

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 1, 2023



(Exact name of Registrant as specified in its charter)

Commission File Number: 001-36695

Maryland
(State or Other Jurisdiction of Incorporation or Organization)

38-3941859
(I.R.S. Employer Identification Number)

214 West First Street, Oswego, NY 13126
(Address of Principal Executive Office) (Zip Code)

(315) 343-0057
(Issuer's Telephone Number including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	PBHC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 – Other Events

Pathfinder Bancorp, Inc.'s Annual Meeting of Shareholders was held on June 1, 2023.

A copy of the presentation that was presented at the Shareholders' Meeting is attached as Exhibit 99.1 and being furnished to the SEC and shall not be deemed "filed" for any purpose.

Item 9.01 – Financial Statements and Exhibits

99.1 [Pathfinder Bancorp, Inc.'s Presentation to Shareholders](#)

104 Cover Page Interactive Data File (embedded in the cover page formatted in Inline XBRL)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

PATHFINDER BANCORP, INC.

Date: June 1, 2023

By: /s/ James A. Dowd
James A. Dowd
President and Chief Executive Officer



2023 ANNUAL MEETING OF SHAREHOLDERS PRESENTATION NASDAQ: PBHC

JUNE 1, 2023

CHRIS R. BURRITT
Chairman of the Board

JAMES A. "JIM" DOWD
President & CEO

WALTER F. RUSNAK
Senior VP & CFO

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Welcoming Remarks

Chris R. Burritt
Chairman of the Board

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Forward Looking Statements

This presentation may contain the words or phrases "will likely result", "are expected to", "will continue", "is anticipated", "estimate", "project" or similar expressions that 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 credit losses;
- Deterioration in financial markets that may result in impairment charges relating to our investment securities portfolio;
- Competition in our primary market areas;
- Changes in interest rates, inflation and national or regional economic conditions;
- Changes in monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board;
- 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 regulatory oversight, supervision and examination of banks and bank holding companies, and higher deposit insurance premiums;
- Cyberattacks, computer viruses and other technological threats that may breach the security of our websites or other systems;
- Technological changes that may be more difficult or expensive than expected;
- Government action in response to the Covid-19 pandemic and its effects on our business and operations, including vaccination mandates and their effects on our workforce, human capital resources and infrastructure;
- Limitations on our ability to expand consumer product and service offerings due to consumer protection laws and regulations;
- Recent events involving the failure of financial institutions and the impact on the Company's business and the market price of its common stock;
- Any future increase in recurring FDIC insurance assessments or special assessments; and
- Other risks described herein and in the other reports and statements we file with the SEC.

Note: The following presentation includes certain financial measures that are not calculated according to Generally Accepted Accounting Standards (GAAP) promulgated in the United States. These measures are reconciled to promulgated GAAP in the Appendix included within this document.



Agenda – 2023 Annual Meeting of Shareholders

Introduction of Directors, Management and Guests

- Conduct of the Meeting
 - Notice and proxy
 - Report of Inspector of Elections
 - Meeting proposals
 - Call for vote

Management Presentation, Questions & Answers to Follow

Results of Shareholder Vote

Meeting Adjournment



Board of Directors

Pathfinder Bancorp, Inc.	Director Since
Eric Allyn	2022
David A. Ayoub	2012
William A. Barclay	2011
Chris R. Burritt	1986
Meghan Crawford-Hamlin	2022
John P. Funicello	2011
Adam C. Gagag	2014
Melanie Littlejohn	2016
John F. Sharkey, III	2014
Lloyd "Buddy" Stemple	2005
James A. Dowd, New Director Nominee	N/A
Pathfinder Bank	Director Since
George P. Joyce	2000

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Executive Officers

		Current Position Since
James A. Dowd, CPA	President & Chief Executive Officer	2022
Ronald Tascarella	Executive Vice President & Chief Banking Officer	2006
Calvin L. Corriders	Regional President, Syracuse Market, Human Resource Director	2017
William O'Brien	Senior Vice President, Chief Risk Officer & Corporate Secretary	2020
Daniel R. Phillips	Senior Vice President & Chief Information Officer	2014
Walter F. Rusnak, CPA, CGMA	Senior Vice President & Chief Financial Officer	2019

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Independent Registered Public Accounting Firm

Jamie L. Card, CPA
Tamara L. Gamble, CPA
Partners, Bonadio & Company, LLP

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Business of 2023 Annual Meeting of Shareholders

- **The election of one director for a one-year term:**
 - Chris R. Burritt
- **The election of one new nominee director for a three-year term:**
 - James A. Dowd
- **The election of three directors for a three-year term:**
 - David A. Ayoub
 - William A. Barclay
 - John F. Sharkey, III
- **The ratification of the appointment of Bonadio & Co., LLP as our independent registered public accounting firm for the year ending December 31, 2023**

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Executive Management Presentation

James A. Dowd

President and Chief Executive Officer

Walter F. Rusnak

Senior Vice President and Chief Financial Officer

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1. Introduction to Pathfinder Bancorp, Inc.
2. Corporate Financial Highlights
3. Market Performance
4. Strategy and Conclusions





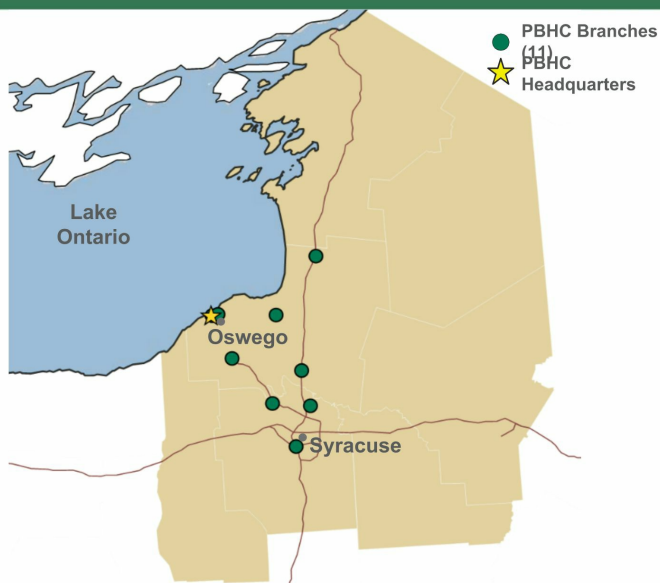
Introduction to Pathfinder Bancorp, Inc.

