SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTER ENDED SEPTEMBER 30, 2004

SEC Exchange Act No. 000-23601

Pathfinder Bancorp, Inc.
(Exact name of Company as specified in its charter)

Federal
(State or jurisdiction of incorporation or organization)

16-1540137
(I.R.S. Employer Identification Number)

214 W. 1st Street 13126
Oswego, New York

(Address of principal executive office) (Zip Code)

Company's telephone number, including area code: (315) 343-0057

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: There were 2,448,132 shares of the Company's common stock outstanding as of November 5, 2004.

PATHFINDER BANCORP, INC.
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PATHFINDER BANCORP, INC.
CONSOLIDATED STATEMENTS OF CONDITION
SEPTEMBER 30, 2004 (UNAUDITED) AND DECEMBER 31, 2003

ASSETS	Se
(Dollars in thousands except per share data)	
Cash and due from banks.	$
Interest earning deposits.	
Total cash and cash equivalents.	
Investment securities, at fair value	
Federal Home Loan Bank stock, at cost.	
Mortgage loans held-for-sale	
Loans.	
Less: Allowance for loan losses	
Loans receivable, net	
Premises and equipment, net.	
Accrued interest receivable.	
Foreclosed real estate	
Goodwill	
Intangible asset, net.	
Bank owned life insurance.	
Other assets	
Total assets.	$

LIABILITIES AND SHAREHOLDERS' EQUITY	
Deposits:	
Interest-bearing	$
Noninterest-bearing	
Total deposits	
Short-term borrowings	
Long-term borrowings	
Junior subordinated debentures	
Company obligated mandatorily redeemable preferred securities of subsidiary, Pathfinder Statutory Trust I, holding solely junior subordinated debentures of the Company	
Other liabilities	
Total liabilities	
Shareholders' equity:	
Preferred stock, authorized shares 1,000,000; no shares issued or outstanding	
Common stock, par value $.01; authorized 10,000,000 shares; 2,935,419 and 2,919,386 shares issued; and 2,448,132 and 2,432,099 shares outstanding, respectively	
Additional paid in capital	
Retained earnings	
Accumulated other comprehensive (loss) income	
Unearned ESOP shares	
Treasury Stock, at cost; 487,287 shares	
Total shareholders' equity	
Total liabilities and shareholders' equity	$

The accompanying notes are an integral part of the consolidated financial statements.

PATHFINDER BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	For the three months ended September 30, 2004	For the th months end September 30,
(Dollars in thousands, except per share data)		
INTEREST INCOME:		
Loans	$ 2,898	$
Debt securities:		
Taxable	580	
Tax-exempt	63	
Dividends	36	
Other	18	

Total interest income		3,595
INTEREST EXPENSE:		
Interest on deposits		920
Interest on short-term borrowings		1
Interest on long-term borrowings		471
Total interest expense		1,392
Net interest income		2,203
Provision for loan losses		112
Net interest income after provision for loan losses		2,091
OTHER INCOME:		
Service charges on deposit accounts		251
Loan servicing fees		66
Increase in value of bank owned life insurance		48
Net gain on sales of securities		85
Net gain on sales of loans/real estate		128
Other charges, commissions & fees		137
Total other income		715
OTHER EXPENSES:		
Salaries and employee benefits		1,201
Building occupancy		255
Data processing expenses		249
Professional and other services		165
Amortization of intangible asset		55
Other expenses		395
Total other expenses		2,320
Income before income taxes		486
Provision for income taxes		126
NET INCOME	$	360
NET INCOME PER SHARE - BASIC	$	0.15
NET INCOME PER SHARE - DILUTED	$	0.15
DIVIDENDS PER SHARE	$	0.10

The accompanying notes are an integral part of the consolidated financial statements.

PATHFINDER BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(Dollars in thousands, except per share data)	For the three months ended September 30, 2004	For the th months end September 30,
INTEREST INCOME:		
Loans	$ 8,869	$
Debt securities:		
Taxable	1,637	
Tax-exempt	170	
Dividends	107	
Other	55	
Total interest income	10,838	
INTEREST EXPENSE:		
Interest on deposits	2,687	
Interest on short-term borrowings	17	
Interest on long-term borrowings	1,441	
Total interest expense	4,145	
Net interest income	6,693	
Provision for loan losses	407	
Net interest income after provision for loan losses	6,286	
OTHER INCOME:		
Service charges on deposit accounts	713	
Loan servicing fees	184	
Increase in value of bank owned life insurance	144	
Net gain on sales of securities	569	
Net gain on sales of loans and foreclosed real estate	249	
Other charges, commissions & fees	386	
Total other income	2,245	
OTHER EXPENSES:		
Salaries and employee benefits	3,584	
Building occupancy	789	
Data processing expenses	703	
Professional and other services	493	
Amortization of intangible asset	167	
Other expenses	1,161	
Total other expenses	6,897	
Income before income taxes	1,634	
Provision for income taxes	429	
NET INCOME	$ 1,205	$

NET INCOME PER SHARE - BASIC	$ 0.50	$
NET INCOME PER SHARE - DILUTED	$ 0.49	$
DIVIDENDS PER SHARE	$ 0.30	$

The accompanying notes are an integral part of the consolidated financial statements.

