

PUBLIC DISCLOSURE

August 1, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Five Star Bank
RSSD No. 601416**

55 North Main Street
Warsaw, NY 14203

**Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION CRA RATING: Five Star Bank is rated Outstanding.

The following table indicates the performance level of the institution with respect to the lending, investment and service tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the institution’s rating follow:

- The volume of Home Mortgage Disclosure Act (“HMDA”), small business and small farm lending reflected excellent responsiveness to credit needs in the bank’s assessment areas.
- A substantial majority of loans were made in the bank’s assessment areas.
- The distribution of loans to individuals of different income levels and businesses of different sizes was excellent.

- Five Star provided a high level of community development lending activity and qualified investments demonstrating excellent responsiveness by focusing on the key community development needs of revitalizing distressed and underserved geographies as well as low- and moderate-income census tracts.
- Retail delivery systems were readily accessible to all geographies and individuals of different income levels.
- Five Star provided a high level of community development services to LMI individuals, community development organizations, and small businesses.
- The geographic distribution of lending was adequate.

INSTITUTION

DESCRIPTION OF INSTITUTION

Five Star Bank*	
Total assets	\$2.3 billion
Net loans & leases	\$1.3 billion
Total domestic deposits	\$1.9 billion
Number of branches	49
Headquarters	Warsaw, NY
Bank holding company	Financial Institutions, Inc.

*Data as of December 31, 2010

Five Star Bank (“Five Star”) is a full-service commercial bank with 49 branches owned by Financial Institutions, Inc., a one-bank holding company also located in Warsaw, New York. As of December 31, 2010, Five Star had net loans and leases of \$1.3 billion with \$724 million in domestic real estate loans, \$155 million in commercial and industrial loans, \$14 million in loans to finance agricultural production and \$444 million in consumer loans.

Five Star offers a wide range of commercial and consumer-related financial services including retail deposit products, home mortgage, refinance, home improvement, small business and small farm loans.

Five Star’s assessment area consists of the following:

Full Scope Assessment Areas:

- Non-MSA Area including Allegany, Genesee, Schuyler, Steuben, Wyoming, Yates and portions of Cattaraugus, Cayuga, Chautauqua, and Seneca Counties, all of which are contiguous.

- MSA 40380 (Rochester, NY) which consists of Livingston and Ontario Counties and portions of Monroe County.

Limited Scope Assessment Areas:

- MSA 15380 (Buffalo – Niagara Falls, NY) – Sixty three census tracts within the eastern portion of Erie County.
- MSA 21300 (Elmira, NY) – Portions of Chemung County including the City of Elmira.

Full scope assessment areas were identified based on the significance of the lending and deposit activities within these assessment areas in comparison to the overall bank and other assessment areas. Five Star's performance in the Non-MSA and MSA 40380 received the most weight in determining the bank's overall rating because of their concentration of deposits, lending, population, and owner-occupied housing units. The remaining two assessment areas, each with 7%, or less, of loans and 7%, or less, of deposits, did not have a substantial effect on the overall rating. See Exhibit 1 for details of key assessment area data.

Five Star has no financial or legal impediments that would prevent it from fulfilling its responsibilities under CRA. Five Star received a rating of Outstanding at its previous CRA examination as of May 18, 2009.

SCOPE OF EXAMINATION

Procedures:

Five Star's CRA performance was reviewed using the Federal Financial Institutions Examination Council's ("FFIEC") Interagency CRA Procedures for Large Retail Financial Institutions.

Products:

Home purchase, refinance, home improvement, small business and small farm loans were analyzed. The mortgage loans were reported under HMDA, while small business and small farm loans were reported under the CRA. Examiners verified the integrity of HMDA-related, small business and small farm loan data reported by Five Star for the reporting years 2009 and 2010.

Examination Period:

HMDA-related and CRA-related small business and small farm loan originations from January 1, 2009 through December 31, 2010 were analyzed. Examiners also reviewed community development loans, investments and services for the same period.

Lending Distribution Analysis:

Only loans originated in Five Star's assessment area were included in the analysis of geographic and borrower distribution. To evaluate the geographic distribution of HMDA-related loans, the proportion of loan originations in low- and moderate-income ("LMI") and non-LMI geographies were compared with the proportion of owner-occupied housing units in LMI and non-LMI geographies. With regard to small business and small farm loans, the analysis compared the proportion of loan originations with the proportion of businesses and farms located in LMI and non-LMI geographies. Performance with regard to geographic distribution in low-income geographies was analyzed separately from performance in moderate-income geographies.

In order to analyze the borrower characteristics of HMDA-related loans, the proportion of originations to LMI and non-LMI borrowers was compared with the proportion of LMI and non-LMI families in the assessment areas. Income estimates from the U.S. Department of Housing and Urban Development ("HUD") were used to categorize borrower income. HUD-adjusted median family income figures for 2009 were used to categorize borrower income level for 2009 loans and 2010 HUD-adjusted median family income estimates were used to categorize 2010 loans.

2010 Dun and Bradstreet data were used for demographic information relating to the proportion of businesses with gross annual revenues ("GAR") of less than or equal to \$1 million. The size of the small business loans were also used as a proxy to identify lending to smaller businesses.

HMDA-related, small business and small farm loan performance for 2009 and 2010 was also compared with the 2009 and 2010 aggregate performance of all lenders in Five Star's assessment areas subject to HMDA and/or CRA small business and small farm reporting.

Deriving Overall Conclusions:

Product weightings within each assessment area were applied to conclusions based on product loan volume for the geographic distribution and borrower characteristics analysis. Weightings between assessment area conclusions were based upon the percentage of deposits within the full scope assessment areas.

Community Contacts:

In order to learn more about community credit needs, examiners conducted interviews with two economic development agencies that are actively involved in MSA 40380 and the Non-MSA assessment area.

