

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Pathfinder Bancorp, Inc Subsidiary Bank-Pathfinder Bank

Point of Contact:	Ronald Tascarella, SVP CCO	RSSD: (For Bank Holding Companies)	2596776
UST Sequence Number:	1304	Docket Number: (For Thrift Holding Companies)	3708
CPP/CDCI Funds Received:	6,771,000	FDIC Certificate Number: (For Depository Institutions)	15977
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	September 11, 2009	City:	Oswego
Date Repaid ¹ :	N/A	State:	New York

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

For the year ending December 31, 2010 Pathfinder Bancorp, Inc. has increased the loan portfolio by 8.7% on \$74,705,000 in loan originations. See additional comments (1) on last page.

To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

Residential Real Estate: Originations: \$36,567,000 Portfolio Growth 9.6% Commercial Real Estate: Originations: \$ 9,997,000 Portfolio Growth: 10.9% Small Business: Originations: \$17,604,000 Portfolio Growth: 9.8% Other: Originations: \$10,537,000 Portfolio Growth: .2%

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Increase securities purchased (ABS, MBS, etc.).

Make other investments.

Increase reserves for non-performing assets.

Reduce borrowings.

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Increase charge-offs.

Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

While the Bank has utilized CPP capital to increase lending, the Bank's Tier 1 Leverage Ratio has increased from 6.57% at June 30, 2009, prior to CPP funding, to approximately 8.4% at December 31, 2010

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Given that the Board of Directors established a Tier 1 Leverage Ratio target of 8.00% during the first quarter of 2009, and the bank's Tier 1 leverage ratio was 6.67% at the time of the new target, the bank had to either 1(increase capital or 2) decrease assets Absent the CPP capital funding, the Bank would have been inclined to significantly reduce its loan originations to meet the new target capital ratio.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Additional Comment 1: The bank applied for participation in the Capital Purchase Plan in November 2008, however, rules for mutual holding companies were not promulgated until the end of July 2009. The Board of Directors and Management of Pathfinder engaged in extensive capital planning through the last quarter of 2008 and the first half of 2009. On September 11, 2009, Pathfinder Bancorp, Inc the mid tier holding company parent of Pathfinder Bank closed on the Capital Purchase Plan transaction whereby the holding company sold \$6,771,000 in preferred stock to the United States Department of Treasury and down steamed \$5.5 million to Pathfinder Bank. The Bank's Tier One Leverage Ratio prior to the transaction was 6.5% and was 8.36 after the transaction was completed. For the fiscal year ending December 31, 2010 Pathfinder bank was able to grow total assets by \$36,853,000 to \$408,545,000.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

A large, empty rectangular box with a black border, intended for the respondent to describe their actions.