PATHFINDER BANCORP, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2004
(unaudited)

	Shares	Amount	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Los
(Dollars in thousands, except per share data)					
BALANCE, DECEMBER 31, 2003	2,919	$29	$7,225	$20,747	$ 364
Comprehensive income					
Net income				1,205	
Other comprehensive income, net of tax					
Unrealized net losses on securities					(681)
Total Comprehensive income					
ESOP shares earned			65		
Stock option exercised	16	0	125		
Dividends declared ($.3025 per share)				(580)	
BALANCE, SEPTEMBER 30, 2004	2,935	$29	$7,415	$21,372	$(317)

	Unearned ESOP Shares	Treasury Stock	Total
BALANCE, DECEMBER 31, 2003	$ (78)	$(6,502)	$21,785
Comprehensive income			
Net income			1,205
Other comprehensive income, net of tax			
Unrealized net losses on securities			(681)
Total Comprehensive income			524
ESOP shares earned	34		99
Stock option exercised			125
Dividends declared ($.3025 per share)			(580)
BALANCE, SEPTEMBER 30, 2004	$ (44)	$(6,502)	$21,953

PATHFINDER BANCORP, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2003
(unaudited)

	Shares	Amount	Additional Paid in Capital	Retained Earnings	Accumulated Other Com- prehensive Income (Los
(Dollars in thousands, except per share data)					
BALANCE, DECEMBER 31, 2002	2,915	$29	$7,114	$19,746	$ 281
Comprehensive income					
Net income				1,342	
Other comprehensive income (loss) net of tax					
Unrealized net losses on securities					(95)
Total Comprehensive income					
ESOP shares earned			53		
Stock option exercised	4	0	27		
Treasury stock purchased					
Dividends declared ($.30 per share)				(567)	
BALANCE, SEPTEMBER 30, 2003	2,919	$29	$7,194	$20,521	$ 186

	Unearned ESOP Shares	Treasury Stock	Total
BALANCE, DECEMBER 31, 2002	$ (124)	$(3,815)	$23,231
Comprehensive income			
Net income			1,342
Other comprehensive income, net of tax			
Unrealized net losses on securities			(95)
Total Comprehensive income			1,247
ESOP shares earned	35		88
Stock option exercised			27
Treasury stock purchased		(2,652)	(2,652)
Dividends declared ($.30 per share)			(567)
BALANCE, SEPTEMBER 30, 2003	$ (89)	$(6,467)	$21,374

The accompanying notes are an integral part of the consolidated financial statements.

PATHFINDER BANCORP, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

(Dollars in thousands)	September 30, 2004	September 30, 2003
OPERATING ACTIVITIES:		
Net income	$ 1,205	$ 1,342
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	407	492
ESOP and other stock-based compensation earned	99	88
Deferred income tax expense	60	182
Proceeds from sale of loans	10,885	14,846
Originations of loans held-for-sale	(8,430)	(15,236)
Net gain on sales of:		
Real estate loans through foreclosure	(79)	(145)
Loans	(170)	(187)
Available-for-sale investment securities	(569)	(523)
Depreciation	434	393
Amortization of intangible	167	167
Amortization of deferred financing costs	23	23
Amortization of mortgage servicing rights	32	(57)
Increase in value of bank owned life insurance	(144)	(142)
Net amortization of premiums on investment securities	256	180
Increase in interest receivable	(232)	(59)
Net change in other assets and liabilities	(853)	963
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,091	2,327
INVESTING ACTIVITIES		
Purchase of investment securities available-for-sale	(31,459)	(23,188)
Proceeds from maturities and principal reductions of investment securities available-for-sale	7,134	17,172
Proceeds from sales:		
Real estate acquired through foreclosure	352	1,718
Available-for-sale investment securities	6,353	6,024
Purchase of bank owned life insurance	(1,100)	-
Net decrease (increase) in loans	376	(14,565)
Purchase of premises and equipment	(980)	(1,220)
NET CASH USED IN INVESTING ACTIVITIES	(19,324)	(14,059)
FINANCING ACTIVITIES		
Net increase in demand deposits, NOW accounts savings accounts, money market deposit accounts and escrow deposits	30,498	10,862
Net decrease in time deposits	(661)	(3,290)
Net (decrease) increase from short-term borrowings	(2,100)	4,500
Payments on long-term borrowings	(4,500)	(8,000)
Proceeds from long-term borrowings	1,000	5,700

Proceeds from exercise of stock options.	125	27
Cash dividends paid.	(414)	(566)
Treasury stock purchased	-	(2,652)
NET CASH PROVIDED BY FINANCING ACTIVITIES.	23,948	6,581
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS . . .	7,715	(5,151)
Cash and cash equivalents at beginning of period. . . .	8,714	13,740
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 16,429	$ 8,589

The accompanying notes are an integral part of the consolidated financial statements

PATHFINDER BANCORP, INC.

Notes to Financial Statements

(1) BASIS OF PRESENTATION

The accompanying unaudited financial statements were prepared in accordance with the instructions for Form 10-Q and Regulation S-X and, therefore, do not include information for footnotes necessary for a complete presentation of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. The following material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" is written with the presumption that the users of the interim financial statements have read, or have access to, the Company's latest audited financial statements and notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations as of December 31, 2003 and for the three year period then ended. Therefore, only material changes in financial condition and results of operations are discussed in the remainder of Part 1.

Operating results for the three and nine months ended September 30, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

(2) EARNINGS PER SHARE

Basic earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding throughout the three and nine months ended September 30, 2004 and 2003, using 2,438,796 and 2,415,681 weighted average common shares outstanding for the three months ended, and 2,433,264 and 2,426,206 for the nine months ended, respectively. Diluted earnings per share for the three and nine months ended September 30, 2004 and 2003 have been computed using 2,478,377 and 2,464,041 for the three months ended and 2,477,521 and 2,472,789 for the nine months ended, respectively. Diluted earnings per share gives effect to weighted average shares that would be outstanding assuming the exercise of issued stock options using the treasury stock method.