Exhibit 1: Summary of Key Assessment Area Data

	Non-MSA Assessment Area	MSA 40380	MSA 15380	MSA 21300	Totals
Total Population⁴	518,646	330,193	303,277	77,541	1,229,657
Population % of AA population	42%	27%	25%	6%	100%
Families	134,406	85,954	83,745	19,806	323,911
Families % of AA families	41%	27%	26%	6%	100%
Total Census Tracts⁴	134	66	63	20	283
Tracts % AA tracts	47%	23%	22%	7%	100%
LMI tracts	11	7	1	6	25
LMI tracts % all AA LMI tracts	44%	28%	4%	24%	100%
Total Owner-Occupied Units⁴	142,840	91,710	93,102	20,014	347,666
Units % of AA units	41%	26%	27%	6%	100%
Business Establishments⁵	20,822	14,987	15,031	2,802	53,642
Bus. est. % AA bus. est.	39%	28%	28%	5%	100%
Number of Branches¹	29	14	3	3	49
Branches % all branches	59%	29%	6%	6%	100%
Branches in LMI tracts	3	4	0	2	9
LMI branches % AA LMI branches	33%	44%	0%	22%	100%
Branch Deposits (\$'000s)²	1,083	581	132	41	1,837
Deposits % AA deposits	59%	32%	7%	2%	100%
Deposit Market Share (%) / Rank in Mkt.	15/2	4/6	.44/12	4/6	
Home Purchase Originations³	236	100	25	9	370
HP originations % AA orig.	64%	27%	7%	2%	100%
Refinance Originations³	469	282	55	18	824
Refi orig. % AA orig.	57%	34%	7%	2%	100%
Home Improvement Originations³	508	194	16	15	733
Home Improvement orig. % AA orig.	69%	26%	2%	2%	100%
Small Business Originations³	1,447	814	253	96	2,610
SB orig. % AA orig.	55%	31%	10%	4%	100%
Small Farm Originations³	437	132	12	0	581
SB orig. % AA orig.	75%	23%	2%	0%	100%
Combined Loan Totals	3,097	1,522	361	138	5,118
% of AA Orig.	61%	30%	7%	3%	100%

(1) Branch numbers are as of 12/31/2010. (2) Branch deposits and deposit market share are from the FDIC as of 6/30/10. (3) Originations are loans reported under HMDA or CRA small business and farm reporting for 2009 and 2010. (4) Demographic information was obtained from the 2000 Census. (5) Business establishments information was reported by D&B for 2010.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Five Star's performance under the lending test is rated outstanding based on excellent performance in both the Non-MSA and the MSA 40380 (Rochester, NY) assessment areas.

Lending Activity:

Five Star's responsiveness to the retail credit needs of its assessment areas was outstanding, given Five Star's capacity to meet assessment area credit needs, overall market conditions including the state of the housing market, and weaker economic conditions. This conclusion is based on excellent performance in both the Non-MSA and MSA 40380 (Rochester, NY) assessment areas.

Overall, 5,670 Home Purchase, Refinance, Home Improvement, Multi-Family and Small Business and Small Farm loans were made during the examination period, totaling \$499 million. This represents a decrease of 271, or 4%, in the number, but an increase of \$34 million, or 7%, in the dollar volume of HMDA-related, small business, and small farm loans made in this examination period compared to the lending volume in the prior examination period.

SUMMARY OF LENDING ACTIVITY JANUARY 1, 2009 – DECEMBER 31, 2010				
<i>LOAN TYPE</i>	#	%	\$(000s)	%
HMDA Home Purchase	406	7	\$44,422	9
HMDA Refinancings	880	15	\$82,143	16
HMDA Home Improvement	778	14	\$19,112	4
HMDA Multi Family	4	-	\$3,080	1
Total HMDA-related	2,068	36	\$148,757	30
Total Small Business	2,980	53	\$309,761	62
Total Small Farm	622	11	\$40,596	8
TOTAL LOANS	5,670	100	\$499,114	100

Note: This table includes bank and affiliate loans made within the examination period.

Assessment Area Concentration: A substantial majority of loans originated by Five Star were extended in Five Star's assessment areas as detailed in the chart on the next page. The chart indicates excellent distribution of HMDA loans, small business and small farm loans in Five Star's assessment areas.

**LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA
JANUARY 1, 2009 – DECEMBER 31, 2010**

Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Purchase	370	91	\$39,778	90	36	9	\$4,644	10
Refinancings	824	94	\$75,891	92	56	6	\$6,252	8
Home Improvement	733	94	\$17,506	92	45	6	\$1,606	8
Multi-Family	2	50	\$155	5	2	50	\$2,925	95
Total HMDA	1,929	93	\$133,330	90	139	7	\$15,427	10
Total Small Business	2,610	88	\$242,004	78	370	12	\$67,757	22
Total Small Farm	581	93	\$36,685	90	41	7	\$3,911	10
Total Loans	5,120	90	\$412,019	83	550	10	\$87,095	17

Note: This table includes only loans originated or purchased by the bank. Affiliate loans are not included.

Geographic Distribution:

The overall geographic distribution of HMDA-related, small business and small farm loans reflected adequate penetration in LMI geographies based on adequate performance in the Non-MSA assessment area and excellent performance in MSA 40380 (Rochester, NY).

Borrower Distribution:

The overall distribution of loans among borrowers of different income levels and businesses and farms of different sizes was excellent based on excellent performance in both the Non-MSA assessment area and in MSA 40380 (Rochester, NY).

Community Development Lending:

Five Star Bank was a leader in community development lending performance based on excellent performance in both the Non-MSA assessment area and MSA 40380 (Rochester, NY).

Community Development Loans		
Purpose	#	\$(000s)
Affordable Housing	18	\$15,045
Economic Development	23	\$22,918
Community Services	86	\$29,853
Revitalize and Stabilize	28	\$31,014
Totals	155	\$98,830

As depicted in the chart to the right, Five Star extended 155 community development loans totaling \$99 million, which represents a 25% increase since the prior examination. Of the total, \$85 million, or 86% of total activity, represented new loans made since the prior examination. Five Star's community development lending volume exceeded that of similarly-situated banks in its assessment areas.

Five Star’s community development lending program was responsive to community needs as it targeted revitalization and stabilization and community services. Community contacts have identified revitalization and stabilization of distressed areas as a critical need throughout Five Star’s assessment areas.

