.6%	16.1%	19.5%
Net Income	64.4%	77.5%	36.6%	8.7%	-6.3%	-8.5%	4.2%	10.0%	15.7%	24.1%	15.9%	16.5%	30.2%	17.0%	16.6%	16.1%	19.5%
Non Interest Income	9.4%	9.0%	14.6%	-1.4%	-5.3%	43.6%	12.8%	-11.0%	3.0%	0.2%	-31.0%	-12.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non Interest Expense	-2.5%	9.6%	9.3%	4.4%	6.5%	0.3%	5.0%	-2.8%	-1.3%	-3.0%	-2.2%	-2.3%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company Reports, Stonegate Capital Partners estimates

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