- Company Overview
- Key Milestones
- Corporate Highlights

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Pathfinder Bancorp, Inc. (NASDAQ: PBHC)



(1) Market capitalization based on total shares outstanding (voting and non-voting) as of December 31, 2022
 (2) Ownership percentages shown on a fully-diluted basis

Financial Highlights (2022)

\$1.40B assets	\$898M loans	\$1.13B deposits	\$118M¹ market cap
0.96% ROAA	11.77% ROAE	61.1% efficiency ratio	3.24% NIM

Company Overview

- Founded in **1859**
- Bank holding company of **Pathfinder Bank**
- **11 full-service locations** and **one loan production office** serving customers throughout the **Central New York** area
- Established track record of organic growth **since completion of 2nd step mutual conversion in 2014**
 - **132%** growth in loans
 - **388%** growth in net income
- **23.6%²** insider ownership and **31.7%²** ownership by Castle Creek Capital (lead investor in May 2019 preferred offering)

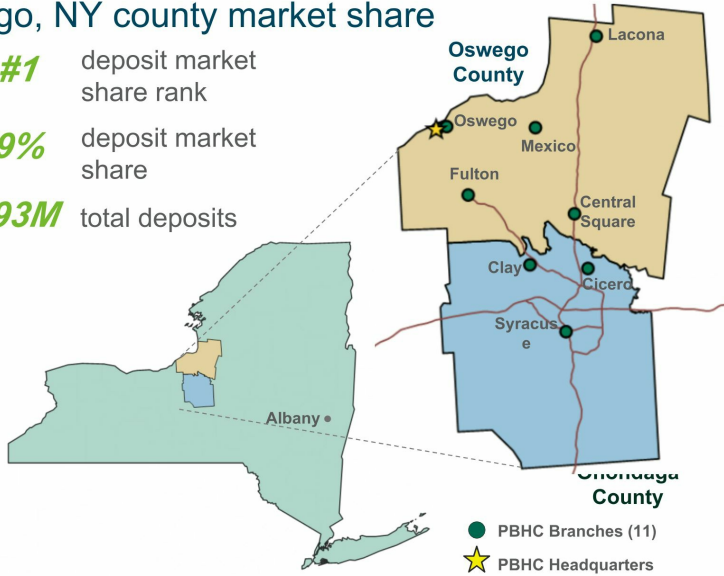
Dominant Market Position in Oswego County with Expanding Presence in Onondaga County

Oswego, NY county market share

#1 deposit market share rank

49% deposit market share

\$893M total deposits



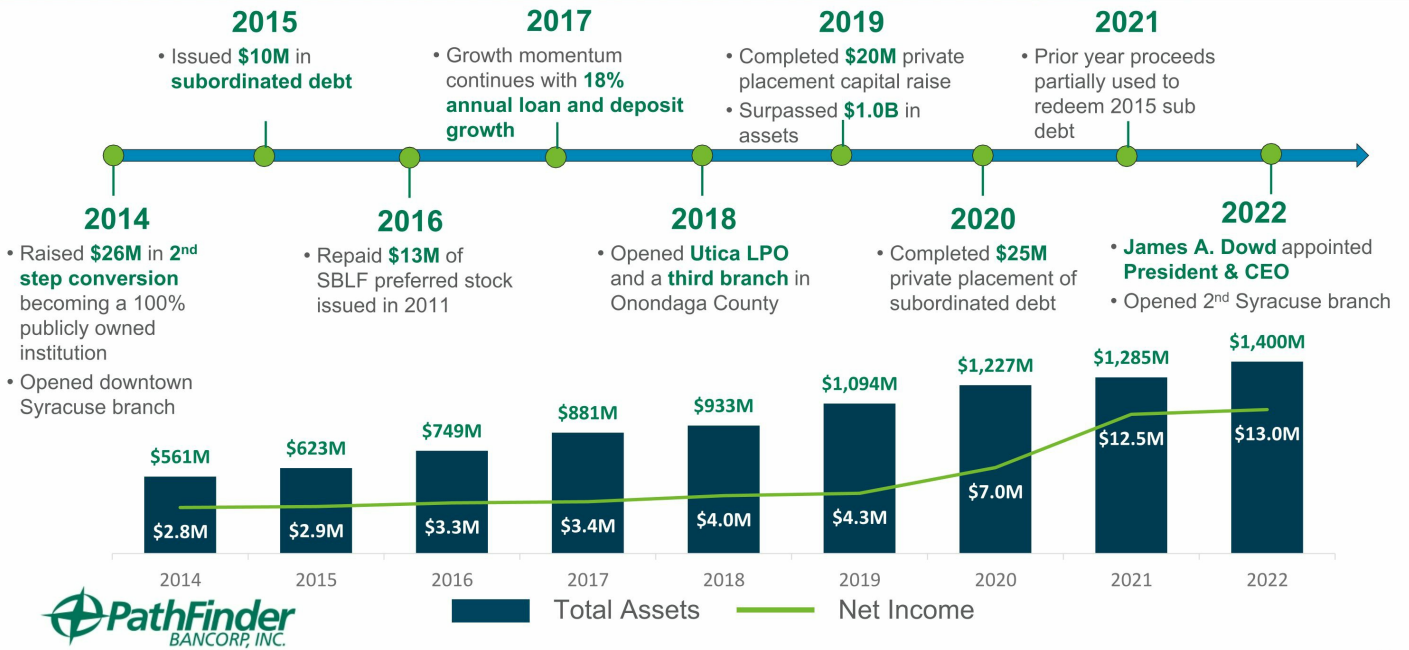
✓ **Growing presence** in Onondaga County with three **locations** totaling **\$258 million** in deposits and **#11 deposit market share at June 30, 2022.**

✓ **Fourth Onondaga County branch (Syracuse)** was opened in the fall of 2022



Source: S&P Capital IQ Pro
Note: Deposit market share data as of June 30, 2022

Track Record of Measured Growth and Increasing Earnings



Corporate Highlights

Experienced Management Team Backed by a Leading Institutional Investor

- Senior management has decades of experience in the community banking industry
- The Board and management own 23.6%⁽¹⁾ of the voting shares. An affiliate of Castle Creek Capital LLC owns 31.7% of the Company on a fully diluted basis including non-voting shares and warrants⁽²⁾

Improving Profitability Metrics

- Improving profitability with a 36 bps increase in ROAA and 434 bps increase in ROAE from 2020 to 2022
- Improving expense control with a 7.60% decrease in efficiency ratio since 2020. Noninterest expense / average assets ranging from 2.15% to 2.18% in 2021 and 2022; low net non-interest expense to average assets of 1.75% in 2022 provides cushion against possible future net interest margin compression