INVESTMENT TEST

Investment test performance is rated outstanding based on excellent performance in both the Non-MSA assessment area and in MSA 40380 (Rochester, NY).

As shown in the table to the right, Five Star’s community development investments were responsive to credit and community development needs. Qualified investments totaled \$43 million, a 46% decrease from the prior examination. Of the total, \$29 million, or 67% of total activity, represented new investments made since the prior examination.

Community Development Investments		
Purpose	#	\$(000s)
Affordable Housing	0	\$0
Economic Development	52	\$1,331
Community Services	457	\$714
Revitalize and Stabilize	325	\$41,101
Totals	834	\$43,146

Five Star’s qualified investment volume exceeded similarly-situated large retail banks in its assessment areas. Qualified investments consisted of the purchase of municipal bonds that assisted in revitalizing LMI or distressed middle-income census tracts, which were responsive to assessment area needs, but not particularly innovative or complex. Also included in the qualified investments totals were 501 grants and contributions, totaling \$228,000, to organizations providing community development services or sponsoring affordable housing and economic development activities throughout Five Star’s assessment areas.

Community development investments focused on revitalization and stabilization activities. A total of \$41 million, or 95% by dollar amount, of total investments supported the revitalization and stabilization of LMI areas as well as distressed middle-income census tracts in the Non-MSA assessment area.

SERVICE TEST

Service test performance is rated outstanding based on excellent performance in the Non-MSA assessment area and in MSA 40380 (Rochester, NY).

Retail Services: Five Star’s branches were readily accessible to all portions of the assessment areas and to individuals of different income levels. Of Five Star’s 49 branches, 9, or 18%, were located in LMI tracts. This compares favorably to the 6% of the assessment areas’ population that resides in LMI tracts. Alternative delivery systems also somewhat enhanced Five Star’s performance. Five Star operated 25 off-site ATM locations across its assessment areas, 4 of which, or 16%, were located in LMI areas. Five Star also has a business relationship with another financial institution located in the greater Rochester area allowing Five Star’s customers to use that institution’s 22 ATMs without charge.

Branch changes did not adversely affect overall accessibility of delivery systems. Five Star closed one branch since the prior examination period, in Erie County in the Buffalo MSA. The branch was in a middle-income census tract.

Services do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and/or LMI individuals. All branches provide similar products and services. Extended hours are available at all branches, although only 34 branches are open on Saturdays. In LMI areas, four branches have Saturday hours. In addition, the bank offers alternative delivery systems such as bank-by-mail, on-line services, and 24-hour telephone banking.

Community Development Services: Five Star is a leader in providing community development services including technical assistance, and financial literacy training sessions to LMI individuals, community organizations, and small businesses.

Bank officers and employees serve on numerous boards and committees of community development organizations and provide financial management expertise and technical assistance to these organizations.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Five Star is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practices was identified as being inconsistent with helping to meet the community's credit needs.

NON-METROPOLITAN AREA (FULL REVIEW)

**(Allegany, Cattaraugus, Cayuga, Chautauqua, Genesee, Schuyler, Seneca, Steuben,
Wyoming, and Yates Counties, NY)**

DESCRIPTION OF INSTITUTION'S OPERATIONS

This assessment area contains the largest proportion of Five Star's loans and deposits. As shown in Exhibit 1, Five Star operates 29 branches in this Non-MSA assessment area. Sixty-one percent of Five Star's HMDA-related, small business and small farm loans were originated in this assessment area.

As of June 30, 2010, 59% of Five Star's deposits were held in this assessment area. With a deposit market share of 15%, Five Star was the second largest depository institution, behind Community Bank National Association, which had 18% of deposits. Other lead banks in terms of deposit market share were HSBC National Association, Manufacturers and Traders Trust Company, Key Bank National Association, Bank of Castile, First Niagara Bank and Steuben Trust Company.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the New York State Department of Labor, the U.S. Department of Housing and Urban Development ("HUD") and the New York Association of Realtors.

Demographic Characteristics

The Non-MSA Assessment Area encompasses portions of 10 contiguous counties located mainly in the western and Finger Lakes regions of New York State. These counties are primarily rural with towns and villages scattered across the assessment area. According to the 2000 Census, the Non-MSA Assessment area's population totals 518,646. The Non-MSA assessment area contains 42% of Five Star's combined assessment area population. Within the Non-MSA full scope assessment area, 50 middle-income census tracts in three counties (Allegany, Cattaraugus, and Steuben) meet the FFIEC definition of distressed non-metropolitan middle-income census tracts due to population losses and 5 census tracts in Schuyler county meet the FFIEC definition of underserved middle-income census tracts for remote rural areas.

Income Characteristics

The HUD-adjusted median family income for the various counties in the Non-MSA assessment area ranged from \$49,800 to \$61,200 in 2010. Based on the 2000 Census, of the 134 census tracts included in the analysis, two or 1%, are low-income, nine or 7% are moderate-income, 106 or 79% are middle-income, 15 or 11% are upper-income and two or 1% are of unknown-income. Nine percent of all families within the Non-MSA have incomes below the poverty level.

Housing Characteristics

The Non-MSA assessment area contains 238,138 housing units, of which 60% are owner-occupied. Less than one percent of owner-occupied housing units are in low-income census tracts and only five percent are in the moderate-income census tracts. Owner-occupied housing units represent 15% and 45% of total housing units in low and moderate-income census tracts, respectively. According to the New York State Association of Realtors the median sales price of homes ranged from a low of \$67,500 in Allegany County in 2009 to a high of \$129,230 in Schuyler County in 2010.

MEDIAN SELLING PRICES		
Area	2009	2010
Allegany County	\$67,500	\$53,000
Cattaragus County	\$70,000	\$73,000
Cayuga County	\$98,700	\$106,750
Chautauqua County	\$74,521	\$80,000
Genesee County	\$90,000	\$98,000
Schuyler County	\$102,500	\$129,230
Seneca County	\$92,220	\$98,000
Steuben County	\$84,400	\$90,000
Wyoming County	\$82,250	\$82,000
Yates County	\$94,000	\$108,500

Source: NYS Association of Realtors

In 2010, the median housing costs in the various counties comprising the Non-MSA assessment area ranged from 2 to 4 times the median family income of a low-income borrower, indicating that housing affordability may be difficult for some low-income individuals.