(3) STOCK-BASED COMPENSATION

The Company's stock-based compensation plan is accounted for based on the intrinsic value method set forth in Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees", and related provisions. Compensation expense for employee stock options is generally not recognized if the exercise price of the option equals or exceeds the fair value of the stock on the date of the grant. Compensation expense for restricted share awards is ratably recognized over the period of vesting, usually the restricted period, based on the fair value of the stock on the grant date.

As of December 31, 2003, the stock options previously issued by the Company were fully vested. As such, there was no effect on pro forma net income for 2004. The following table illustrates the effect on net income and earnings per share for the three and nine month periods ended September 30, 2003, as if the Black-Scholes fair value method described in SFAS No. 123, "Accounting for Stock-Based Compensation", as amended, had been applied to the Company's stock-based compensation plan:

	For the three Months ended September 30, 2003	For the nine months ended September 30, 2003
(In thousands, except per share data)		
Net Income:		
As reported.	$ 333	$ 1,342
Less: Total stock-based employee compensation expense determined under Black-Scholes option pricing model, net of tax effect	7	21
Pro forma net income	$ 326	$ 1,321

Earnings per share:	Basic	Diluted	Basic	Diluted
As reported	$ 0.14	$ 0.14	$ 0.55	$ 0.54
Pro forma	$ 0.13	$ 0.13	$ 0.54	$ 0.53

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options vesting period. Since changes in the subjective input assumptions can materially affect the fair value estimates, the existing model, in management's opinion does not necessarily provide a single reliable measure of the fair value of its stock options. In addition, the pro forma effect on reported net income and earnings per share for the periods presented should not be considered representative of the pro forma effects on reported net income and earnings per share for future periods.

(4) PENSION BENEFITS

The composition of net periodic benefit plan cost for the three and nine months ended September 30, is as follows:

For the three For the nine

	months ended September 30, 2004	2003	months ended September 30, 2004	2003
(In thousands)				
Service cost.	$ 36	$ 38	$ 122	$ 114
Interest cost	52	50	156	150
Expected return on plan assets.	(63)	(57)	(189)	(171)
Amortization of net losses. . .	23	27	71	79
Net periodic benefit cost . . .	$ 48	$ 58	$ 160	$ 172

The Company previously disclosed in its financial statements for the year ended December 31, 2003, that it expected to contribute $250,000 to its pension plan in 2004. As of September 30, 2004, $278,000 had been contributed to this pension plan. No additional contributions will be made in 2004.

(5) DIVIDEND RESTRICTIONS

The Company maintains a restricted capital account with a $1.0 million balance, representing Pathfinder Bancorp, M.H.C.'s portion of dividends waived as of September 30, 2004.

(6) COMPREHENSIVE INCOME

The components of other comprehensive (loss) income and related tax effects for the three and nine month period ended September 30, 2004 and 2003 are as follows:

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	For the three Months ended September 30, 2004	2003	For the nine months ended September 30, 2004	2003
(In thousands)				
Gross change in unrealized gains on securities available for sale. . . .	$1,316	$(682)	$ (567)	$ 365
Reclassification adjustment for gains included in net income	(85)	(2)	(569)	(523)
	1,231	(684)	(1,136)	(158)
Tax effect	(492)	277	455	63
Net of tax amount.	$ 739	$(407)	$ (681)	$ (95)

(7) GUARANTEES

The Company does not issue any guarantees that would require liability recognition or disclosure, other than its standby letters of credit. Standby letters of credit written are conditional commitments issued by the

Company to guarantee the performance of a customer to a third party. Generally, all letters of credit, when issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as those that are involved in extending loan facilities to customers. The Company, generally, holds collateral and/or personal guarantees supporting these commitments. The Company had $1.1 million of standby letters of credit as of September 30, 2004. Management believes that the proceeds obtained through a liquidation of collateral and the enforcement of guarantees would be sufficient to cover the potential amount of future payment required under the corresponding guarantees. The current amount of the liability as of September 30, 2004 for guarantees under standby letters of credit issued is not material.

(8) NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" which was revised in December 2003. This Interpretation provides guidance for the consolidation of variable interest entities (VIEs). Pathfinder Statutory Trust I qualifies as a variable interest entity under FIN 46. Pathfinder Statutory Trust I issued mandatorily redeemable preferred securities (Trust Preferred Securities) to third-party investors and loaned the proceeds to the Company. Pathfinder Statutory Trust I holds, as it sole asset, subordinated debentures issued by the Company.

FIN 46 required the Company to deconsolidate Pathfinder Statutory Trust I from the consolidated financial statements as of March 31, 2004. There has been no restatement of prior periods. The impact of this deconsolidation was to increase junior subordinated debentures by $5,155,000 and reduce the mandatory redeemable preferred securities line item by $5,000,000, which represented the trust preferred securities of the trust. The Company's equity interest in the trust subsidiary of $155,000, which had previously been eliminated in consolidation, is now reported in "Other assets". For regulatory reporting purposes, the Federal Reserve Board has indicated that the preferred securities will continue to qualify as Tier 1 Capital subject to previously specified limitations, until further notice. If regulators make a determination that Trust Preferred Securities can no longer be considered in regulatory capital, the securities become callable and the Company may redeem them. The adoption of FIN 46 did not have an impact on the Company's results of operations or liquidity.

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In March 2004, the Emerging Issues Task Force (EITF) reached consensus on Issue 03-01, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." EITF No. 03-01 includes new guidance for evaluating and recording impairment losses on debt and equity investments, as well as new disclosure requirements for investments that are deemed to be temporarily impaired. The accounting guidance of EITF No. 03-01 is effective for fiscal years beginning after June 15, 2004, while the disclosure requirements are effective for fiscal years ending after June 15, 2004. The Company has not yet determined the impact that adoption will have on its financial position or results of operations as the impact is heavily dependent on the interest rate environment at the date of adoption and pending implementation guidance from the Financial Accounting Standards Board.

