

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): September 24, 2020



(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 – Regulation FD Disclosure

Pathfinder Bancorp, Inc.'s Annual Meeting of Shareholders was held on September 24, 2020.

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Pathfinder Bancorp, Inc.'s Presentation to Shareholders

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: September 24, 2020

By: /s/ Thomas W. Schneider
Thomas W. Schneider
President and Chief Executive Officer



2020 Annual Meeting of Shareholders

10:00 A.M. | September 24th, 2020

Virtual Meeting Hosted by
Computershare





Welcoming Remarks

Chris R. Burritt
Chairman of the Board

Agenda – 2020 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 and Written Questions & Verbal Answers to Follow

Results of Shareholder Vote

Meeting Adjournment

Board of Directors



	Director Since
David A. Ayoub	2012
William A. Barclay	2011
Chris R. Burritt, Chairman	1986
John P. Funicello	2011
Adam C. Gagas	2014
George P. Joyce	2000
Melanie Littlejohn	2016
Thomas W. Schneider, President & CEO	2001
John F. Sharkey, III	2014
Lloyd "Buddy" Stemple	2005

Executive Officers



		Current Position Since
Thomas W. Schneider	President & CEO	2000
James A. Dowd, CPA	Executive Vice President & Chief Operating Officer	2016
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



Independent Registered Public Accounting Firm

Tamara L. Gamble, CPA

Partner

Bonadio & Company, LLP



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:

- The effects of the COVID-19 Pandemic on our financial condition and results of operations;
- Credit quality and the effect of credit quality on the adequacy of our allowance for loan losses;
- Deterioration in financial markets that may result in impairment charges relating to our securities portfolio;
- Competition in our primary market areas;
- The impact of significant government regulations, legislation and potential changes thereto;
- A reduction in our ability to generate or originate revenue-producing assets as a result of compliance with heightened capital standards;
- Increased cost of operations due to greater regulatory oversight, supervision and examination of banks and bank holding companies, and higher deposit insurance premiums;
- The limitation on our ability to expand consumer product and service offerings due to anticipated stricter consumer protection laws and regulations; and
- Other risks described herein and in the other reports and statements we file with the SEC.

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

Business of 2020

Annual Meeting of Shareholders



The Election of Three Directors

William A. Barclay, for a three-year term

Chris R. Burritt, for a three-year term

George P. Joyce, for a one-year term

The ratification of the appointment of Bonadio & Co., LLP as the Company's independent registered public accounting firm for the year ending December 31, 2020.



Executive Management Presentation

Thomas W. Schneider, President and
Chief Executive Officer

Report to Shareholders



Agenda:

1. Strategic Plan Progress
2. COVID 19 – Impact:
 - A. Compliance with safety protocols, CARES Act and Executive Orders, BCP tested and passed
 - B. Strategic Plan and Results (Participation in PPP)
 - C. Regional Economy
 - I. Loan portfolio
 - II. Allowance for Loan Losses
3. Five and one half year results through the six months ended June 30, 2020
4. Stock Performance
 - A. Value Metrics

Company Overview

Corporate Overview

- Originally opened as Oswego City Savings Bank in 1859; became Pathfinder Bank in 2000
- Headquartered in Oswego, NY
- Operates 11 locations in the central New York area
 - 10 full-service locations in the Syracuse MSA and 1 loan production office in Utica, NY
- In 2014, converted from MHC to 100% publicly-owned institution through "second step" transaction
- Single Bank Holding Company (Pathfinder Bancorp, Inc.) is 100% owner of one bank subsidiary, Pathfinder Bank (NASDAQ: PBHC)
- The Company began trading publicly on the NASDAQ exchange in November 1995
- Castle Creek Capital was the lead investor in a \$19.6 million equity offering⁽³⁾ in May 2019 and currently owns a 27.4% fully-diluted position⁽⁴⁾
- ~19.4% fully-diluted insider ownership

Branch Map



PBHC Financial Overview

(dollars shown in thousands)	2017	2018	2019	2020 YTD
Total Assets	\$881,257	\$933,115	\$1,093,807	\$1,167,024
Gross Loans HFI	580,831	620,270	745,516	806,009
Total Deposits	723,803	727,060	881,893	970,593
Total / Tang. Equity	62,144	64,459	90,689	92,607
Loans / Deposits	80.3	85.3	84.5	83.0
ALLL / Total Loans	1.23	1.18	1.11	1.31
TE / TA ⁽¹⁾	6.5	6.4	7.9	7.6
Total RBC Ratio ⁽²⁾	14.0	13.7	12.3	12.6
NPAs / Assets	0.90	0.63	0.67	0.89
Efficiency Ratio	79.0	78.5	77.6	64.4
ROAA	0.42	0.45	0.43	0.63
ROAE	5.58	6.30	5.35	7.80