Well-Diversified Portfolio with Good Credit Quality

- PBHC's loan portfolio is well diversified, primarily consisting of commercial and residential mortgage loans (32% and 32%, respectively) and commercial loans (26%)
- Net charge-offs / average loans of 0.04% in 2022 and 0.07% on average for the last 3 years

Well-Capitalized

- The Bank has a Tier 1 leverage ratio of 9.67% and total RBC ratio of 15.14% as of December 31, 2022
- The Company has been proactive in supplementing capital ratios for future growth as exhibited by our subordinated debt issuances in 2015 and 2020, and an equity capital raise in 2019; additionally, the Company had \$9.6 million in holding company cash as of December 31, 2022

Focus on Measured Growth & Risk Mitigation

- Bank positioned as the market share leader in Oswego County, NY by deposit market share (48.7% deposit market share⁽³⁾) with a growing presence in the attractive Onondaga County market
- Consistent balance sheet growth over the past 5 years; total loan compounded annual growth rate (CAGR) of 9.1% and total deposit CAGR of 9.2% since 2017



(1) As of the record date of April 12, 2023 and includes all options that vest within 60 days of the record date
(2) Includes 125,000 of in the money warrants

Corporate Highlights: High Insider Ownership Shows Alignment

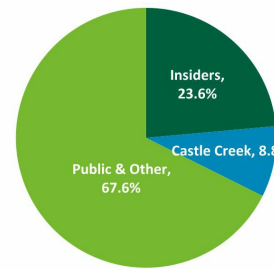
Ownership Disclosures

Holder	% of Common Shares Outstanding	Position with the Bank
Gagas, Adam C.	4.32%	Independent Director
Tascarella, Ronald	2.22%	Executive VP & Chief Banking Officer
Rusnak, Walter F.	2.10%	Senior VP & CFO
Barclay, William A.	1.95%	Independent Director
Dowd, James A., CPA	1.56%	President & CEO
Stemple, Lloyd A.	1.54%	Independent Director
Phillips, Daniel R.	1.36%	Senior VP & Chief Information Officer
Burritt, Chris R.	1.22%	Independent Chairman of the Board
Sharkey III, John F.	1.11%	Independent Director
Corriders, Calvin L.	1.11%	Regional President, Syracuse Market
Allyn, Eric	1.08%	Independent Director
Funicello, John F.	0.98%	Independent Director
Ayoub David A., CPA	0.86%	Independent Director
O'Brien, William D.	0.74%	Senior VP & Chief Risk Officer
Butkowski Jr., Robert G.	0.61%	First VP, Branch Administration
Tascarella, Ronald G.	0.55%	First VP & Sales Manager
Littlejohn, Melanie	0.26%	Independent Director
Total - Insiders	23.57%	



Source: Pathfinder Proxy Statement
 Note: Data as of the record date of April 12, 2023, and includes all options that vest within 60 days of the record date

Ownership Distribution By Holder Type for Voting Common Stock



- Strong levels of ownership across senior management & the board of directors creates direct alignment with investors
- Castle Creek Capital LLC owns **31.7%** of the Company on a fully diluted basis including non-voting shares and warrants
- **23.6%** fully-diluted insider ownership

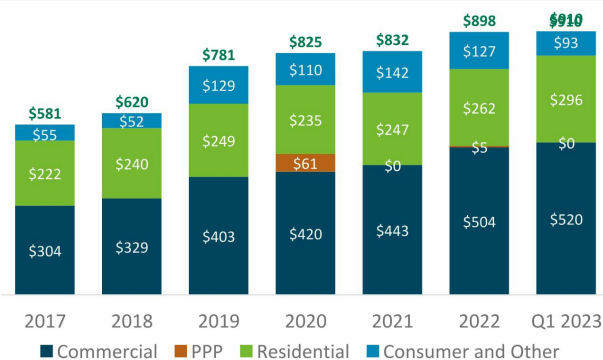
Pathfinder Investment Thesis

- Management believes that the current industry-wide headwinds are transitory
- Personally invested and experienced management team and board of directors
- Significant progress in sustainable profitability since achieving \$1 billion in total assets in 2019
- Strong balance sheet with high levels of capital
- Durable core deposit base built from our decades-long presence in the communities that we serve
- Unique positioning as a provider of solutions to our customers, most especially small- and medium-sized businesses
- Conservative approach to lending decisions and cost management (two key drivers of long-term success)
- Well-positioned to take advantage of the potentially large opportunities in our local marketplace



Proven Loan Growth with Focus on Commercial Loans

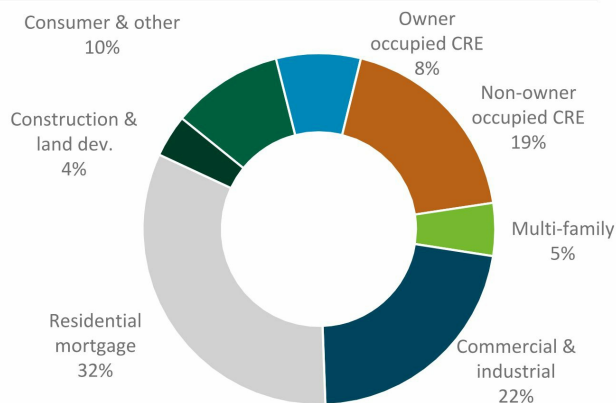
Loans (\$ millions)



9.1%
Total Loans CAGR
through Dec. 2022

11.3%
Commercial Loans
CAGR through Dec. 2022

Q1 2023 Loan Composition

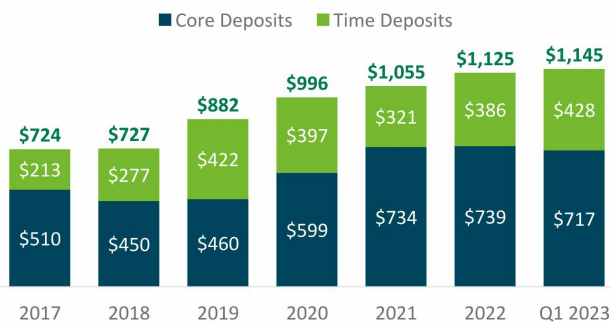


**Total Loans
\$910 million**



Well-Diversified Deposit Base

Deposits (\$ millions)