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ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Throughout the Management's Discussion and Analysis ("MD&A") the term, "the Company", refers to the consolidated entity of Pathfinder Bancorp, Inc. Pathfinder Bank and Pathfinder Statutory Trust I are wholly owned subsidiaries of Pathfinder Bancorp, Inc. Pathfinder Commercial Bank, Pathfinder REIT, Inc. and Whispering Oaks Development Corp. represent wholly owned subsidiaries of Pathfinder Bank. Pathfinder Statutory Trust I is not included in the consolidated financial statements for the period ended September 30, 2004. At September 30, 2004, Pathfinder Bancorp, M.H.C., the Company's mutual holding company parent, whose activities are not included in the M.D.& A held 64.7% of the Company's common stock and the public held 35.3%.

The following discussion reviews the Company's financial condition at September 30, 2004 and the results of operations for the three and nine months ended September 30, 2004 and September 30, 2003.

This Quarterly Report contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including, among other things, changes in economic conditions in the Company's market area, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in the Company's market areas and competition, that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. 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.

The Company does not undertake, and specifically declines any obligation, to publicly release the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

The Company's net income is primarily dependent on its net interest income, which is the difference between interest income earned on its investments in mortgage loans, investment securities and other loans, and its cost of funds consisting of interest paid on deposits and borrowed funds. The Company's net income is also affected by its provision for loan losses, as well as by the amount of noninterest income, including income from fees and service charges, net gains and losses on sales of securities, loans and foreclosed real estate, and non interest expense such as employee compensation and benefits, occupancy and equipment costs, data processing and income taxes. Earnings of the Company also are affected significantly by general economic and competitive conditions, particularly changes in market interest rates, government policies and actions of regulatory authorities, which events are beyond the control of the Company. In particular, the general level of market rates tends to be highly cyclical.

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APPLICATION OF CRITICAL ACCOUNTING POLICIES

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States and follow practices within the banking industry. Application of these principles requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates, assumptions and judgments. Certain policies inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. Estimates, assumptions and judgments are necessary when assets and liabilities are required to be recorded at fair value or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. The fair values and information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices or are provided by other third-party sources, when available. When third party information is not available, valuation adjustments are estimated in good faith by management.

The most significant accounting policies followed by the Company are presented in Note 1 to the consolidated financial statements included in the 2003 Annual Report on Form 10-K ("the Consolidated Financial Statements"). These policies, along with the disclosures presented in the other financial statement notes and in this discussion, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions and estimates underlying those amounts, management has identified the determination of the allowance for loan losses to be the accounting area that requires the most subjective and complex judgments, and as such could be the most subject to revision as new information becomes available.

The allowance for loan losses represents management's estimate of probable loan losses inherent in the loan portfolio. Determining the amount of the allowance for loan losses is considered a critical accounting estimate because it requires significant judgment and the use of estimates related to the amount and timing of expected future cash flows on impaired loans, estimated losses on pools of homogeneous loans based on historical loss experience, and consideration of current economic trends and conditions, all of which may be susceptible to significant change. The loan portfolio also represents the largest asset type on the consolidated balance sheet. Note 1 to the Consolidated Financial Statements describes the methodology used to determine the allowance for loan losses, and a discussion of the factors driving changes in the amount of the allowance for loan losses is included in this report.

The Company carries all of its investments at fair value with any unrealized gains or losses reported net of tax as an adjustment to shareholders' equity. Based on management's assessment, at September 30, 2004, the Company did not hold any security that had a fair value decline that is currently expected to be other than temporary. Consequently, any declines in a specific security's fair value below amortized cost have not been provided for in the income statement. The Company's ability to fully realize the value of its investment in various securities, including corporate debt securities, is dependent on the underlying creditworthiness of the issuing organization.

RESULTS OF OPERATIONS

Net income for the third quarter of 2004 was $360,000 as compared to net income of $333,000 for the same quarter in 2003. Basic earnings per share was $0.15 and $0.14 per share for the quarters ended September 30, 2004 and 2003, respectively. The return on average assets and return on shareholders' equity were 0.48% and 6.62%, respectively, for the three months ended September 30, 2004, compared with 0.47% and 6.29%, respectively, for the three months ended September 30, 2003. During the third quarter of 2004 when compared to the third quarter of 2003, other income increased $114,000 and provision for loan losses decreased $14,000, partially offset by a decrease in net interest income of $46,000 and an increase in other expenses of $46,000.

For the nine months ended September 30, 2004, net income was $1.2 million, a decrease of $137,000, or 10%, as compared to net income of $1.3 million in 2003. The decrease in net income was primarily a result of a decline in net interest income of $302,000, partially offset by declines in provisions for loan losses and income taxes. Basic earnings per share decreased to $0.50 per share for the nine months ended September 30, 2004 from $0.55 for the same period in 2003. The return on average assets and return on shareholders' equity were 0.54% and 7.40%, respectively for the nine months ended September 30, 2004, compared with 0.63% and 8.47% for the same period in 2003.

NET INTEREST INCOME

Net interest income is the Company's primary source of operating income for payment of operating expenses and providing for loan losses. It is the amount by which interest earned on interest-earning deposits, loans and investment securities, exceeds the interest paid on deposits and other interest-bearing liabilities. Changes in net interest income and net interest margin ratio result from the interaction between the volume and composition of earning assets, interest-bearing liabilities, related yields and associated funding costs.