Source: S&P Global Market Intelligence; Company provided documents; Note: "2020 YTD" data as of June 30, 2020

- (1) Includes \$15.4 million of convertible preferred equity
- (2) Total RBC Ratio shown for Pathfinder Bank
- (3) \$19.6 million of net proceeds received from \$20.8 million gross offering amount
- (4) Excludes 125,000 in out-of-the-money warrants

Regional Deposit Information

- Largest bank by deposit market share in Oswego County
- Controls approximately 46% of the county's deposits
- Growing presence in Onondaga County with three locations; the newest added in November 2018 (LPO and full-service branches)



Oswego, NY				
2019 Rank	Institution (ST)	2019 Branches	2019 Deposits (\$000s)	2019 Market Share (%)
1	Pathfinder Bancorp Inc. (NY)	7	638,896	46.23%
2	Fulton SB (NY)	4	201,893	14.61%
3	CommunityBank System Inc. (NY)	4	195,433	14.14%
4	NBT Bancorp Inc. (NY)	4	147,257	10.66%
5	KeyCorp (OH)	4	139,563	10.10%
6	JPMorgan Chase & Co. (NY)	1	58,161	4.21%
7	Woodforest Financial Grp Inc. (TX)	1	759	0.05%
Total For Institutions in Market		25	1,381,962	

Onondaga, NY				
2019 Rank	Institution (ST)	2019 Branches	2019 Deposits (\$000s)	2019 Market Share (%)
1	M&T Bank Corp. (NY)	26	3,111,616	29.04%
2	KeyCorp (OH)	21	2,323,977	21.69%
3	Bank of America Corporation (NC)	8	1,126,353	10.51%
4	JPMorgan Chase & Co. (NY)	10	1,124,626	10.49%
5	Solvay Bank Corp. (NY)	9	804,364	7.51%
6	NBT Bancorp Inc. (NY)	12	464,174	4.33%
7	Geddes FS&LA (NY)	2	418,015	3.90%
8	Citizens Financial Group Inc. (RI)	4	331,650	3.09%
9	Berkshire Hills Bancorp Inc. (MA)	2	278,811	2.60%
10	Community Bank System Inc. (NY)	4	278,350	2.60%
11	Pathfinder Bancorp Inc. (NY)	3	192,244	1.79%
Total For Institutions in Market		109	10,716,334	

Source: S&P Global Market Intelligence
 Note: Deposit data as of June 30, 2019



Strategic Plan – 3 Year Horizon

One Year Results



Shifting Focus as discussed at 2019 Shareholders' Meeting:

- Lower Cost of Funds
 - Rebalance deposit mix:
 - Non-maturity deposits
 - Business Accounts
 - Digital Banking/Treasury Management
- Control Operating Expense
 - Reduce pressure of margin compression
 - Enhance efficiency ratio
- Increase Recurring Non-Interest Income
 - Service fees set to market
 - Insurance and investment services revenue as key contributors

Strategic Plan – 3 Year Horizon

One Year Results



Deposit Mix/Cost

	June 2020	June 2019	# Change	% Change	
Non Maturity Deposits					
Retail Checking	14,166	14,260	(94)	(1.0%)	Yellow
Business Checking	2,805	2,486	319	12.8%	Green
Cost of Deposits	1.20%	1.47%	-	(.27)%	
Cost of Funds	1.37%	1.66%	-	(.29)%	

Color key

- Green – favorably impacted by Economic Downturn
- Yellow – unfavorably impacted by Economic Downturn

Strategic Plan – 3 Year Horizon

One Year Results



Enhanced Fee Income

Year over Year

(\$ in thousands)

	June 2020	June 2019	\$ Change	% Change	
Non-Interest Income					
Deposit Fees	\$659	\$630	\$29	4.6%	
Loan Fees	128	87	41	47.1%	
Investment Services Revenue	149	145	4	2.7%	
Insurance Services Revenue	522	461	61	13.2%	

Strategic Plan – 3 Year Horizon

One Year Results



Manage Operating Expenses

Year over Year

(\$ in thousands)

	June 2020 \$	June 2019 \$	\$ Change	% Change
Total Operating Expense	\$12,003	\$13,250	\$(1,247)	-(9.4)%
Personnel	6,219	7,104	(885)	(12.5)%
Building & Occupancy	1,461	1,287	174	13.5%
Information Technology and Electronic Delivery	1,152	1,162	(10)	(0.9)%
Other	3,171	3,697	(526)	(14.2)%

COVID-19 Response and Impact



- Effective response to all safety and security rules and guidelines
- Live test of Full Business Continuity Planning
- No disruption of services
- Full compliance with all CARES ACT, Federal and State Executive Orders, as promulgated
- Remote Safety and Soundness Examination (FDIC) during May 2020
- Liquidity Management

