

SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made this 28th day of May (Effective Date), by and through the Board of Directors (Pathfinder MHC Board) of PathFinder Bancorp MHC, Oswego, New York, OTS Docket No. H3707 (PathFinder MHC), and the Board of Directors (PBI Board) of PathFinder Bancorp, Inc., Oswego, New York, OTS Docket No. H3708 (PBI), and the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Northeast Region (Regional Director).

WHEREAS, PathFinder MHC is a federally-chartered mutual holding company, and PBI is a federally-chartered mid-tier holding company, each subject to OTS regulation as savings and loan holding companies; and

WHEREAS, PBI owns one hundred percent (100%) of PathFinder Bank, a New York State chartered and Federal Deposit Insurance Company insured state savings bank; and

WHEREAS, pursuant to Section 10(l) of HOLA, 12 USC §1467a(l), PathFinder Bank is deemed to be a savings association for certain purposes, including OTS regulation of PathFinder MHC and PBI; and

WHEREAS, OTS, pursuant to 12 USC §§ 1818 and 1467a(g), has statutory authority to require PathFinder MHC and PBI to take actions to correct matters of regulatory concern; and

WHEREAS, OTS finds that PBI violated applicable statutory and regulatory restrictions on capital distributions and transactions with affiliates by accepting dividends and unsecured extensions of credit from PathFinder Bank; and

WHEREAS, PathFinder MHC and PBI, in furtherance of their common goal to ensure that PathFinder MHC and PBI continue to address the regulatory concerns and violations of laws and regulations identified by OTS, PathFinder MHC and PBI and OTS have mutually agreed to enter into this Agreement; and

WHEREAS, on May 26, 2009, PathFinder MHC and PBI, at a duly constituted meeting of their respective boards, each adopted a resolution (Board Resolution) that authorizes PathFinder MHC and PBI, respectively, to enter into this Agreement and directs compliance by PathFinder MHC and PBI and its directors, officers, employees, and other institution-affiliated parties with each and every provision of this Agreement.

NOW THEREFORE, in consideration of the above premises, it is agreed as follows:

Compliance with Laws and Regulations.

1. Pathfinder MHC and PBI shall not violate or participate in any violations of, and shall use their controlling influence over their affiliates or subsidiaries to ensure compliance of their affiliates or subsidiaries with the following laws and regulations:

(a) 12 USC § 1467a(f) and 12 CFR § § 563.143 and 563.144 (concerning Notice of Capital Distributions); and

(b) 12 USC § 1468(a) and 12 CFR § 563.41 (concerning Transactions with Affiliates).

Restrictions relating to Dividends and Other Capital Distributions.

2. PBI shall not accept from Pathfinder Bank, or direct Pathfinder Bank to declare or pay any dividends or other capital distributions within the meaning of 12 CFR § 563.141,

without the prior written approval of OTS based on a filing made by Pathfinder Bank pursuant to 12 CFR §§ 563.143 and 563.144.

3. PBI shall not declare or pay dividends or other capital distributions unless it has sufficient funds available to make the payments.

Compliance with Transactions with Affiliates Laws and Regulations.

4. Effective immediately, neither PathFinder MHC, PBI, nor any affiliates thereof, may engage or participate in any transaction with Pathfinder Bank that does not comport with the transactions with affiliates regulations set forth at 12 CFR § 563.41.

5. Within 15 (fifteen) days, management of Pathfinder MHC and PBI, in consultation with Pathfinder Bank, shall: (1) conduct a review to identify all past advances made from Pathfinder Bank to Pathfinder MHC and PBI that were not on terms and interest rates offered to unaffiliated third parties; (2) calculate the amount of interest at market rates that should have been paid on the impermissible advances identified; and (3) provide a report to the Pathfinder MHC Board and the PBI Board, for its review and approval, of the amount due and owing to Pathfinder Bank as determined by the review and interest calculation.