Demographic information from the 2000 Census estimated the median age of the housing stock throughout the assessment area to be 45 years. Given the age of the housing stock, community contacts have stated that there is a need for home improvement and home rehabilitation loans.

Labor, Employment and Economic Characteristics

According to the NYS Department of Labor the economy in western New York experienced its highest unemployment levels in the past twenty years, losing thousands of jobs through 2009 and reducing lending opportunities. In 2010 conditions improved and unemployment rates dropped slightly. While private sector employment improved, budget pressures at both the state and local government levels led to employee reductions at government agencies. The economy continues to be diverse as it has transitioned from being a manufacturing-based economy to a more service- and information-based economy. In particular, professional and business services and the leisure and hospitality industries experienced the strongest job growth in Western New York between 2009 and 2010. During the examination period, average annual unemployment rates declined slightly from 8.6% in 2009 to 8.5% in 2010 within the 10 counties making up the Non-MSA assessment area.

Detailed demographic data for this assessment area is provided in the chart on the following page.

Assessment Area Demographics								
Non- MSA Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	1.5	656	0.5	192	29.3	24,182	18.0
Moderate-income	9	6.7	7,841	5.8	1,551	19.8	25,384	18.9
Middle-income	106	79.1	110,462	82.2	9,651	8.7	31,573	23.5
Upper-income	15	11.2	15,447	11.5	716	4.6	53,267	39.6
Unknown-income	2	1.5	0	0.0	0	0.0	0	0.0
Total Assessment Area	134	100.0	134,406	100.0	12,110	9.0	134,406	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	2,037	301	0.2	14.8	1,434	70.4	302	14.8
Moderate-income	14,968	6,659	4.7	44.5	6,502	43.4	1,807	12.1
Middle-income	195,595	119,268	83.5	61.0	41,102	21.0	35,225	18.0
Upper-income	25,525	16,610	11.6	65.1	6,392	25.0	2,523	9.9
Unknown-income	13	2	0.0	15.4	0	0.0	11	84.6
Total Assessment Area	238,138	142,840	100.0	60.0	55,430	23.3	39,868	16.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	400	1.9	333	1.8	35	3.1	32	2.6
Moderate-income	1,657	8.0	1,403	7.6	143	12.6	111	9.1
Middle-income	16,330	78.5	14,552	78.9	830	72.9	948	77.5
Upper-income	2,410	11.6	2,147	11.6	130	11.4	133	10.9
Unknown-income	5	0.0	5	0.0	0	0.0	0	0.0
Total Assessment Area	20,802	100.0	18,440	100.0	1,138	100.0	1,224	100.0
	Percentage of Total Businesses:			88.6		5.5		5.9
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	33	1.8	33	1.9	0	0.0	0	0.0
Middle-income	1,575	88.3	1,532	88.4	40	85.1	3	100.0
Upper-income	176	9.9	169	9.7	7	14.9	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,784	100.0	1,734	100.0	47	100.0	3	100.0
	Percentage of Total Farms:			97.2		2.6		0.2

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NON-MSA ASSESSMENT AREA

LENDING TEST

Five Star's performance under the lending test was excellent.

Lending Activity:

Five Star demonstrated excellent responsiveness to the retail credit needs of the Non-MSA assessment area based on market share activity and comparison to peer banks. Five Star ranked second in deposit market share, with 15% of deposits, eighth in home purchase lending (3% market share), fourth in refinance lending (6% market share), second in home improvement lending (14% market share), second in small business lending (12% market share), and second in small farm lending (36% market share). Peer comparisons based on the number of loans per billion dollars of deposits indicate that Five Star's performance compares favorably with the lending volume of peer banks.

Five Star's volume in the number of HMDA-related loans, small business, and small farm loans declined 9% compared to the previous examination period, despite refinance volume increasing 21%. However, the market aggregate had more significant declines in the number of loans made in the same period in the Non-MSA assessment area, with a 17% decline in HMDA-related loans, a 44% decline in small business loans, and a 30% decline in small farm loans.

Geographic Distribution:

As indicated in the chart below, the geographic distribution of loans in the Non-MSA assessment area was adequate based upon good performance in home improvement lending and adequate performance in small business lending, home-purchase, and refinance lending in moderate-income census tracts.

While Five Star Bank did not make any HMDA or small farm loans in low-income tracts, performance in low-income tracts is considered adequate in view of the performance context, as less than 1%, or only 301 of owner occupied housing units and no small farms, are located in low-income census tracts, indicating very limited lending opportunities. This is confirmed by the performance of the market aggregate which made only 8 HMDA-related loans in low-income tracts. Performance in 2009 was comparable to performance in 2010.

The following table summarizes geographic distribution performance in LMI tracts in 2010.

<i>Non MSA Assessment Area – Geographic Distribution</i>				
<i>PRODUCT</i>	Low-income Tracts		Moderate-income Tracts	
	Five Star Performance	2010 Aggregate Comparison	Five Star Performance	2010 Aggregate Comparison
Home Purchase	Adequate	Similar	Adequate	Below
Refinance	Adequate	Similar	Adequate	Similar
Home Improvement	Adequate	Similar	Good	Similar
Small Business	Adequate	Below	Adequate	Below
Small Farm	Adequate	Similar	Adequate	Similar

Performance was adequate in home purchase and refinance lending as the bank made 2% of its home purchase loans and 2% of its refinance loans in moderate-income census tracts, compared to 5% of all owner-occupied housing units located in moderate-income census tracts. The aggregate made 3% of its home purchase and 2% of its refinance loans in moderate-income census tracts. Performance in home improvement lending was better, as Five Star made 4% of its home improvement loans in moderate-income census tracts, which was comparable to the aggregate's performance.

Small business lending performance was adequate in both low- and moderate-income census tracts as Five Star made less than 1% of its small business loans in low-income census tracts and 5% in moderate-income tracts compared to 2% and 8% of all business establishments in low- and moderate-income tracts respectively. Performance was below the aggregate, which made 2% and 8% of its loans in low- and moderate-income census tracts respectively.