COVID-19 Response and Impact



☐ Participation in CARES ACT Paycheck Protection Program (PPP) through the Small Business Administration

As of June 30, 2020

(\$ in thousands)

As of June 30, 2020	\$ Amount	Total #
Total PPP loans made		
Principal value of PPP loans made	\$75,298.6	697
Average PPP loan amount	\$100.8	N/A
Forgiveness Applications to date	\$743.4	6
Total PPP loans made to existing customers	\$54,836.5	449
Total PPP loans made to new customers	\$20,462.1	248

COVID-19 Response and Impact



Alignment with Deposit Mix Strategy

As of June 30, 2020

(\$ in thousands)

Total New Checking Accounts	#	\$
Existing Customers	327	\$35,862
New Customers	107	\$ 3,666

Strategy to move new PPP customers into lasting deposit and loan relationships.

Total SBA fees earned: \$2.8 million

COVID-19 Response and Impact



Deferred Loans: 90 days

As of June 30, 2020

(in dollars)

	Number of Loans	Total Loan Principal	Monthly Payment	Average Principal
Residential	192	\$22,172,260	\$146,863	\$115,480
Commercial Real Estate	166	96,481,831	936,322	337,871
Commercial & Industrial	120	25,836,005	248,895	89,814
Consumer	69	1,507,339	26,190	21,845
Total	547	\$145,997,435	\$1,358,270	

COVID-19 Response and Impact



Extended Deferred Loans

Approximate as of August 31, 2020

(in dollars)

	Number of Loans	Total Loan Principal	Monthly Payment	Average Principal
Residential	32	\$ 3,174,904	\$ 19,831	\$ 99,216
Commercial Real Estate	21	14,255,614	171,107	445,326
Commercial & Industrial	11	3,229,583	38,840	100,886
Consumer	12	194,447	3,636	16,204
Total	76	\$20,854,548	\$233,414	

COVID-19 Loan Portfolio Analysis and Action



Credit Portfolio Stress Tests:

Top Down - Third Party

- CCAR Stress Scenario
 - COVID-19 Stress Scenario
- } Capital Stress Test

Bottom Up:

- Internal Review and Stress Tests
 - Third Party Loan Review Stress Tests
- } ALL Capacity Test

COVID-19 Loan Portfolio Analysis and Action



Loan Loss Provision

Allowance for Loan and Lease Losses

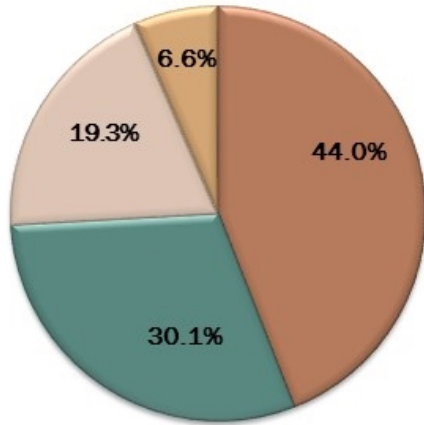
(\$ in thousands)

	12-31-19	06-30-20
Allowance/Total Loans	1.11%	1.31%
Allowance/Total Loans, Exclusive of PPP	1.11%	1.44%
Non Performing Loans/Total Loans (excluding PPP)	0.67%	1.15%
Total Provision for Loan and Lease Losses	\$1,966	\$2,213

Financial Results through June 30, 2020

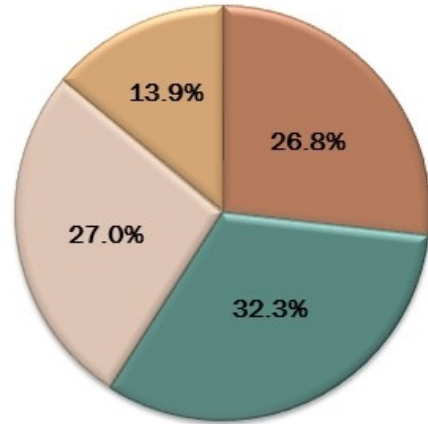


Loan Portfolio
December 31, 2015
\$430.4 Million



■ Residential Real Estate ■ Commercial Real Estate
■ Commercial Loans ■ Consumer Loans

Loan Portfolio
June 30, 2020
\$806.1 Million

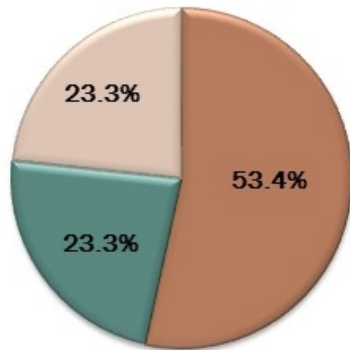


■ Residential Real Estate ■ Commercial Real Estate
■ Commercial Loans ■ Consumer Loans