Net interest income, on a tax-equivalent basis, decreased slightly to $2.2 million for the three months ended September 30, 2004, as compared to $2.3 million during the same period of 2003. The Company's net interest margin ratio for the third quarter of 2004 decreased to 3.28% from 3.63% when compared to the same quarter in 2003. Management expects continued margin compression to challenge earnings growth over the near term. The decline in net interest income is attributable to lower market interest rates which decreased earning asset yields to 5.33% from 5.91% when compared to the same period during 2003. Average interest-earning assets increased 8% to $271.6 million at September 30, 2004 as compared to $250.5 million at September 30, 2003. The increase in average earning assets is primarily attributable to a $22.3 million increase in investment securities and a $4.9 million increase in interest-earning deposits, offset by a $6.1 million decrease in loans receivable. Average interest-bearing liabilities increased $17.5 million, while the cost of funds decreased 22 basis points to 2.16% from 2.38% for the same period in 2003. The increase in the average balance of interest-bearing liabilities resulted primarily from a $25.6 million growth in average deposits, offset by a $8.1 million decrease in borrowed funds. The growth in deposits was primarily in NOW accounts and money management accounts and resulted from the Company's focus on attracting new municipal deposit customers.

For the nine months ended September 30, 2004, net interest income, on a tax-equivalent basis, decreased $297,000, or 4%, as compared to the same period during 2003. Net interest margin decreased 40 basis points, to 3.29% at September 30, 2004 from 3.69% at September 30, 2003. Average interest-earning assets increased 7% to $274.2 million at September 30, 2004 as compared to $255.4 million at September 30, 2003, while the yield on interest earning assets declined 76 basis points to 5.31% from 6.07% for the comparable periods. The increase in average earning assets is primarily attributable to a $15.4 million increase in investment securities and a $4.3 million increase in interest-earning deposits, partially offset by a $949,000 decrease in loans receivable. Average interest-bearing liabilities increased $9.6 million, while the cost of funds decreased 32 basis points to 2.18% from 2.50% for the same period in 2003. The increase in the average balance of interest-bearing liabilities resulted primarily from a $14.9 million growth in average deposits, offset by a $5.3 million decrease in borrowed funds.

INTEREST INCOME

Total interest income, on a tax-equivalent basis, for the quarter ended September 30, 2004 decreased $78,000, or 2%, to $3.6 million from $3.7 million at the quarter ended September 30, 2003. Average loans decreased $6.1 million, with yields declining 37 basis points to 6.19% for the third quarter of 2004. Average commercial loans decreased $469,000, and experienced an increase in the average tax-equivalent yield of 124 basis points, to 5.53% from 4.29%, in 2003. The increase in the yield on commercial loans was affected, in part, by higher yielding alternative loans replacing the lower yielding municipal loans which paid down in August of 2003. The average balance of loans to municipal entities for the third quarter of 2004 was $2.7 million, compared to $4.2 million for the same period in 2003. The Company's residential mortgage loan portfolio decreased $8.4 million, or 6%, when comparing the third quarter of 2004 to the same period in 2003. The average yield on the residential mortgage loan portfolio decreased 39 basis points to 5.96% in 2004 from 6.35% in 2003. New loans were originated at lower rates than in the prior period and a large volume of existing mortgages had their rates modified downward or were refinanced at lower rates. An increase in the average balance of consumer loans of $1.9 million, or 12%, resulted from an increase in home equity loans. The average yield declined 141 basis points, to 6.75% from 8.16% in 2003.

Average investment securities (taxable and tax-exempt) for the quarter ended September 30, 2004 increased by $22.3 million, compared to the same period a year ago, with an increase in tax-equivalent interest income from investments of $176,000, or 34%, compared to 2003. The average tax-equivalent yield of the portfolio declined 17 basis points, to 3.58% from 3.75%. The increase in the average balance of investment securities is reflective of the expanded deposit growth with local municipalities. Investment securities purchased in 2004 pledged against municipal deposits had an average yield of 3.34%.

Total interest income, on a tax-equivalent basis, for the nine months ended September 30, 2004 decreased $712,000, or 6%, when compared to the nine months ended September 30, 2003. Average loans decreased $949,000, with yields declining 51 basis points to 6.29% from 6.80%. Average commercial loans increased $3.9 million, while the yield decreased to 4.84% from 5.48% at September 30, 2003.

For the nine months ended September 30, 2004, tax-equivalent interest income from investment securities increased $32,000, or 2%, compared to the same period in 2003. The average tax-equivalent yield of the portfolio declined 76 basis points, to 3.38% from 4.14% and was offset by a $15.4 million increase in the average balance of investment securities.

INTEREST EXPENSE

Total interest expense remained relatively constant at $1.4 million for the three months ended September 30, 2004, when compared to the same quarter in 2003. Deposit expense for the comparable periods increased $36,000, or 4%, as the average rate paid on higher earning money management accounts increased 34 basis points to 1.37% in 2004 from 1.03% in 2003, combined with an increase in the average balance of money management accounts to $42.9 million in 2004 from $21.3 million in 2003. The cost of other interest-bearing deposits declined 18 basis points, to 1.78% from 1.96%, and was offset by an increase of $4.0 million, or 2%, in the average balance of these deposits. Interest expense on borrowings also decreased by $72,000, or 13%, from the prior period.

For the nine months ended September 30, 2004, interest expense decreased $415,000, or 9%, to $4.1 million from $4.6 million for the same period in 2003.

This decrease was partially offset by a $14.9 million increase in the average balance of deposits. Deposit expense for the comparable periods declined $204,000, or 7%, as the average rate on deposits decreased 27 basis points, to 1.71% from 1.98%. Interest expense on borrowings declined 9 basis points to 4.46% from 4.55%.