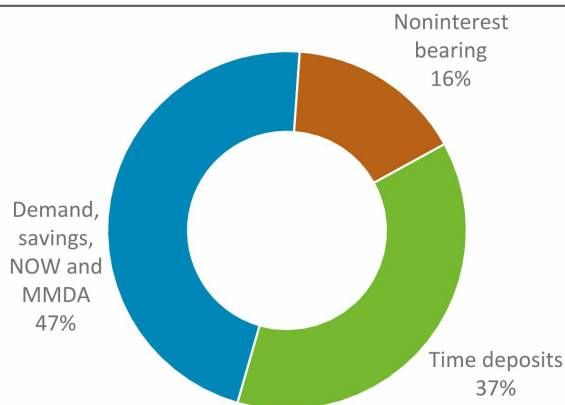


9.2%
Total Deposits CAGR
Through Dec. 2022

7.7%
Core Deposits CAGR
Through Dec. 2022



Q1 2023 Deposit Composition



**Total Deposits:
\$1.14 billion**

78% loan / deposit ratio

Technology

- Pathfinder has an active Technology Steering function with strong engagement from external advisors, our board of directors and all levels of management
 - We have also established a project-oriented Digitization Committee to facilitate prioritization and implementation efforts within our technological evolution
- We maintain that existing and potential customers will select the delivery channel that is most efficient for them and that the ways in which they interface with the Bank can change quickly
- We are investing in customer-facing technologies at a measured pace and have recently introduced enhanced;
 - Treasury management and merchant services for small businesses
 - Updated internet and mobile platforms
 - Online mortgage application facilities



Technology

- Pathfinder will benefit from its interactions within the Castle Creek Capital's 'ecosystem' of financial institutions and emerging financial technology (fintech) companies
- Technological progress and the emergence of financial technology companies that will partner with community banks continues to:
 - Help smaller banks to control noninterest expenses
 - Serve their customers in a variety of new ways
 - Extend the relevance of community banks to younger demographics
 - Help to tailor product offerings to individual customers
- We remain committed to significantly increasing our digitization capabilities to generate both "back office" cost savings and improved customer service levels.



Experienced and Seasoned Management Team



James A. Dowd, CPA
President & Chief Executive Officer
Role since: 2022



Ronald Tascarella
EVP & Chief Banking Officer
Role since: 2006



Calvin L. Corriders
Regional President, Syracuse Market, Human Resources Director
Role since: 2017



William O'Brien
SVP, Chief Risk Officer & Corporate Secretary
Role since: 2020



Daniel R. Phillips
SVP & Chief Information Officer
Role since: 2014



Walter F. Rusnak, CPA, CGMA
Senior Vice President & Chief Financial Officer Role since: 2019

Significant Experience & Insider Ownership

- Senior management has **decades of experience** in the community banking industry
- President & CEO James Dowd has **over 28 years of banking experience** and previously served as COO
- CFO Walter Rusnak has over **30 years of banking** experience
- Significant levels of ownership across senior management and Board of Directors creates direct alignment with investors
- **23.6%** fully-diluted insider ownership, excluding Castle Creek Capital



Operating in a Stable, Growing Market



Syracuse MSA Demographic Trends

- 662,000** Population
- \$63,000** Median household income (“HHI”)
- 32.2%** Population share age 25+ with BA+



Industries



Home to a diverse range of industries, including **Healthcare, Education, Defense, Public Administration, Utilities, and Finance & Insurance**



Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; IPUMS USA-University of Minnesota. Data retrieved through data.census.gov, Moody's Economy.com, or directly from source.



Geography



Syracuse MSA covers over **3,000 square miles** comprised of three counties:

- 1) Madison**
- 2) Onondaga**
- 3) Oswego**



Key Employers



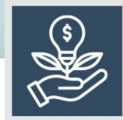
Key existing employers in the Central New York area include **SUNY Upstate Medical University, St. Joseph's Health, Lockheed Martin, and Syracuse University**

Economic Trends in Our Market



Smart Systems

- 40,143 total employment
 - 8% of all regional employment
- 14,978 projected additional job demand in next 5 years



Venture Capital Inflow

- #3 on Top 10 most promising tech hub (Syracuse, Utica/Rome) in U.S
- \$1,329 per capita (2012-2021) vs \$27 per capita (2000-2010)



Economic Development Pipeline

- \$6.8 B (April 2023) vs \$530M (July 2019)
 - Advanced Manufacturing
 - 75% capital investments (April 2023) vs 14% (July 2019)



(Source: Today's Homeowner, CenterState CEO 2023 Annual Report)

Economic Trends in Our Market



Downtown Syracuse

- 147% Growth (2003 - 2023)
- 8% increase in population in 2023
- 970,000 sq/ft retail space
 - +150,000 sq/ft of retail space since 2003



Intentional Growth

- \$174,000, average housing costs (Syracuse, 2022) vs \$467,700 (US, 2022)
- 700,000 people can be supported by existing infrastructure (480,000 current population of Onondaga County)



Population & Climate

- 2.4% city population growth (2010-2020) reversing 90 years of population loss
- #7 on Top 10 U.S. Cities Gen Z is moving to
- CNY considered "climate haven"



(Source: Today's Homeowner, CenterState CEO 2023 Annual Report)

Economic Trends in Our Market

Micron Technology Announcement

In October of 2022, Micron Technology, Inc. announced its plans to spend up to \$100 billion building a mega-complex of computer chip plants in Clay, New York representing the largest private investment in New York history.

Company Overview

- Founded more than **40 years ago** on October 5, 1978
- Headquartered in **Boise, Idaho, USA**

4th

largest semiconductor company in the world

13

manufacturing sites and 14 customer labs

135

on the 2020 Fortune 500

48,000

team members

\$27.7B

FY2020 annual revenue

17

countries



Economic Impact

An independent economic impact study projects that Micron will generate significant economic growth for New York State in the following ways:

- 50,000 plus new permanent jobs in New York State by 2055
- Approximately 12,000 annual temporary jobs from capital expenditures from 2025–2044
- \$9.6 billion annually in real Gross Domestic Product (GDP) impact from 2025-2055
- \$16.7 billion annually in real output impact from 2025-2055.
- \$17.2 billion in total New York State government revenues spanning 2025-2055
- \$31 billion in Micron construction spending, with 5,600 related jobs on average at the prevailing federal wage for the initial 20 years, 2025-2044
- Micron will invest \$250 million over the duration of the project, targeting investments in workforce development, education, community assets and organizations, and affordable housing