Although Five Star ranks 5th in small business lending in moderate-income census tracts within the assessment area, it is actually the 2nd leading bank lender to small businesses, as performance is exceeded only by three small business credit card lenders.

Small farm lending in moderate-income census tracts was not evaluated as opportunities are very limited. Only 33 farms or 2% of all small farms, are located in moderate-income census tracts. The aggregate made a total of only 8 loans to small farms in moderate-income census tracts, indicating limited lending opportunities. Five Star did not make any small farm loans in the moderate-income census tracts.

Distribution by Borrower and Revenue Size of Business:

Borrower distribution performance in the Non-MSA assessment area in 2010 was excellent based on excellent levels of lending to moderate-income borrowers and to businesses of different sizes, good lending to small farms and an adequate level of lending to low-income borrowers, as indicated in the chart that follows. Performance in 2009 was comparable to performance in 2010.

<i>Non-MSA Assessment Area-Borrower Distribution</i>				
<i>PRODUCT</i>	Low-income Borrowers		Moderate-income Borrowers	
	Five Star Performance	2010 Aggregate Comparison	Five Star Performance	2010 Aggregate Comparison
Home Purchase	Poor	Significantly Below	Excellent	Slightly Below
Refinance	Adequate	Similar	Excellent	Above
Home Improvement	Good	Slightly Above	Excellent	Similar
	Lending to Businesses with GAR <= \$1 million		2010 Aggregate Comparison	
Small Business	Excellent		Significantly Above	
Small Farm	Good		Similar	

Low-income Borrowers

Five Star’s HMDA lending performance in lending to low-income borrowers was adequate overall when compared to the 18% of families in the Non-MSA assessment area which are of low-income. While home ownership is generally affordable to moderate-income borrowers in the Non-MSA, housing costs are generally 2 to 4 times the income levels of low-income borrowers.

Five Star’s performance compared to the aggregate varied. Five Star’s level of home purchase lending was significantly below the aggregate’s performance, while refinance lending was similar to and home improvement lending was slightly above the aggregate. Three percent of Five Star’s home purchase, 5% of its refinance, and 15% of its home improvement loans went to low-income borrowers, while the aggregate reported 9%, 5%, and 13% of home purchase, refinance, and home improvement loans, respectively to low-income borrowers.

Moderate-income Borrowers

Five Star’s HMDA-lending performance to moderate-income borrowers was excellent when compared to the 19% of families in the Non-MSA who are of moderate-income. Five Star made 22% of its home purchase loans, 23% of its refinance loans, and 25% of its home improvement loans to moderate-income borrowers.

Five Star’s refinance performance exceeded the aggregate, while home purchase performance was slightly below the aggregate and home improvement performance was similar to the aggregate. The aggregate made 26%, 16%, and 26% of its home purchase, refinance, and home improvement loans respectively, to moderate-income borrowers.

Small Business Lending

Five Star provided an excellent level of lending to small business borrowers with gross annual revenue (GAR) of \$1 million or less. Five Star made 74% of its small business loans to these businesses, compared to the 89% of business establishments in the MSA with GAR of \$1 million or less.

Performance was significantly above the aggregate which made 34% of its small business loans to businesses with GAR of \$1 million or less. Five Star made 84% of its small business loans in amounts of \$100,000 or less, which was slightly below the aggregate, which made 93% of its small business loans in amounts of \$100,000 or less. The average size of Five Star Bank’s small business loans was \$79,000.

Small Farm Lending

Five Star provided a good level of lending to small farm borrowers with gross annual revenue (GAR) of \$500,000 or less. Five Star made 86% of its small farm loans to these businesses, compared to the 97% of farms with GAR of \$500,000 or less. The aggregate’s performance was similar, as 84% of the aggregate’s small farm loans went to farms with GAR of less than \$500,000.

Community Development Lending:

Five Star’s level of community development lending was excellent, with 91 loans totaling \$57 million, or 58% of Five Star’s community development lending. This conclusion was supported by a comparison to similarly-situated large retail banks in the assessment area. New commitments represented \$50 million of total community development loans in the Non-MSA assessment area, or 88% of total activity.

Community Development Loans		
Purpose	#	\$(000s)
Affordable Housing	10	\$11,637
Economic Development	5	\$7,825
Community Services	49	\$8,020
Revitalize and Stabilize	27	\$29,874
Totals	91	\$57,356

Community development lending was responsive to identified community needs though not innovative. Lending targeted revitalization and stabilization and affordable housing in the distressed and underserved tracts of the Non-MSA assessment area.

Examples of community development lending included:

- An \$800,000 line of credit to a non-profit organization that provides community development services to LMI individuals with developmental disabilities, including job training, housing assistance, and counseling services.
- A \$4 million bridge loan to construct 18 units of subsidized housing in Wyoming County. Loan is to be repaid through Low Income Housing Tax Credits (“LIHTCs”).

- A \$1.3 million loan to rehabilitate a historic train station in downtown Jamestown. The train station will become a transportation center for the area, which is located in a low-income census tract. Completion of the center will assist in revitalization and stabilization efforts by creating employment opportunities for unskilled workers.
- A \$1.3 million line of credit to a wholesale grocery cooperative in a distressed area of Cattaraugus County. The cooperative provides jobs and employment opportunities for unskilled workers in a distressed area of New York State.

INVESTMENT TEST

Five Star’s investment test performance in the Non-MSA assessment area was excellent. Five Star made an excellent level of qualified community development investments and grants, that exhibited excellent responsiveness to credit and community development needs. This conclusion was supported by a favorable comparison to similarly-situated large retail banks in the assessment area.

