

Code of Ethics
FOR
DIRECTORS, OFFICERS AND EMPLOYEES

Pathfinder Bancorp, Inc.

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I. PREFACE

Pathfinder Bancorp Inc. and its subsidiaries (collectively "Pathfinder" or "the Company") are committed to the highest standard of ethical business conduct. Pathfinder expects that its directors, officers, and employees (collectively "Personnel") will observe the highest standards of integrity in the context of Pathfinder's business. Pathfinder is committed to complying with the letter and spirit of all applicable laws and regulations.

This code of business conduct and ethics sets forth Pathfinder's policy embodying the high standards of business and ethics of integrity required of all Pathfinder Personnel.¹ When conducting business affairs on behalf of Pathfinder, all Personnel are required to abide scrupulously by the provisions of this code as well as with all applicable laws. The provisions of this code will be enforced vigorously, and any individual found to be in violation would be appropriately disciplined, which may include immediate termination of employment.

II. APPLICABILITY

Every one of Pathfinder's Personnel has a responsibility to deal ethically and honestly in all aspects of Pathfinder's business including the ethical handling of actual or apparent conflicts of interest and to comply fully with all laws, regulations, and Pathfinder's policies. Every person is expected to assume responsibility for applying these standards of ethical conduct and for acquainting himself/herself with the various laws, regulations, and Pathfinder policies applicable to his or her assigned duties. When in doubt, Personnel have the affirmative responsibility to seek clarification from their supervisor, the Compliance Officer, or, if necessary, from legal counsel.

III. ADMINISTRATION AND ENFORCEMENT

Board of Directors. The Board of Directors is responsible for approving this Code and making appropriate supplements and revisions from time to time. As provided below, the Board also has the authority to issue waivers of this Code upon application. Finally, issues that cannot be resolved by the Audit Committee as described below, shall be resolved by the full Board of Directors.

Audit Committee. The Audit Committee of the Board of Directors of Pathfinder (the "Committee") is responsible for oversight of the Pathfinder's Code of Ethics (this "Code"). The Committee has responsibility for implementing and administering this Code.

Compliance Officer. To assist the Committee in administering this Code on a regular basis and to provide guidance in situations where Personnel may have questions concerning the right course of action to take, the Committee shall appoint a Compliance Officer to provide guidance on implementing this Code and to work with the Officers of the Company to ensure compliance with this Code. It is the responsibility of the Chief Executive Officer, with assistance from the Compliance Officer, to ensure that this Code

¹ Due to their special responsibilities, the Chief Executive Officer and the Chief Financial Officer are also subject to an additional code attached hereto.

has been read and understood by all Personnel. The Compliance Officer will meet as necessary with the Officers of the Company and the Committee to implement this Code, but will report to the Committee no less than every year barring extraordinary circumstances.

Waivers. This Code is intended to apply equally to all Personnel. Accordingly, any waiver of the standards set forth in this Code by executive officers or directors may be made only by the Committee and the full Board of Directors of the Company and must be disclosed to shareholders within two (2) business days by filing an SEC Form 8-K.

IV. ACCURACY IN REPORTING

Corporate Records. All Personnel have a responsibility to ensure that all Company documents and reports for which the person is responsible are prepared and maintained properly and are free of any false, misleading, incomplete or otherwise improper information. Personnel are prohibited from defrauding, misleading, manipulating or coercing any employees or directors of the Company or any advisors to the Company, including outside counsel or auditors.

Financial Statements. Whenever a person is responsible for the preparation or review of the Company's financial statements, the person shall ensure that the financial statements are prepared in accordance with generally accepted accounting principals as currently in force.

Errors or Misleading Statements. If a person ever becomes aware of an error or potential misstatement in any company documents including financial statements or other documents filed with the SEC, the person must contact immediately their supervisor and Compliance Officer and report the error or potential misstatement.

Audits. All Personnel shall cooperate fully with any audits of the Company's² financial statements or other corporate documents whether conducted internally or by a third party.

V. CONFLICTS OF INTEREST

A. General.

A conflict of interest arises when an individual has an interest in any business or property or an obligation to any person that could affect the person's judgment in fulfilling his or her responsibilities to Pathfinder. Pathfinder Personnel are expected to refrain from any activity or investment that constitutes, or might appear to constitute, a conflict of interest with respect to dealings between Pathfinder and any other organization or individual.

B. Recusal and Recordation.

Disclosure and Recusal. Whenever a person has a conflict of interest in connection with an internal or external operation or other conduct of the Company, the person shall make a full disclosure of the nature of the conflict of interest, recuse himself/herself from the decision-making process and abstain from any further action thereon.