PROVISION FOR LOAN LOSSES

The provision for loans losses was $112,000 for the third quarter of 2004 as compared to $126,000 for the same period in 2003. The decrease in the provision for the quarter primarily resulted from a decrease in commercial charge-offs for the period. Non-performing loans totaled $3.0 million at September 30, 2004 and December 31, 2003. Allowance for loan losses, as a percentage of loans, increased slightly to 1.00% at September 30, 2004 compared to 0.91% as of December 31, 2003.

For the nine months ended September 30, 2004, the provision for loan losses was $407,000 as compared to $492,000 for the same period in 2003.

OTHER INCOME

The Company's other income is primarily comprised of fees on deposit account balances and transactions, loan servicing, commissions, and net gains on securities, loans and foreclosed real estate.

The following table sets forth certain information on other income for the periods indicated:

	Three Months Ended September 30,				Nine Mo Sept	
	2004	2003	Change		2004	20
(Dollars in thousands)						
Service charges on deposit accounts.	$ 251	$ 213	$ 38	17.8%	$ 713	$
Loan servicing fees.	66	62	4	6.5%	184	
Increase in value of bank owned life insurance . .	48	57	(9)	-15.8%	144	
Net gain on sales of loans/foreclosed real estate.	128	153	(25)	-16.3%	249	
Other chrges, commissions and fees	137	114	23	20.2%	386	
Core other income.	630	599	31	5.2%	1,676	1,
Net gain on sales of securities.	85	2	83	4150.0%	569	
Total other income	$ 715	$ 601	$ 114	19.0%	$2,245	$ 2,

For the three months ended September 30, 2004, core other income increased $31,000, or 5%, when compared with the three months ended September 30, 2003. Income on service charges on deposit accounts increased as the number of deposit accounts increased. The increase in other operating income primarily resulted from fees associated with ATM and debit cards usage. These increases were partially offset by a decrease in the net gain on sale of loans to the secondary market in comparable quarters.

For the nine months ended September 30, 2004, the increase in core other income primarily due resulted from increased income generated from deposit accounts.

This increase was partially offset by a decrease in net gains on sale of loans and foreclosed real estate.

The increase in the net gain on sales of investment securities for the three and nine months ended September 30, 2004, was the result of gains associated with the sale of corporate stock, corporate bonds and municipal bonds in 2004.

OTHER EXPENSES

The following table sets forth certain information on other expense for the quarters indicated:

	Three Months Ended September 30, 2004	2003	Change		Nine Months Ended September 30, 2004	2003	Change	
(Dollars in thousands)								
Salaries and employee benefits . .	1,201	1,107	94	8.5%	3,584	3,303	281	
Building occupancy	255	249	6	2.4%	789	755	34	
Data processing expenses	249	221	28	12.7%	703	637	66	1
Professional and other services. .	165	223	(58)	-26.0%	493	580	(87)	-1
Amortization of intangible assets.	55	55	-	0.0%	167	168	(1)	-
Other expenses	395	419	(24)	-5.7%	1,161	1,373	(212)	-1
Total other expenses	$2,320	$2,274	$ 46	2.0%	$6,897	$ 6,816	$ 81	

Total other expenses increased $46,000 and $81,000 for the three and nine months ended September 30, 2004 and 2003, respectively. Salaries and employee benefits increased as a result of increased pension and health insurance costs and overall personnel costs due to increased staffing. The Company had 106 full time equivalent employees at September 30, 2004 compared to 104 at September 30, 2003. The increase in data processing charges was due to depreciation expense resulting from system hardware and software acquisitions, charges relating to internet banking and increased ATM servicing charges. Building occupancy expense increases primarily resulted from depreciation expenses associated with the new Fulton branch, which opened in August of 2003. The decrease in professional and other services and other operating expenses primarily resulted from operational costs associated with a foreclosed real estate property in 2003 and personnel realignment expenses in 2003, not recurring in 2004, a reduction in outside mortgage consulting fees, as the service was replaced by in-house personnel and a reduction in expenses associated with the no cost closing loan program and mortgage recording taxes, as new loan volume decreased from the comparable period of 2003.

INCOME TAX EXPENSE

Income taxes increased $9,000 for the quarter ended September 30, 2004 as compared to the same period in 2003, which was primarily attributable to a increase in the Company's pre-tax income. For the nine months ended September 30, 2004, income taxes decreased $55,000 when compared to the same period in 2003, which was primarily attributable to a decrease in the Company's pre-tax income. The effective tax rate remained consistent at 26.3% for the first nine months of 2004, compared to 26.7% for the year ended December 31, 2003.

CHANGES IN FINANCIAL CONDITION

ASSETS

Total assets increased approximately $25.1 million, or 9%, to $303.0 million at September 30, 2004, from $277.9 million at December 31, 2003. The increase in total assets was primarily the result of an increase in investment securities of $17.4 million, or 30%, a $7.7 million, or 89%, increase in cash and cash equivalents, a $1.2 million, or 28%, increase in bank owned life insurance and a $1.7 million, or 96%, increase in other assets. These increases were partially offset by a decrease in net loans of $1.1 million, or 1%. The growth in investment securities was primarily funded by the increase in municipal deposits. The increase in cash and cash equivalents was primarily the result of the increased deposit levels and loans sales to the secondary market. The excess liquidity is expected to be invested primarily in the commercial real estate portfolio and investment securities. The increase in bank owned life insurance was due to a $1.1 million purchase of life insurance policies relating to the new executives and directors deferred compensation plan which was effective December 31, 2003. The increase in other assets primarily resulted from an increase in the deferred tax asset relating to the unrealized gain on investment securities and increase in the pension asset.