Financial Results through June 30, 2020

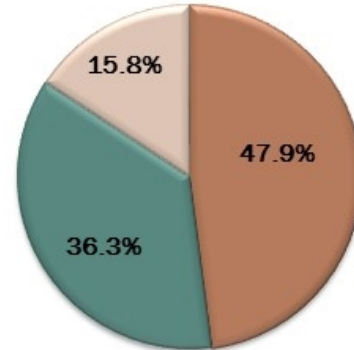


Deposit Portfolio
December 31, 2015
\$490.3 Million



■ Retail ■ Business ■ Municipal

Deposit Portfolio
June 30, 2020
\$970.6 Million



■ Retail ■ Business ■ Municipal

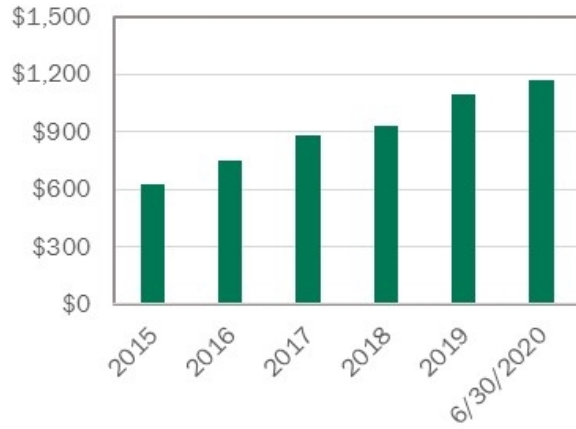
Includes brokered deposits

Financial Results

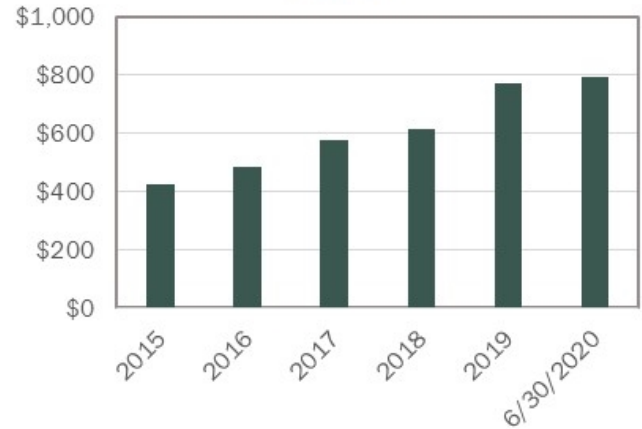


5 years and for the six months ended June 30, 2020
(\$ millions)

Assets



Loans

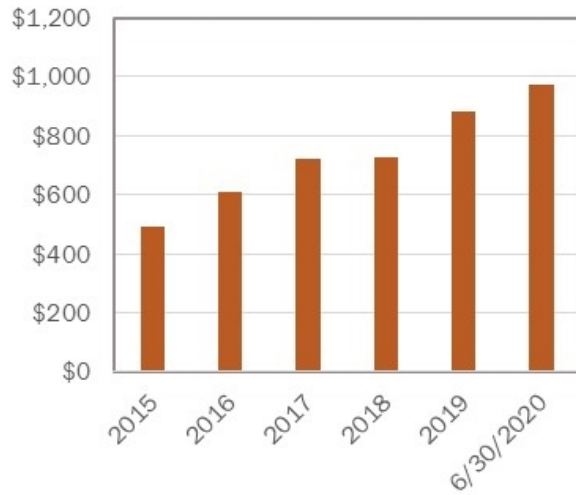


Financial Results

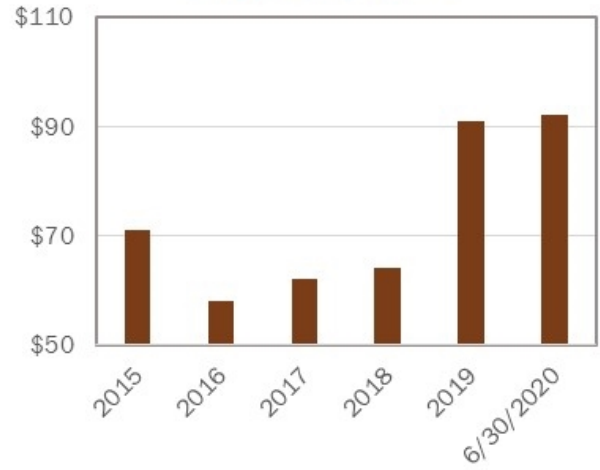


5 years and for the six months ended June 30, 2020
(\$ in millions)