Recordation. Whenever a person has declared a conflict of interest in connection with a transaction, such declaration and the person's recusal and abstention from the decision-making process shall be reported to the Compliance Officer. The Compliance Officer shall report the conflict of interest to the Committee and shall ensure that the conflict of interest is recorded in the Committee meeting minutes.

C. Corporate Opportunities.

General Prohibition. Personnel and their affiliates (defined as immediate family members) must not compete with the Company, profit or otherwise take advantage from inside information or take business opportunities which are within the line of business conducted by the Company or within a line of business that the Company might reasonably be expected to enter in the future.

Disclosure. In the event that a person or his affiliate is presented with or otherwise becomes aware of a corporate opportunity which is within the line of business conducted by the Company or a line of business that the Company might be expected to enter in the future, the person shall fully disclose both the details of the opportunity and his/her interest in the opportunity to the person's supervisor and the Compliance Officer. Thereafter, the person shall abstain from discussion and voting on any approval or disapproval thereof. Where it is unclear whether a business opportunity would present a corporate opportunity to the Company based upon a review of the business plan disclosure should be made to the Committee and then the entire Board of Directors.

Recordation. A decision by the Board approving or disapproving dealings with a corporate opportunity presented to it by a person shall be recorded in the minutes of the Board and shall reflect the nature of the opportunity and all members who take action or abstain from taking action on its consideration.

Further Action. If, after full disclosure, the Board elects not to take a corporate opportunity presented to it, to the extent it does not otherwise present a conflict of interest with his/her position, or the Board does not rule otherwise, the person who presented the matter to the Board is free to pursue the opportunity.

D. Insider Transactions.

Disclosure. Insiders (defined as Officers and Directors) shall disclose all conflicts of interest they may have with regard to any contract or other business arrangement to be entered into by the Company. Contracts or other business arrangement between the Company and an Insider or between the Company and an affiliate of an Insider, shall be presented by the Compliance Officer to the Board for approval only after full disclosure of the conflict of interest by the Insider who shall

thereafter recuse himself/herself from the decision making process and abstain from voting on the matter.

Recordation. A decision by the Board approving or disapproving a contract or other business arrangement with an Insider or affiliate of an Insider or where an Insider otherwise has a financial interest, shall be recorded in the minutes of the Board which shall reflect the nature of the contract or other arrangement and all members who take action or abstain from taking action on its consideration.

Terms. Any contract or business arrangement entered into by the Company with an Insider or affiliate of an Insider shall be on such terms and conditions and at such costs as would be reasonable under the facts and circumstances if entered into with an unrelated third party.

Compliance with Law. All contracts or other business arrangements with any Insider or affiliates of Insiders in which the Insiders have a personal or financial interest, shall comply with any applicable statutes, rules or regulation.

Payment of Fees. In paying any management or other fees to Insiders, the following criteria should be taken into consideration.

1. Management fees and other fees paid by the Company shall have a direct relationship to and be based solely upon the fair market value of the goods received or services rendered.
2. Fees shall be paid only for goods which meet the legitimate needs of the Company and which are actually rendered.
3. Fees shall take into consideration the qualifications of the individual(s) providing services.
4. Reasonable fees may be based upon cost, cost plus a reasonable profit or current fair market value of the services rendered and may take reasonable overhead costs into consideration.
5. No prepayment of fees for services shall be made.

E. Acceptance of Gifts and Other Gratuities.

General. Personnel are prohibited from (a) soliciting for themselves or a third party (other than the Company) anything of value from anyone in return for any business, service or confidential information of the Company; or (b) accepting anything in value (other than salary, wages, fees or other usual compensation) from anyone in connection with the business of the Company, either prior to or after a transaction.

Exceptions. Exceptions to the general prohibition regarding acceptance of things of value in connection with the Company's business may include the acceptance of:

1. gifts, gratuities, amenities or favors based on obvious family or personal relationships (such as those with the parents, children or spouse of a Company official) where the circumstances make it clear that it is those relationships rather than the business of the Company, which are the motivating factors;
2. meals, refreshments, entertainment, accommodations or travel arrangements, all of reasonable value, during the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations, provided that the expense would be paid for by the Company as a reasonable business expense, if not paid for by another party;
3. advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars or similar items;
4. discounts or rebates on merchandise or services that do not exceed those available to other customers;
5. gifts of value not to exceed \$35.00 that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, Christmas or bat or bar mitzvah; or
6. civic, charitable, educational, religious organizational awards for recognition service accomplishment.

Notification and Approval. In the event a person is offered anything of value from anyone in return for any business, service, or confidential information of the Company and the item of value is not clearly subject to the exceptions described above, the person should report it immediately to his or her supervisor or to the Compliance Officer.