LIABILITIES

Total liabilities increased $24.9 million, or 10%, to $281.1 million at September 30, 2004 from $256.2 million at December 31, 2003. The increase in liabilities is primarily due to a $27.5 million growth in interest-bearing deposits and a $2.4 million growth in noninterest-bearing deposits, partially offset by a $5.6 million decrease in borrowed funds. The growth in deposits primarily resulted from the Company's focus on attracting new municipal deposit customers.

LOAN AND ASSET QUALITY AND ALLOWANCE FOR LOAN LOSSES

The following table represents information concerning the aggregate amount of nonperforming assets:

	For the Period Ending September 30, 2004	December 31, 2003	September 30, 2003
Nonaccrual loans:			
Commercial.	$2,135	$1,677	$1,662
Consumer.	117	172	102
Real estate - Construction	-	270	-
Mortgage	699	873	623
Total nonaccrual loans.	2,951	2,992	2,387
Loans past due 90 days or more and still accruing	-	-	-
Total non-performing loans.	2,951	2,992	2,387
Foreclosed real estate.	247	202	362
Total non-performing assets	3,198	3,194	2,749

Non-performing loans to total loans	1.57%	1.59%	1.23%
Non-performing assets to total assets	1.06%	1.15%	0.96%

Total nonperforming loans and foreclosed real estate at September 30, 2004 has remained relatively consistent when compared to December 31, 2003. Nonperforming loans continue to be addressed primarily through foreclosure proceedings. Management believes that adequate reserves exist for any potential losses that may occur from the remediation process.

The allowance for loan losses at September 30, 2004 was $1.9 million, or 1.00% of period end loans, compared to $1.7 million, or 0.91% of period end loans, at December 31, 2003. The increase as a percentage of loans is primarily the result of the decline in gross loans.

CAPITAL

Shareholders' equity increased $168,000, or 1%, to $22.0 million at September 30, 2004. The increase in shareholders' equity primarily resulted from a $625,000 increase in retained earnings and a $190,000 increase in additional paid in capital, partially offset by a $681,000 increase in accumulated other comprehensive loss. The Company added $1.2 million to retained earnings through net income and returned $580,000 to its shareholders in the form of cash dividends. The Company's mutual holding company parent, Pathfinder Bancorp, M.H.C, accepted the dividend for the quarter ended September 30, 2004. (See Footnote 5).

Risk-based capital provides the basis for which all banks are evaluated in terms of capital adequacy. Capital adequacy is evaluated primarily by the use of ratios which measure capital against total assets, as well as against total

assets that are weighted based on defined risk characteristics. The Company's goal is to maintain a strong capital position, consistent with the risk profile of its subsidiary banks that supports growth and expansion activities while at the same time exceeding regulatory standards. At September 30, 2004, Pathfinder Bank exceeded all regulatory required minimum capital ratios and met the regulatory definition of a "well-capitalized" institution, i.e. a leverage capital ratio exceeding 5%, a Tier 1 risk-based capital ratio exceeding 6% and a total risk-based capital ratio exceeding 10%.

LIQUIDITY

Liquidity management involves the Company's ability to generate cash or otherwise obtain funds at reasonable rates to support asset growth and reduce assets to meet deposit withdrawals, to maintain reserve requirements, and to otherwise operate the Company on an ongoing basis. The Company's primary sources of funds are deposits, borrowed funds, amortization and prepayment of loans and maturities of investment securities and other short-term investments, and earnings and funds provided from operations. While scheduled principal repayments on loans are a relatively predictable source of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions and competition. The Company manages the pricing of deposits to maintain a desired deposit balance. In addition, the Company invests excess funds in short-term interest-earning and other assets, which provide liquidity to meet lending requirements.

The Company's liquidity has been enhanced by its membership in the Federal Home Loan Bank of New York, whose competitive advance programs and lines of credit provide the Company with a safe, reliable and convenient source of funds. A significant decrease in deposits in the future could result in the Company having to seek other sources of funds for liquidity purposes. Such sources could include, but are not limited to, additional borrowings, trust preferred security offerings, brokered deposits, negotiated time deposits, the sale of "available-for-sale" investment securities, the sale of securitized loans, or the sale of whole loans. Such actions could result in higher interest expense costs and/or losses on the sale of securities or loans.

The Asset Liability Management Committee (ALCO) of the Company is responsible for implementing the policies and guidelines for the maintenance of prudent levels of liquidity. As of September 30, 2004, management believes that liquidity as measured by the Company is in compliance with its policy guidelines.

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ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's risk of loss arising from adverse changes in the fair value of financial instruments, or market risk, is composed primarily of interest rate risk. The management of interest rate sensitivity seeks to avoid fluctuating net interest margins and to provide consistent net interest income through periods of changing interest rates. The primary objective of the Company's asset-liability management activities is to maximize net interest income while maintaining acceptable levels of interest rate risk. The Company has an Asset-Liability Management Committee (ALCO) which is responsible for establishing policies to limit exposure to interest rate risk, and to ensure procedures are established to monitor compliance with those policies. Those procedures include reviewing the Company's assets and liability policies, setting prices and terms on rate-sensitive products, and monitoring and measuring the impact of interest rate changes on the Company's earnings and capital. The Company's Board of Directors reviews the guidelines established by ALCO.

During the past three years, the Federal Reserve lowered interest rates thirteen times by a total of 550 basis points. These interest rate reductions have caused significant repricing of the bank's interest-earning assets and interest-bearing liabilities. Efforts have been made to shorten the repricing duration of its rate sensitive assets by purchasing investment securities with maturities within the next 3 to 5 years and promoting portfolio ARM (adjustable rate mortgage) and hybrid ARM products. In addition, the Company has extended the duration of its rate sensitive liabilities by lengthening the maturities of its existing borrowings and offering certificates of deposit with three and four year terms which allow depositors to make a one-time election, at any time during the term of the certificate of deposit, to adjust the rate of the instrument to the then prevailing rate for the certificate of deposit with the same term.