Deposits



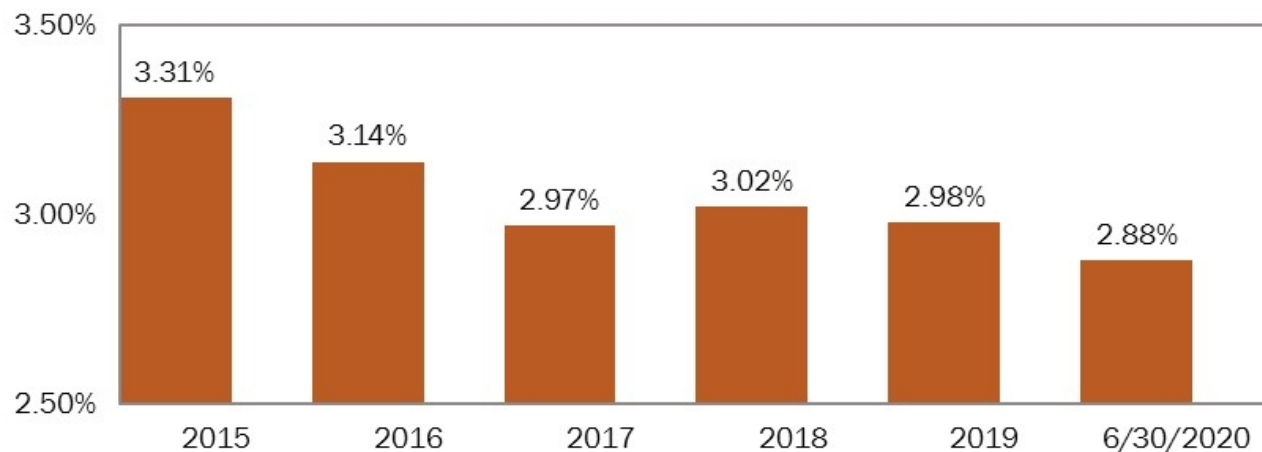
Tangible Capital



Net Interest Margin



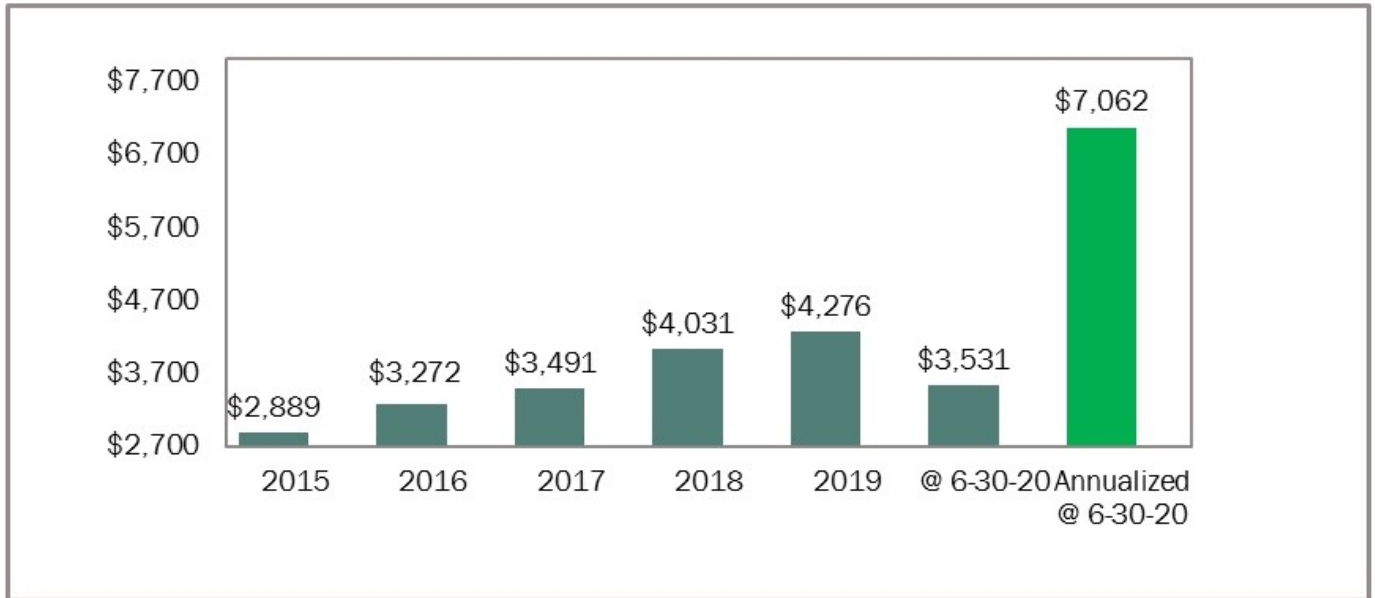
5 years and for the six months ended June 30, 2020