VI. CONFIDENTIAL INFORMATION

All Personnel must treat the confidential information of Pathfinder and third parties with which Pathfinder deals with the utmost care to ensure that it is not disseminated inappropriately to individuals or organizations. It is improper for Personnel, during or subsequent to employment and without proper authorization, to give or make available to anyone, or use for his/her benefit, information of a confidential nature which was derived from his/her employment.

VII. PROHIBITIONS UNDER SECURITY LAWS

Personnel are prohibited from buying or selling securities on the basis of "material inside information", which includes any information which a person acquires and which is not available to ordinary investors in the market place. Personnel are also prohibited from communicating or relating such inside information to others for the purpose of that person buying or selling securities themselves. Even casual reference of such information could amount to the breach of the rules and regulations in this area.

VIII. REPORTING ILLEGAL OR UNETHICAL BEHAVIOR

The Company strives to maintain sound and ethical business practices and holds all persons to high ethical standards. In order to maintain these standards, all Personnel have an affirmative obligation to report to their supervisor, if appropriate, or the Compliance Officer a violation of any laws, regulations or provisions of this Code by any person. If a person is ever uncertain of the best course of action in a specific situation, he or she should immediately seek clarification and help from their supervisor or the Compliance Officer.

The Company will not tolerate any attempt by anyone to retaliate against a person who, while acting in good faith pursuant to this Code, reports illegal or unethical behavior by any employee, director, officer or third party advisor to the Company. Thus, no person may be discharged, demoted, suspended, or in any manner threatened, harassed or discriminated against for providing information about violations of the law or this Code, or assisting in the investigation of a violation of the law or this Code, or participating in bringing a lawsuit.

IX. BREACHES OF ETHICAL BEHAVIOR

If any person breaches any of the provisions of this Code, such breach shall be reported to that person's supervisor, the Compliance Officer, the Chief Executive Officer and the Committee. The Compliance Officer and the Committee shall review, or designate a committee to review, the facts and circumstances of the breach of this Code and shall determine the appropriate remedy including immediate termination for cause of the person who breached this Code.

**Code of Ethics
For Chief Executive Officer and Senior Financial Officers
of Pathfinder Bancorp, Inc.**

It is the policy of Pathfinder Bancorp, Inc. and its subsidiaries (collectively "Pathfinder" or the "Company") that the Chief Executive Officer ("CEO"), and Chief Financial Officer ("CFO") adhere to and advocate the following principles governing their professional and ethical conduct in the fulfillment of their responsibilities:

1. Act with honesty and integrity, avoid actual or apparent conflicts between his or her personal, private interests and the interests of the Company, including receiving improper personal benefits as a result of his or her position
 2. Perform responsibilities with a view to causing periodic reports and other documents filed with the SEC to contain information which is accurate, complete, fair and understandable.
 3. Comply with laws of federal, state, and local governments applicable to the Company, and the rules and regulations of private and public regulatory agencies having jurisdiction over the Company.
 4. Act in good faith, responsibly, with due care, and diligence, without misrepresenting or omitting material facts or allowing independent judgment to be compromised.
 5. Respect the confidentiality of information acquired in the course of the performance of his or her responsibilities except when authorized or otherwise legally obligated to disclose. Not use confidential information acquired in the course of the performance of his or her responsibilities for personal advantage.
 6. Proactively promote ethical behavior among subordinates and peers.
 7. Use corporate assets and resources employed or entrusted in a responsible manner.
 8. Not use corporate information, corporate assets, corporate opportunities, or one's position with the Company for personal gain. Not compete directly or indirectly with the Company.
 9. Comply in all respects with the Company's Code of Business Conduct and Ethics and the Company's Policy on Insider Trading.
 10. Advance the Company's legitimate interests when the opportunity arises.
 11. It is also the Company's Policy that the CEO and CFO of the Company acknowledge and certify to the foregoing annually and file a copy of such certification with each of the Audit Committee and the Nominating/Governance Committee of the Board.
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The Audit Committee shall have the power to monitor, make determinations, and recommend action to the Board with respect to violations of this Policy.

POLICY ADOPTION AND AMENDMENTS

The Legal Counsel will recommend to management and the Board of Directors any future changes in this policy. Changes might be recommended because of new or changed laws or regulations or as a result of practice or process changes by the Company. The policy, and amendments thereto, shall be effective upon adoption by the Board of Directors.

Adopted by Board of Directors

February 24, 2004

A handwritten signature in black ink, appearing to read "Irma Cruz". The signature is written in a cursive style with a large initial "I" and a long, sweeping underline.

Signature of Secretary to the Board