Community Development Investments		
Purpose	#	\$(000s)
Affordable Housing	0	\$0
Economic Development	33	\$11
Community Services	247	\$63
Revitalize and Stabilize	259	\$29,330
Totals	539	\$29,404

Qualified investments totaled \$29 million, or 68% of Five Star’s total qualified investment activity. Sixty-two percent were new investments made since the last CRA examination. Qualified investments in the form of charitable grants and contributions totaled \$74 thousand. Qualified investments in the Non-MSA assessment area included:

- \$1.7 million investment in municipal bonds of the City of Salamanca, a largely LMI community. The bonds were part of a state economic development initiative to stimulate the Salamanca area’s economy and revitalize a largely LMI area.
- \$9.7 million in municipal bonds of fifteen school districts in distressed middle-income census tracts. The bonds assisted in revitalizing these tracts through activities that helped to attract or retain businesses and residents.
- \$16.4 million in municipal bonds that assisted revitalization efforts in distressed middle-income census tracts in Steuben, Allegany, and Cattaraugus Counties by maintaining essential infrastructure. Examples included the acquisition of ambulances, police and fire vehicles, infrastructure repairs to roads, sidewalks, utility upgrades, and improvements to water districts. All were considered necessary to attract and maintain businesses or residents.

2010 Aggregate Comparison Loan Distribution Table
Non- MSA Assessment Area

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.1%	0.1%	3	2.5%	1.3%	8.5%	4.5%
Moderate	2	1.7%	1.5%	3.3%	1.9%	26	21.8%	14.2%	26.0%	18.1%
Middle	100	84.0%	86.1%	81.8%	82.1%	27	22.7%	22.1%	23.3%	20.8%
Upper	17	14.3%	12.4%	14.5%	15.8%	59	49.6%	59.4%	32.5%	46.7%
Unknown	0	0.0%	0.0%	0.2%	0.1%	4	3.4%	2.9%	9.8%	10.0%
Total	119	100.0%	100.0%	100.0%	100.0%	119	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.1%	0.0%	11	5.0%	3.1%	4.8%	2.4%
Moderate	4	1.8%	1.3%	1.8%	1.0%	51	23.3%	16.9%	16.2%	10.4%
Middle	194	88.6%	85.9%	81.1%	80.0%	59	26.9%	21.7%	22.6%	17.5%
Upper	21	9.6%	12.8%	16.9%	18.8%	86	39.3%	52.8%	48.0%	60.7%
Unknown	0	0.0%	0.0%	0.1%	0.1%	12	5.5%	5.6%	8.4%	9.0%
Total	219	100.0%	100.0%	100.0%	100.0%	219	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.1%	0.0%	37	14.8%	6.9%	13.2%	6.0%
Moderate	9	3.6%	1.9%	3.6%	3.1%	62	24.8%	20.5%	25.8%	17.2%
Middle	217	86.8%	85.4%	86.1%	84.5%	72	28.8%	27.7%	26.6%	24.1%
Upper	24	9.6%	12.6%	10.2%	12.4%	71	28.4%	41.9%	32.3%	48.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	8	3.2%	3.0%	2.1%	4.3%
Total	250	100.0%	100.0%	100.0%	100.0%	250	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	92.3%	97.4%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	7.7%	2.6%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	0.1%	0.0%	51	8.7%	3.2%	8.0%	3.6%
Moderate	15	2.6%	1.5%	2.8%	1.5%	139	23.6%	16.7%	22.1%	14.3%
Middle	511	86.9%	85.9%	82.4%	81.4%	158	26.9%	22.9%	23.7%	19.3%
Upper	62	10.5%	12.6%	14.6%	16.9%	216	36.7%	52.9%	38.4%	53.0%
Unknown	0	0.0%	0.0%	0.1%	0.1%	24	4.1%	4.2%	7.9%	9.7%
Total	588	100.0%	100.0%	100.0%	100.0%	588	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Low	2	0.3%	0.5%	1.6%	1.6%	0	0.0%	0.0%	0.0%	0.0%
Moderate	38	5.3%	7.1%	8.4%	12.6%	0	0.0%	0.0%	1.4%	1.2%
Middle	588	82.6%	81.5%	76.1%	76.3%	190	90.9%	87.4%	87.1%	88.6%
Upper	84	11.8%	10.9%	12.1%	9.0%	19	9.1%	12.6%	11.2%	10.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	1.8%	0.5%	0	0.0%	0.0%	0.3%	0.1%
Total	712	100.0%	100.0%	100.0%	100.0%	209	100.0%	100.0%	100.0%	100.0%
SMALL FARM										
By Revenue										
\$1 Million/\$500,000 or Less	529	74.3%	42.1%	33.9%	38.0%	180	86.1%	63.5%	84.2%	72.7%
By Loan Size										
\$100,000 or less	600	84.3%	36.9%	92.6%	37.6%	187	89.5%	53.3%	88.3%	49.9%
\$100,001-\$250,000	68	9.6%	21.9%	4.6%	21.8%	14	6.7%	21.1%	7.7%	23.3%
\$250,001-\$1 Million	44	6.2%	41.2%	2.8%	40.6%	8	3.8%	25.6%	4.0%	26.9%
Total	712	100.0%	100.0%	100.0%	100.0%	209	100.0%	100.0%	100.0%	100.0%

Originations and Purchases

SERVICE TEST

Performance on the service test was excellent based on Five Star's branch distribution and its leadership in providing community development services in the Non-MSA assessment area.

Retail Services: Five Star's delivery systems were readily accessible to all portions of the Non-MSA assessment area, including LMI areas. Overall, Five Star has 29 branches in the Non-MSA assessment area, of which 3, or 10%, are located in LMI areas. This compares favorably to the 7% of the Non-MSA population that resides in LMI areas.

Alternative delivery systems somewhat enhanced the availability and effectiveness of retail credit and non-credit services in LMI geographies and to LMI individuals. There were 15 off-site ATMs in the Non-MSA, with one located in an LMI tract.

Five Star's hours and services do not vary in a way that inconveniences the assessment area, including LMI areas. Extended hours are available at all branches, with 15 of the 29 branches in the Non-MSA, or 52%, also opened on Saturdays. Two of the three branches in LMI tracts in the Non-MSA have Saturday hours.

Community Development Services: Five Star is a leader in providing community development services in the Non-MSA assessment area. Five Star provided 17 financial seminars to LMI individuals, community development organizations, and small businesses. Examples include:

- Training for people interested in starting small businesses, and for current small business owners who need assistance in developing a business plan to obtain financing,
- Providing financial literacy instruction at several high schools in the MSA located in a moderate-income census tract.
- Tax-preparation assistance to low-income people.