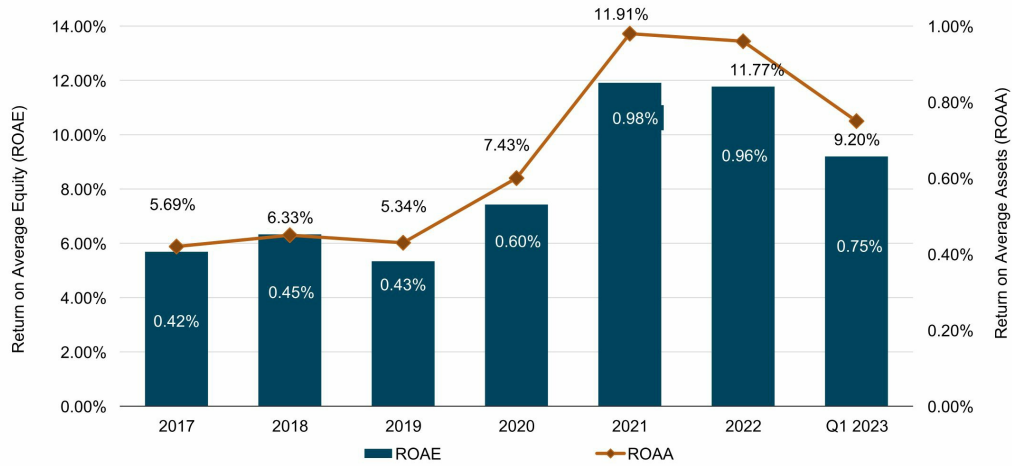
Corporate Financial Highlights

Walter F. Rusnak,
SVP, Chief Financial Officer

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Improving Profitability: Increasing ROAA and ROAE



Trend in returns on average equity were positive since the second half of 2019 through December 31, 2022.

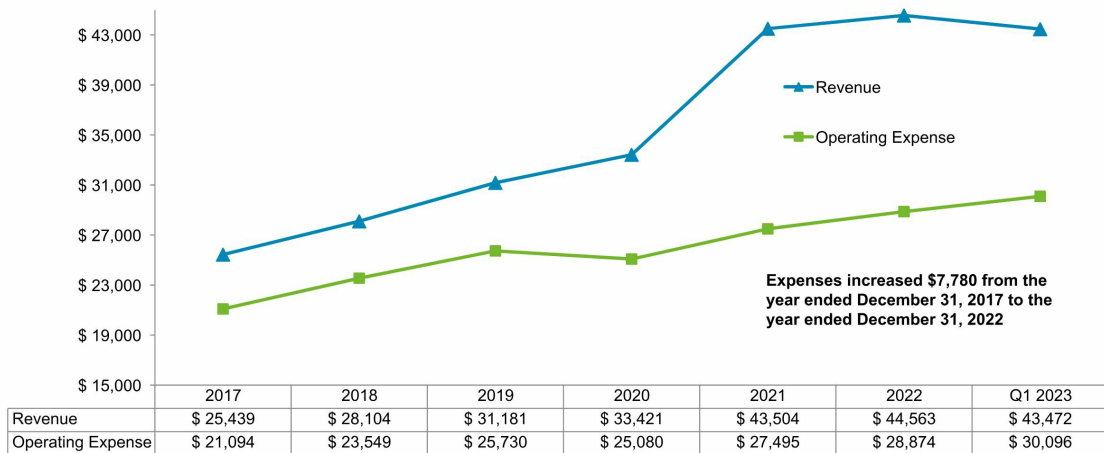
The first quarter 2023 decrease in ROAA and ROAE is largely related to increases in the provision for credit losses associated with a single large borrower relationship that continues to be under active resolution management.



Revenue and Operating Expense Trends

(000's)

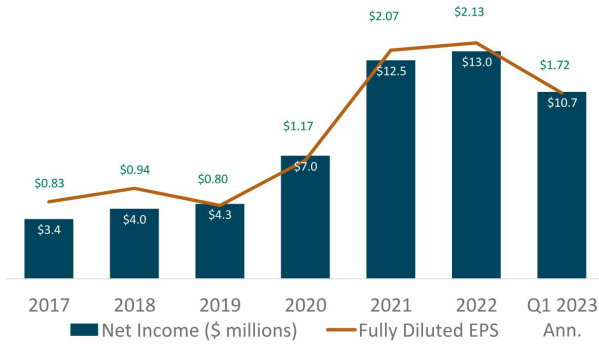
Revenues increased \$19,124 from the year ended December 2017 to the year ended December 31, 2022 (75.2%)



Note: First Quarter 2023 Revenue and Operating Expenses are annualized.

Increased Profitability Levels and Metrics

Earnings Growth



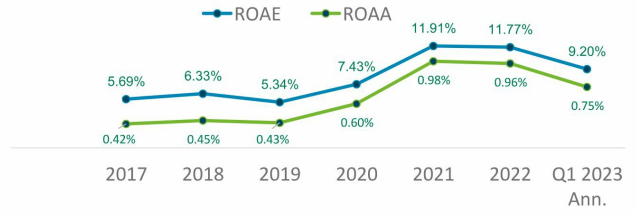
24.2%
Net Income
CAGR¹

14.9%
Fully Diluted EPS
CAGR¹

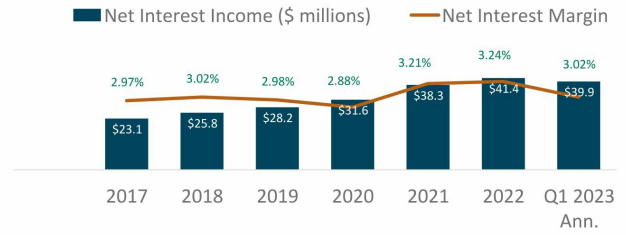


(1) CAGR calculations based on annualized Q1 2023 net income and EPS

Return on Average Assets and Average Equity



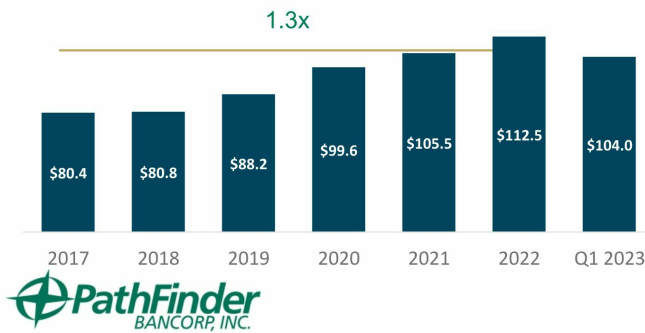
Net Interest Income and Net Interest Margin



Disciplined Expense Management and Enhanced Operational Efficiency

Diligent focus on expense controls has optimized operating results

Deposits per Branch (\$ millions)