6. Within 30 (thirty) days, PBI shall effect payment to PathFinder Bank of the amount of interest determined to be due and owing under Paragraph 5 above and as approved by the PBI Board.

Effective Date.

7. This Agreement is effective on the Effective Date as shown on the first page.

Duration.

8. This Agreement shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

Time Calculations.

9. Calculation of time limitations for compliance with the terms of this Agreement run from the Effective Date and shall be based on calendar days, unless otherwise noted.

Submissions and Notices.

10. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Agreement shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- a. To: OTS
Michael E. Finn, Regional Director
Office of Thrift Supervision
Harborside Financial Center Plaza Five
Suite 1600
Jersey City, New Jersey 07311

- b. To: PathFinder Bancorp MHC
Thomas W. Schneider
President and Chief Executive Officer
214 West First Street
Oswego, New York 13126

- c. To: PathFinder Bancorp, Inc.
Thomas W. Schneider
President and Chief Executive Officer
214 West First Street
Oswego, New York 13126

No Violations Authorized.

11. Nothing in this Agreement shall be construed as allowing PathFinder MHC or PBI, their respective boards, officers or employees to violate any law, rule, or regulation.

OTS Authority Not Affected.

12. Nothing in this Agreement shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting PathFinder MHC or PBI if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law.

Other Governmental Actions Not Affected.

13. PathFinder MHC and PBI each acknowledge and agree that its execution of the Agreement is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 12 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of PathFinder MHC, PBI, and/or PathFinder Bank that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

Miscellaneous.

14. The laws of the United States of America shall govern the construction and validity of this Agreement.

15. If any provision of this Agreement is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

16. All references to OTS in this Agreement shall also mean any of the OTS's predecessors, successors, and assigns.

17. The section and paragraph headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

18. The terms of this Agreement represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

Enforceability of Agreement.

19. This Agreement is a "written agreement" entered into with an agency within the meaning and for the purposes of 12 USC §§ 1818(b)(1), 1818(e)(1), 1818(i)(2), and 1818(u)(1)(A).

Signature of Directors/Board Resolution.

20. Each Director signing this Agreement attests that he or she voted in favor of a Board Resolution authorizing the consent of PathFinder MHC and PBI to the issuance and execution of the Agreement. This Agreement may be executed in counterparts by the directors after approval of execution of the Agreement at a duly called board meeting. A copy of each Board Resolution authorizing execution of this Agreement shall be delivered to OTS, along with the executed original(s) of this Agreement.

[Remainder of Page Intentionally Left Blank]

WHEREFORE, OTS, acting by and through its Regional Director, and the PathFinder MHC Board and the PBI Board, hereby execute this Agreement.

OFFICE OF THRIFT SUPERVISION

_____/s/_____
Michael E. Finn
Regional Director, Northeast Region
Date: See Effective Date on page 1

PathFinder Bancorp MHC
Oswego, New York
By:

_____/s/_____
Chris R. Burritt, Director

_____/s/_____
Thomas W. Schneider, Director

_____/s/_____
George P. Joyce, Director

_____/s/_____
Corte J. Spencer, Director

_____/s/_____
Bruce E. Manwaring, Director

_____/s/_____
Lloyd A. Stemple, Director

_____/s/_____
L. William Nelson, Director

_____/s/_____
Stephen W. Thomas, Director

_____/s/_____
Janette Resnick, Director

Pathfinder Bancorp, Inc.
Oswego, New York
By:

_____/s/_____
Chris R. Burritt, Director

_____/s/_____
Thomas W. Schneider, Director

_____/s/_____
George P. Joyce, Director

_____/s/_____
Corte J. Spencer, Director

_____/s/_____
Bruce E. Manwaring, Director

_____/s/_____
Lloyd A. Stemple, Director

_____/s/_____
L. William Nelson, Director

_____/s/_____
Stephen W. Thomas, Director

_____/s/_____
Janette Resnick, Director