Five Star employees also serve on numerous boards and committees of community development organizations and provide financial management expertise and technical assistance to these organizations. A total of 39 Five Star officers served as directors, advisors or committee members for 66 organizations throughout Five Star's Non-MSA assessment area. Examples of Five Star's efforts in providing such services include:

- A Senior Vice President serves as treasurer of Wyoming County's Empire Development Zone, promoting economic development throughout Wyoming County.
- A Vice President serves as a board member of an organization that assists low-income people in Cattaraugus County by providing housing for the homeless, elderly, and low-income individuals. The organization also provides home rehabilitation and improvement programs.

- A Vice President serves as a board member and treasurer of an organization that provides services for abused and neglected children in the Non-MSA counties of western New York.

METROPOLITAN AREA

(FULL REVIEW)

MSA 40380 (ROCHESTER, NY)

DESCRIPTION OF INSTITUTION'S OPERATIONS

As of December 31, 2010, Five Star operated 14 branches, or 29% of its branches in MSA 40380. As of June 30, 2010, 32% of Five Star's deposits were in the MSA. Five Star ranks 4th in deposit market share in this MSA, with a deposit market share of 6%. The market is highly competitive with large depository institutions such as HSBC Bank USA National Association, Manufacturers and Traders Trust Co., RBS Citizens National Association, JPMorgan Chase Bank NA, Canandaigua NB&T Co., and Bank of America as the lead banks in terms of deposit market share. For additional assessment area details, see Exhibit 1.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the New York State Department of Labor, the U.S. Department of Housing and Urban Development ("HUD") and the New York Association of Realtors.

Demographic Characteristics

Five Star's assessment area consists of Livingston, Ontario, and portions of Monroe Counties. According to the 2000 Census, the MSA's population totals 330,193. The MSA contains 27% of Five Star's combined assessment area population.

Income Characteristics

The HUD-adjusted median family income for MSA 40380 was \$66,500 in 2009 and \$66,600 in 2010. Of the 66 census tracts included in the assessment area, one, or 2%, is low-income, and six, or 9%, are moderate-income. Four percent of all families within the assessment area have incomes below the poverty level.

Housing Characteristics

The assessment area contains 127,543 housing units, of which 72% are owner-occupied. Six percent of owner-occupied housing units are in LMI census tracts representing 53% of total housing units in these census tracts. Demographic information from the 2000 census estimated that the median age of the housing stock to be 41 years. In 2010, housing costs in the Rochester MSA was 3.7 times the median family income of a low-income borrower, making housing affordability difficult for low-income individuals.

MEDIAN SELLING PRICES		
Area	2009	2010
Livingston County	\$107,000	\$118,000
Monroe County	\$120,000	\$125,000
Ontario County	\$126,500	\$132,000
Source: NYS Association of Realtors		

Labor, Employment and Economic Characteristics

According to the NYS Department of Labor after two years of job losses the unemployment rate in the Rochester MSA is improving. While job losses were substantial during the economic downturn, the Rochester area fared better than the nation as a whole, as unemployment peaked at 9.2% early in 2010 but averaged at 8.1% for both 2009 and 2010 compared to 9.3% and 9.6% for the nation as a whole, in 2009 and 2010, respectively. The overall weak economic conditions reduced lending opportunities in the area. Detailed demographic data for this assessment area is provided in the chart on the next page:

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MSA 40380 (ROCHESTER, NY) ASSESSMENT AREA

LENDING TEST

Five Star’s performance under the lending test was excellent.

Lending Activity:

Five Star demonstrated excellent responsiveness to the retail credit needs of the MSA 40380 (Rochester, NY) assessment area based on comparison to peer banks, market share, and lending activity analysis. Five Star ranked sixth in deposit market share, with 4% of deposits, twenty-third in home purchase lending (1% market share), thirteenth in refinance lending (2% market share), fourth in home improvement lending (9% market share), fourth in small business lending (7% market share), and first in small farm lending (31% market share). Peer comparisons based on the number of loans per billion dollars of deposits indicate that Five Star’s performance compares favorably with the lending volume of similarly-situated banks.

Five Star’s volume in the number of HMDA-related loans, small business, and small farm loans declined 3% compared to the previous examination period, despite refinance volume increasing 46%. However, the market aggregate had more significant declines in the number of loans made in the same period, declining 17% in total lending with a 45% decline in small business loans and a 23% decline in small farm loans. The market aggregate’s HMDA lending increased 17%, as refinance volume increased 72%.

Assessment Area Demographics								
MSA 40380 (Rochester, NY)								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	1.5	574	0.7	186	32.4	11,481	13.4
Moderate-income	6	9.1	4,944	5.8	548	11.1	14,285	16.6
Middle-income	38	57.6	49,014	57.0	1,814	3.7	20,292	23.6
Upper-income	19	28.8	31,422	36.6	603	1.9	39,896	46.4
Unknown-income	2	3.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	66	100.0	85,954	100.0	3,151	3.7	85,954	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,402	406	0.4	29.0	773	55.1	223	15.9
Moderate-income	8,270	4,725	5.2	57.1	2,795	33.8	750	9.1
Middle-income	75,707	52,189	56.9	68.9	18,021	23.8	5,497	7.3
Upper-income	42,163	34,390	37.5	81.6	6,348	15.1	1,425	3.4
Unknown-income	1	0	0.0	0.0	1	100.0	0	0.0
Total Assessment Area	127,543	91,710	100.0	71.9	27,938	21.9	7,895	6.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	221	1.5	189	1.4	11	1.2	21	2.7
Moderate-income	949	6.3	840	6.3	52	5.5	57	7.4
Middle-income	7,870	52.5	6,926	52.2	524	55.7	420	54.5
Upper-income	5,938	39.6	5,318	40.1	350	37.2	270	35.1
Unknown-income	9	0.1	4	0.0	3	0.3	2	0.3
Total Assessment Area	14,987	100.0	13,277	100.0	940	100.0	770	100.0
Percentage of Total Businesses:				88.6		6.3		5.1
	Total Businesses by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	34	5.6	33	5.6	1	5.0	0	0.0
Middle-income	464	75.9	446	75.6	17	85.0	1	100.0
Upper-income	113	18.5	111	18.8	2	10.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	611	100.0	590	100.0	20	100.0	1	100.0
Percentage of Total Farms:				96.6		3.3		.2