Efficiency Ratio

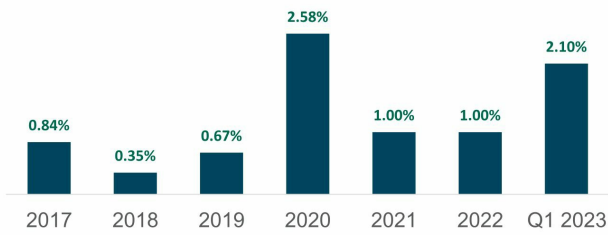


Non-interest Expense / Average Assets

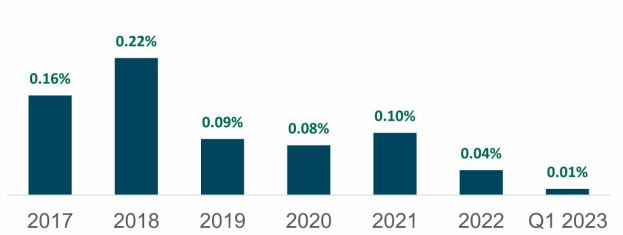


Strong Asset Quality Performance with Robust Reserve Levels

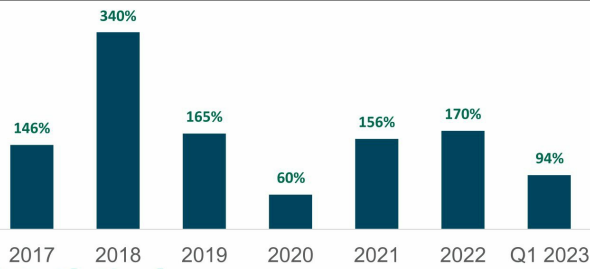
NPLs / Loans



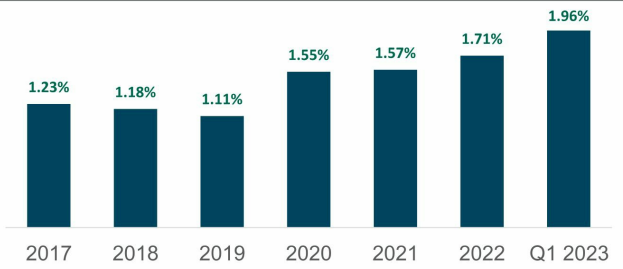
NCOs / Average Loans



Allowance for Credit Losses / NPLs

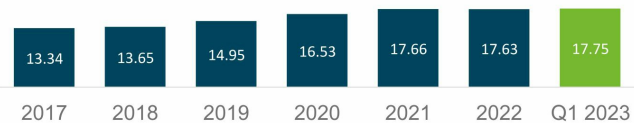


Allowance for Credit Losses / Loans

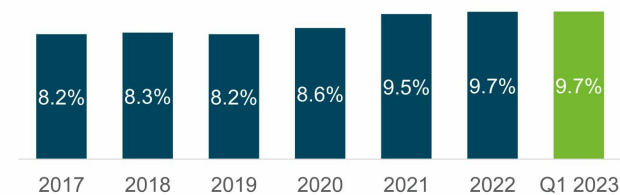


Well-Capitalized with Increasing Dividend

Tangible Book Value per Share ("TBVPS")