Net Income



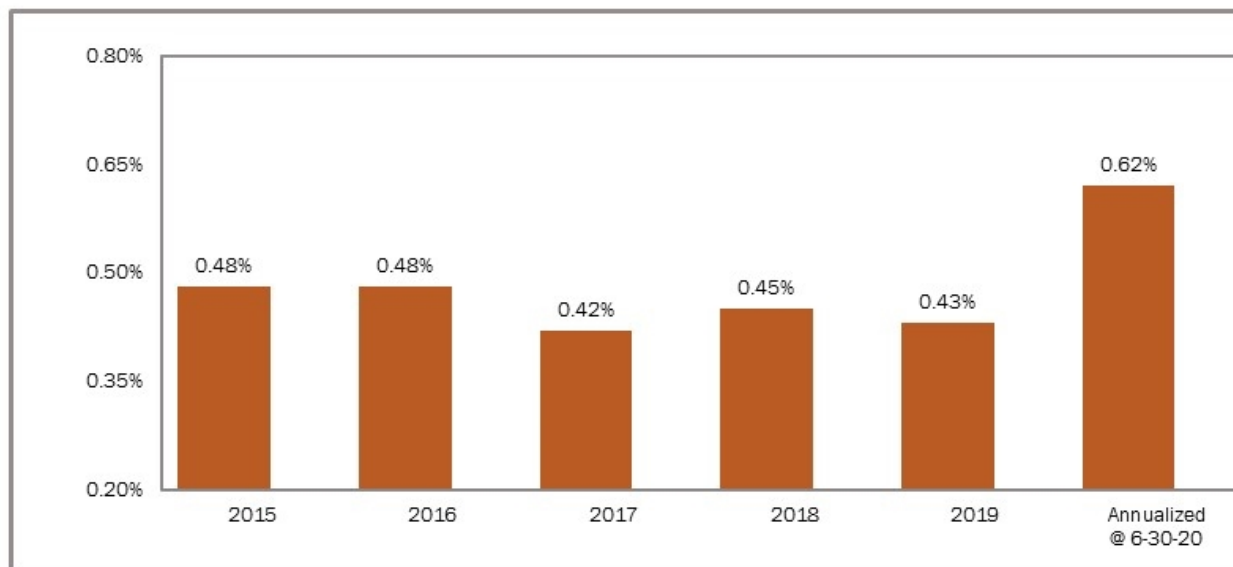
5 years and annualized for the six months ended June 30, 2020
(\$ in thousands)



Return on Average Assets



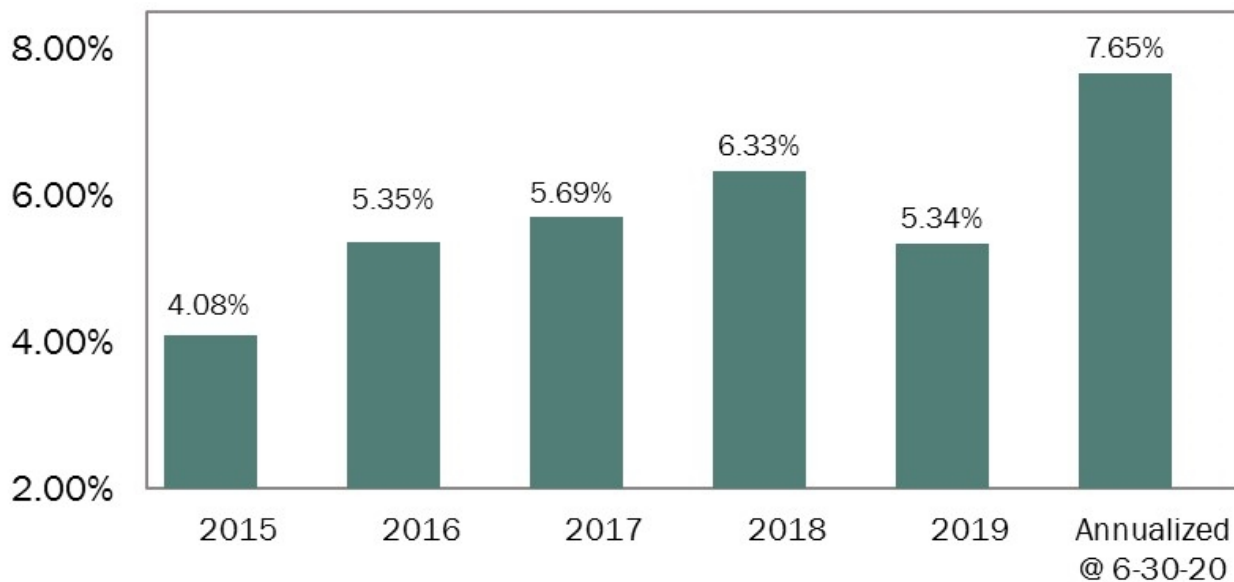
5 years and annualized for the six months ended June 30, 2020