Since June of 2004, the Federal Reserve raised its key interest rate 75 basis points. Management anticipates that the Federal Reserve will continue to raise its target interest rate over the foreseeable future. Management will continue to seek to minimize any reduction in net interest income in a period of rising interest rates to the extent that it can resist raising its cost of funds during this period. The Company is continuing to explore transactions and strategies to both increase its net interest income and minimize its interest rate risk.

GAP ANALYSIS. At September 30, 2004, the total interest bearing liabilities maturing or repricing within one year exceeded total interest-earning assets maturing or repricing in the same period by $34.3 million, representing a cumulative one-year gap ratio of a negative 11.30%.

EARNINGS AT RISK AND VALUE AT RISK. Management believes the simulation of net interest income (Earnings at Risk) and net portfolio value (Value at Risk) in different interest rate environments provides a more meaningful measure of interest rate risk. Income simulation analysis captures both the potential of all assets and liabilities to mature or reprice and the probability that they will do so. Income simulation also attends to the relative interest rate sensitivities of these items, and projects their behavior over an extended period of time. Finally, income simulation permits management to assess the probable effects on the balance sheet not only of changes in interest rates, but also of proposed strategies for responding to them. Net portfolio value represents the fair value of net assets (determined as the market value of assets minus the market value of liabilities using a discounted cash flow technique).

The following table measures the Company's interest rate risk exposure in terms of the percentage change in its net interest income and net portfolio value as a result of hypothetical changes in 100 basis point increments in market interest rates. The table quantifies the changes in net interest income and net portfolio value to parallel shifts in the yield curve. The column "Percentage Change in Net Interest Income" measures the change to the next twelve month's projected net interest income, due to parallel shifts in the yield curve. The

column "Percentage Change in Net Portfolio Value" measures changes in the current fair value of assets and liabilities to parallel shifts in the yield curve. The column "NPV Capital Ratio" measures the ratio of the fair value of net assets to the fair value of total assets at the base case and in 100 basis point incremental interest rate shocks. Currently, the Company's model projects a 300 basis point increase and a 100 basis point decrease during the next year. With the federal funds rate at a record low, the Company's ALCO believed it was a better measure of current risk assuming a minus 100 point scenario, as a minus 300 basis point reduction would be unlikely given that current short-term market interest rates are already below 3.00%. The Company uses these percentage changes as a means to measure interest rate risk exposure and quantifies those changes against guidelines set by the Board of Directors as part of the Company's Interest Rate Risk policy. The Company's current interest rate risk exposure is within those guidelines set forth.

Change in Interest Rates	NPV Capital Ratio	Earnings at Risk	Value as Risk
300 . . .	6.88%	-11.23%	-30.40%
200 . . .	7.75%	7.28%	-19.65%
100 . . .	8.56%	3.43%	-8.90%
0	9.87%	----	----
-100. . .	9.23%	1.56%	2.46%

ITEM 4 - CONTROLS AND PROCEDURES

Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. There has been no change in the Company's internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonable likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

None

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 - OTHER INFORMATION

None

ITEM 6 - EXHIBITS

Exhibit No.	Description
31.1	Rule 13a-14(a) / 15d-14(a) Certification of the Chief Executive Officer
31.2	Rule 13a-14(a) / 15d-14(a) Certification of the Chief Financial Officer
32.1	Section 1350 Certification of the Chief Executive and Chief Financial Officer

SIGNATURES

Under the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PATHFINDER BANCORP, INC.

November 12, 2004	/s/ Thomas W. Schneider
Date:	Thomas W. Schneider President, Chief Executive Officer
November 12, 2004	/s/ James A. Dowd
Date:	James A. Dowd Vice President, Chief Financial Officer

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EXHIBIT 31.1

Rule 13a-14(a) / 15d-14(a) Certification of the Chief Executive Officer

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas W. Schneider, President and Chief Executive Officer, certify that:

1. I have reviewed the September 30, 2004 quarterly report on Form 10-Q of Pathfinder Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 12, 2004 /s/ Thomas W. Schneider

Date

Thomas W. Schneider
President and Chief Executive Officer

EXHIBIT 31.2

Rule 13a-14(a) / 15d-14(a) Certification of the Chief Financial Officer

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James A. Dowd, Vice President and Chief Financial Officer, certify that:

1. I have reviewed the September 30, 2004 quarterly report on Form 10-Q of Pathfinder Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 12, 2004 /s/ James A. Dowd

Date

James A. Dowd
Vice President and Chief Financial Officer

EXHIBIT 32.1

Section 1350 Certification of the Chief Executive and Chief Financial Officer

Certification pursuant to
18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Thomas W. Schneider, President and Chief Executive Officer, and James A. Dowd, Vice President and Chief Financial Officer of Pathfinder Bancorp, Inc. (the "Company"), each certify in his capacity as an officer of the Company that he has reviewed the Quarterly Report of the Company on Form 10-Q for the quarter ended September 30, 2004 and that to the best of his knowledge:

1. the report fully complies with the requirements of Sections 13(a) of the Securities Exchange Act of 1934; and

2. the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002.

November 12, 2004	/s/ Thomas W. Schneider
Date	Thomas W. Schneider President and Chief Executive Officer
November 12, 2004	/s/ James A. Dowd
Date	James A. Dowd Vice President and Chief Financial Officer