Bank Tier 1 Leverage Ratio



Dividends per Common Share



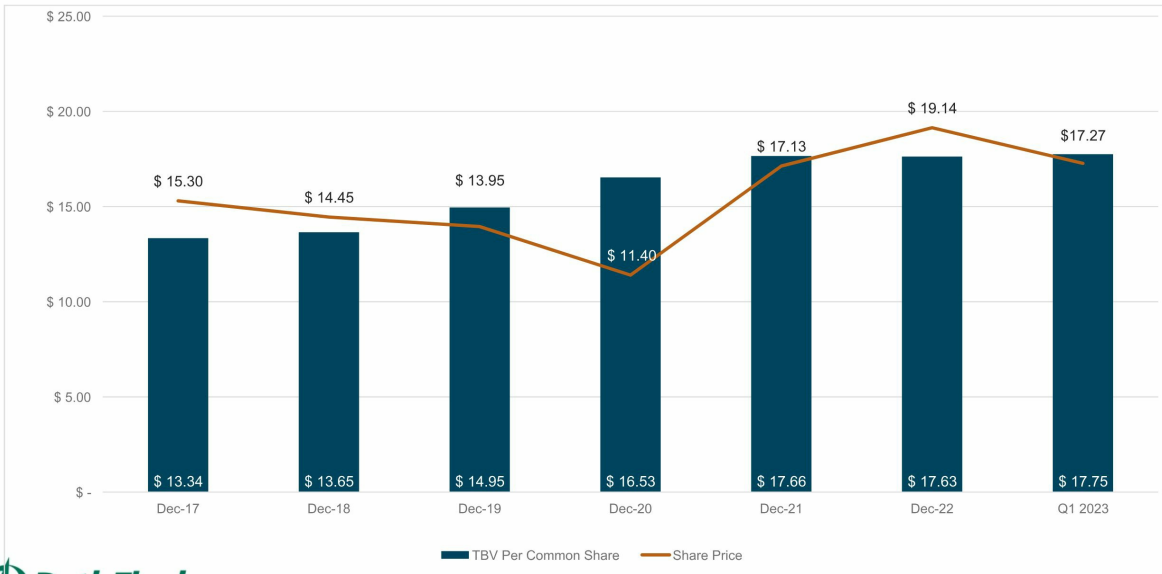
5.6%
TBVPS
CAGR

9.8%
Dividend
CAGR¹



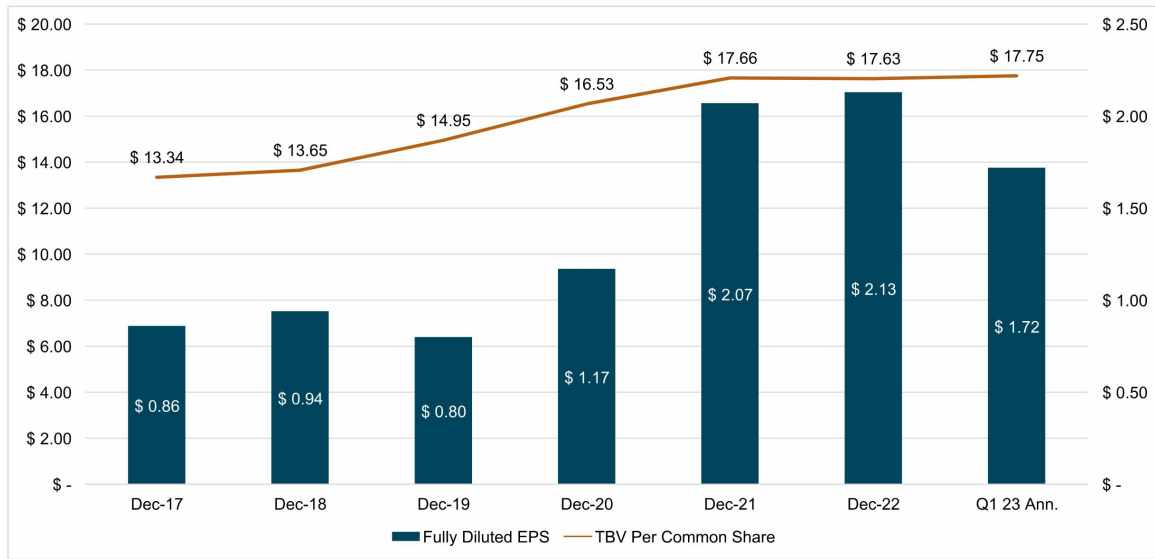
Source: Company reports, S&P Capital IQ Pro
1) CAGR calculation based on annualized Q1 2023 dividend

Tangible Book Value Per Common Share and Market Price Per Share



Note: Tangible Book Value at March 31, 2023 includes a \$0.36 per share reduction related to the adoption of the Current Expected Credit Loss Model (CECL) on January 1, 2023.

Tangible Book Value Per Common Share and Earnings Per Share (EPS) – Fully Diluted



Note: Tangible Book Value at March 31, 2023 includes a \$0.36 per share reduction related to the adoption of the Current Expected Credit Loss Model (CECL) on January 1, 2023.



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Industry Challenges

Pressure on All Bank Stocks
With Increased Uncertainty



Investor Challenges

Pressure on All Bank Stocks with Increased Uncertainty

- Mark-to-Market Adjusted Capital
- Balance Sheet Liquidity
- Core Deposit Franchise Quality
- Net Interest Margin (NIM)
- Credit Quality
- Commercial Real Estate Concentrations
- Long Term Earning Power



Industry Challenges

Pressure on All Bank Stocks with Increased Uncertainty

- **Mark-to-Market Adjusted Capital**

- The Bank's regulatory capital is \$134.7 million, or 9.7% of Bank assets;
- Even if 100% of the current mark-to-market regulatory adjustment for available-for-sale securities was disallowed, the Bank's regulatory capital would still be \$125.6 million, or 9.0% of Bank assets
- This level remains above the well-capitalized level of 5.0%, including all capital preservation buffers

- **Balance Sheet Liquidity**

Deposits increased in the first quarter of 2023 by \$18.8 million, or 1.7%

All data as of March 31, 2023



Industry Challenges

Pressure on All Bank Stocks with Increased Uncertainty

- **Core Deposit Franchise Quality**

- Pathfinder enjoys a dominating deposit market share in Oswego County and continues to attract new deposit customers in Onondaga County
- Two new and well-positioned branches now open in Onondaga County, adding to the two well-established branches already operating in that growing region

- **Net Interest Margin (NIM)**

- Some NIM compression will be an issue for most banks in the near-term
- Management believes that our balance sheet assets and liabilities are well-matched in terms of duration and repricing characteristics
- In the next 12-18 months, NIM will depend greatly on the actions of the Federal Reserve as well as depositor behaviors in this unprecedented environment
- NIM cannot be predicted with certainty at this time



Industry Challenges

Pressure on All Bank Stocks with Increased Uncertainty

- **Credit Quality**

- Pathfinder has a high level of reserves in place in its Allowance for Credit Losses and a very conservative approach to managing both credit decisioning and borrower relationships

- **Commercial Real Estate Concentrations**

- Pathfinder has an extremely well-diversified commercial real estate portfolio with no significant property-type concentrations
- Our local real estate market is likely to be strong

- **Long Term Earning Power**

- Multiple initiatives are in place to manage net interest margin, noninterest income and noninterest expense in the current environment
- While short-term earnings will be under pressure for almost all banks, we believe that these trends are transitory



Liquidity

- Recent large regional bank failures (primarily, on the West Coast) have garnered substantial press coverage and intensive regulatory scrutiny
- The Bank's management monitors liquidity on a continuous basis through a broad range of internal and externally-sourced programs and considers effective liquidity management to be one of its primary objectives
- Pathfinder has never experienced a significant liquidity event
- We do, however, expect increasing liquidity requirements from a regulatory perspective in the future
- The impact of those potential changes to the Company's liquidity management programs can not be predicted at this time



Liquidity Uninsured Deposits

- At March 31, 2023 the Bank had deposits of \$1.1 billion, of which \$382.7 million were nominally uninsured, as they were above the insurance limits established by the Federal Deposit Insurance Corporation (“FDIC”) on that date.
- Of the \$382.7 million in nominally uninsured deposits at March 31, 2023, \$72.6 million were insured through a long-standing reciprocal deposit program managed by a third-party entity. In addition, \$121.0 million in municipal deposits are fully protected against depositors’ principal loss by well-established contractual arrangements whereby Bank securities are held by an independent custodian as collateral for the depositors’ benefit.
- Therefore, the Bank had \$189.1 million in deposits, representing 16.5% of all deposits, that were considered to be uninsured at March 31, 2023.