Return on Average Equity



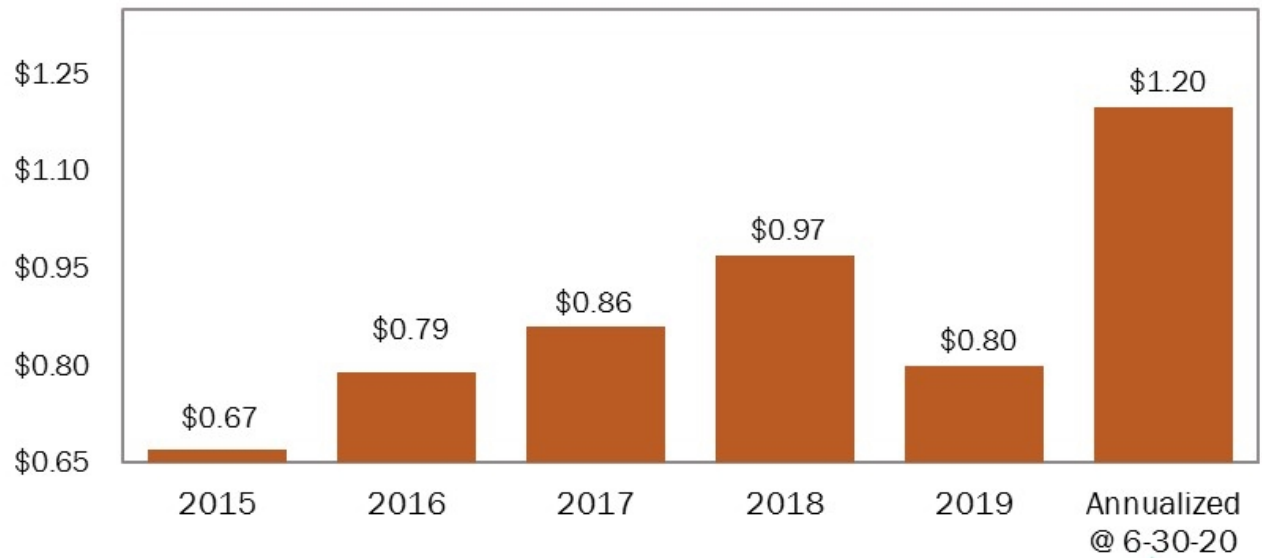
5 years and annualized for the six months ended June 30, 2020



Stock Performance and Value Metrics



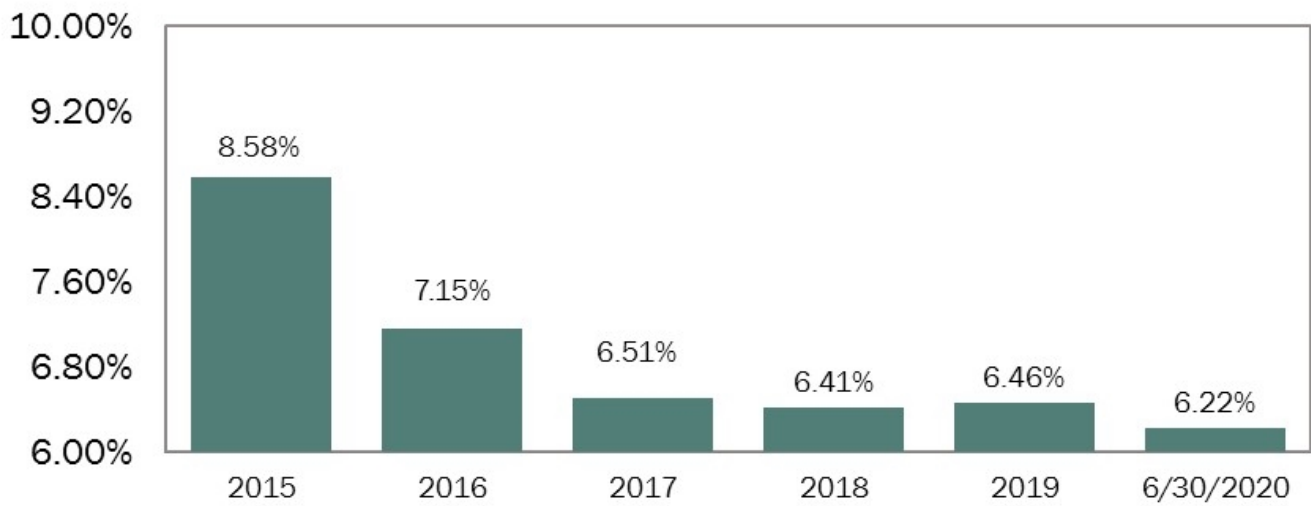
Earnings Per Share Trends (Fully Diluted)
5 years and annualized for the six months ended June 30, 2020



Stock Performance and Value Metrics



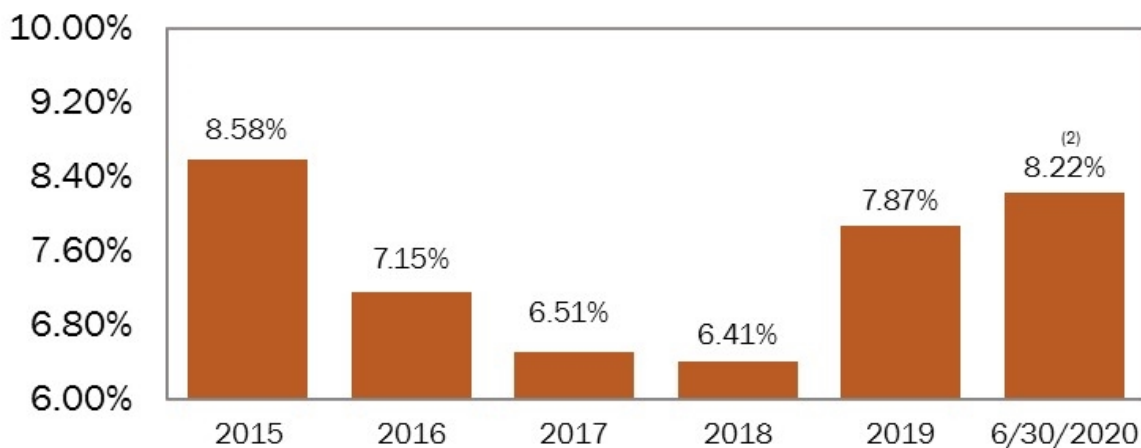
Tangible Common Equity to Tangible Assets 5 years and for the six months ended June 30, 2020



Stock Performance and Value Metrics



Tangible Common Equity to Tangible Assets ⁽¹⁾ (Non-GAAP)
5 years and for the six months ended June 30, 2020
Fully converted basis



(1) Assumes full conversion of 1,155,000 shares of convertible preferred stock are converted into common stock pursuant to the Private Placement Securities Purchase Agreement of May 2019.

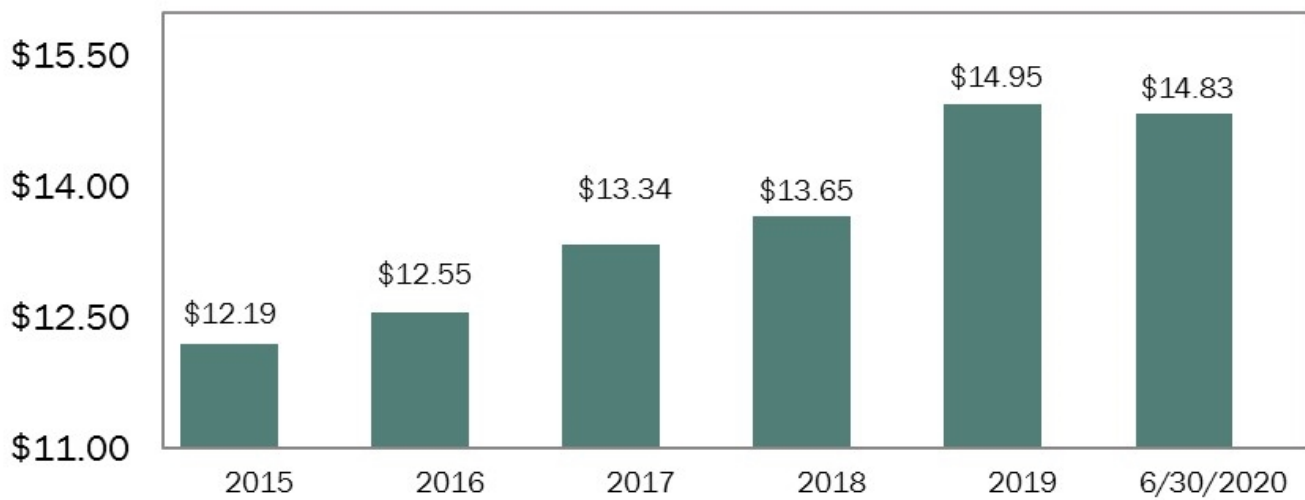
(2) Excluding PPP



Stock Performance and Value Metrics



Total Tangible Book Value Per Common Share
5 years and for the six months ended June 30, 2020





Questions and Discussion



Voting Results

Chris R. Burritt, Chairman

Inspector of Elections Report, William O'Brien



2020 Annual Meeting of Shareholders

Meeting Adjourned
Thank You for Attending