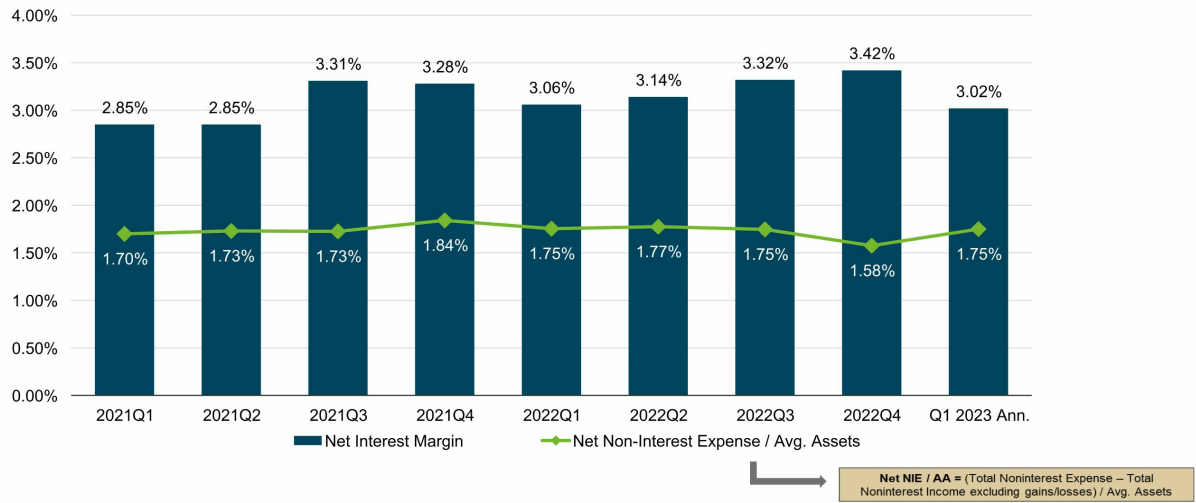


Liquidity Contingently Available Sources

- The Company has a number of existing credit facilities available to it.
 - At March 31, 2023, total credit available under the existing lines of credit was approximately \$176.3 million at Federal Home Loan Bank of New York, the Federal Reserve Bank, and two other correspondent banks
 - At March 31, 2023, the Company had \$99.2 million of the available lines of credit utilized on its existing lines of credit with the remainder of \$77.1 million available
- The Federal Reserve Board has authorized the establishment of the Bank Term Funding Program ("BTFP") to make additional funding available to eligible depository institutions, such as the Bank, in order to help assure that institutions have the ability to meet the liquidity needs of all their depositors
 - The BTFP is an additional potential source of liquidity for the Bank at this time
 - The Bank is now fully authorized to participate in this program as may be advantageous to us in the future



Future Risks of Net Interest Margin Compression Partially Mitigated by Balance Sheet Positioning Over the Past 24 Months





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Market Performance

- Share Price Performance vs. Peers
- Market-Based Expectations



PBHC: Solid 3-and 5-Year Outperformance vs. Peer Median

Total Shareholder Return	1-Yr	3-Yr	5-Yr
PBHC (%)	-15.8%	20.8%	4.6%
S&P 500 - median (%)	-5.9%	18.5%	9.2%
PBHC Peers - median (%)	-12.5%	9.4%	-0.9%

1Y TSR: 9.9-%pts **under**performance to S&P500
 3.3-%pts **under**performance to peer median
3Y TSR: 2.3-%pts **out**performance to S&P 500
 11.4-%pts **out**performance to peer median
5Y TSR: 4.6-%pts **under**performance to S&P
 500
 5.5-% pts **out**performance to peer median



As of 04/05/2022 | Source: S&P Capital IQ

PBHC: Year-To-Date (YTD) Stock Price Performance

- Pathfinder stock has experienced a significant share price decline, along with the rest of the industry since March of this year
- The SPDR S&P Regional Banking Exchange Traded Fund (ETF) has the following YTD share price change and total returns through May 31, 2023:
 - Price Change > -34.18%
 - With Dividends Reinvested > -33.63%
- During the same five month period, PBHC has had the following YTD share price change and total returns:
 - Price Change > -29.61%
 - With Dividends Reinvested > -28.88%



Data provided by Bloomberg, LP as of May 31, 2023

Strategy Update

Refined Focus on Profitability Drivers

We have identified our six most impactful opportunities for the next three to five years:

- Expense allocation and control;
- Accelerate digitization;
- Generate additional fee income consistent with our customer service orientation;
- Increase non-maturity deposits;
- Expand small business offerings;
- Explore expanded Wealth Management/Insurance/Mortgage Banking opportunities

These opportunities will be realized through increased internal focus and execution as well as through partnerships and alliances with carefully-selected external partners.



Conclusion

- Pathfinder can grow significantly in the rapidly-emerging local economic environment
- The current uncertainties notwithstanding, there remains a place for community focused banks
- Well run community banks can profitably serve their customers in many ways and will continue to be sound investments for their shareholders
- Emerging technologies bring more “big bank” services to the customers of smaller institutions every day. Customers of approachable community banks will have an increasing number of ways to access banking services in the future



Conclusion

- Pathfinder's focus on small business customers, along with an increasing ability to meet the needs of consumers, will facilitate our growth in the next three to five years
- The value of our franchise is likely to increase, perhaps substantially, as we leverage our current position and benefit from the area's demonstrable growth
- While no assurances relative to our future stock performance can be given, we believe that in the long run that our stock price will likely follow this growth path



Questions and Discussion

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Voting Results

Chris R. Burritt, Chairman

Inspector of Elections Report

William O'Brien, Corporate Secretary



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2023 ANNUAL MEETING OF SHAREHOLDERS

JUNE 1, 2023

MEETING ADJOURNED
THANK YOU FOR ATTENDING

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Appendix: Reconciliation of Non-GAAP Financial Measures Used In This Presentation

<i>(In thousands, except per share amounts)</i>	2017	2018	2019	2020	2021	2022	Q1 2023
Tangible book value per common share							
Total equity (GAAP)	\$ 61,811	\$ 64,221	\$ 75,064	\$ 79,555	\$ 110,287	\$ 110,997	\$ 111,700
Goodwill	4,536	4,536	4,536	4,536	4,536	4,536	4,632
Intangible assets	182	165	149	133	117	101	-
Tangible common equity	\$ 57,093	\$ 59,520	\$ 70,379	\$ 74,886	\$ 105,634	\$ 106,360	\$ 107,068
Total shares outstanding							
Total shares outstanding	4,280	4,362	4,709	4,531	5,983	6,032	6,032
Tangible book value per common share	\$ 13.34	\$ 13.65	\$ 14.95	\$ 16.53	\$ 17.66	\$ 17.63	\$ 17.75
Performance Ratios							
Efficiency ratio							
Operating expenses (numerator)	\$ 21,188	\$ 23,549	\$ 25,730	\$ 25,080	\$ 27,495	\$ 28,874	\$ 7,524
Net interest income	23,123	25,766	28,230	31,643	38,295	41,403	9,968
Noninterest income	4,179	3,835	4,917	6,485	6,231	5,914	1,592
Less: (Losses)/Gains on the sale/redemption of investment securities, fixed assets, loans, and foreclosed real estate	526	(132)	393	2,255	551	(282)	98
Less: Gains/(Losses) on marketable equity securities	-	(62)	81	(629)	382	352	-
Denominator	\$ 26,776	\$ 29,795	\$ 32,673	\$ 36,502	\$ 43,593	\$ 47,247	\$ 11,462
Efficiency ratio	79.13 %	79.04 %	78.75 %	68.71 %	63.07 %	61.11 %	65.64 %