Geographic Distribution:

The geographic distribution of loans in the MSA 40380 was outstanding based upon excellent performance in all categories of HMDA and small business lending in moderate-income census tracts and good performance in small farm lending. HMDA performance in low-income geographies is considered adequate in relation to its performance context, as only 406 owner occupied housing units, or less than 1% the total number of owner occupied housing units in the MSA are located in low-income census tracts, resulting in limited lending opportunities. This is confirmed by the performance of the market aggregate which made only 1 HMDA-related loan in a low-income census tract. Small business performance in low-income census tracts was evaluated as 2% of all business establishments within the MSA are located in low-income census tracts, and Five Star made 2% of its small business loans in low-income census tracts.

The following table summarizes lending performance in low- and moderate-income tracts in 2010. Performance in 2009 was comparable to performance in 2010.

<i>MSA 40380 (Rochester, NY) – Geographic Distribution</i>				
<i>PRODUCT</i>	Low-income Tracts		Moderate-income Tracts	
	Five Star Performance	2010 Aggregate Comparison	Five Star Performance	2010 Aggregate Comparison
Home Purchase	Adequate	Similar	Excellent	Significantly Above
Refinance	Adequate	Similar	Excellent	Significantly Above
Home Improvement	Adequate	Similar	Excellent	Significantly Above
Small Business	Excellent	Significantly Above	Excellent	Significantly Above
Small Farm	Adequate	Similar	Good	Slightly Above

Performance was excellent in HMDA-related lending in moderate-income census tracts as Five Star made 26%, 11%, and 24% of its home purchase, refinance, and home improvement loans in moderate-income census tracts respectively, compared to 5% of all owner-occupied housing units located in moderate-income census tracts. The aggregate made 3%, 2%, and 7% of its home purchase, refinance loans, and home improvement loans, respectively, in moderate-income census tracts.

Small business performance was excellent in both low- and moderate-income census tracts as Five Star made 2% of its small business loans in low-income census tracts and 18% in moderate-income tracts, compared to 2% and 6% of all business establishments located in low- and moderate-income tracts, respectively. Performance was significantly above the aggregate which made 1% and 5% of its loans in low- and moderate-income census tracts respectively. Although Five Star ranks 5th in small business lending in moderate-income census tracts within the assessment area, Five Star is actually the 2nd leading small business bank lender as performance is exceeded only by three large small business credit card lenders.

Small farm lending in moderate-income census tracts was good, as Five Star made 5% of its loans in moderate-income census tracts compared to 6% of all small farms being located in moderate-income tracts. Performance was slightly above the aggregate, which made 4% of its small farm loans in moderate-income census tracts.

Distribution by Borrower Income and Revenue Size of Business: As indicated in the chart that follows, overall lending performance in the Rochester assessment area in 2010 was outstanding based on excellent HMDA-related lending to LMI borrowers and excellent small businesses lending to businesses with GAR of \$1 million or less and a good level of lending to small farms with GAR of \$500,000 or less. Performance in 2009 was comparable to performance in 2010.

<i>MSA 40380 (ROCHESTER, NY)-Borrower Distribution</i>				
<i>PRODUCT</i>	Low-income Borrowers		Moderate-income Borrowers	
	Five Star Performance	2010 Aggregate Comparison	Five Star Performance	2010 Aggregate Comparison
Home Purchase	Excellent	Significantly Above	Excellent	Significantly Above
Refinance	Excellent	Significantly Above	Excellent	Significantly Above
Home Improvement	Excellent	Significantly Above	Excellent	Above
	Lending to Businesses with GAR <= \$1 million		2010 Aggregate Comparison	
Small Business	Excellent		Significantly Above	
Small Farm	Good		Slightly Above	

Low-income Borrowers

Five Star’s overall HMDA-related lending performance to low-income borrowers was excellent. During the examination period, Five Star bank made 13%, 13%, and 27% of its home purchase, refinance, and home improvement loans, respectively, to low-income borrowers, while 13% of the families in the MSA were of low-income.

Five Star’s performance for home purchase, refinance and home improvement loans to low-income borrowers compared favorably to the market aggregate, which made 8% of its home purchase loans, 5% of its refinance loans, and 14% of its home improvement loans, respectively, to low-income borrowers.

Moderate-income Borrowers

Five Star’s overall HMDA-related lending performance to moderate-income borrowers was excellent. During the examination period,

Five Star made 33%, 28%, and 34% of its home purchase, refinance, and home improvement loans, respectively, to moderate-income borrowers while 17% of the families in the MSA were of moderate-income.

Five Star's performance for home purchase, refinance and home improvement loans to moderate-income borrowers compared favorably to the market aggregate, which made 21% of its home purchase loans, 16% of its refinance loans, and 26% of its home improvement loans, respectively, to moderate-income borrowers.

Small Business Lending

Five Star provided an excellent level of lending to businesses with gross annual revenues (GAR) of \$1 million or less. Five Star made 73% of its small business loans to such businesses, compared to the 89% of business establishments in the assessment area with GAR of \$ 1 million or less. Five Star's performance was significantly above the market aggregate which made 31% of its small business loans to businesses with revenues of less than \$ 1 million.

Five Star made 79% of its small business loans in amounts of \$100,000 or less, which was slightly below the aggregate which made 91% of its small business loans in amounts of \$100,000 or less. The average loan size was \$103,000.

Small Farm Lending

Five Star provided a good level of lending to farms with gross annual revenues (GAR) of \$500,000 or less. Five Star made 86% of its small farm loans to such farms, compared to the 97% of the small farms in the assessment area with GAR of \$ 500,000 or less.

Five Star's performance was slightly above the aggregate which made 71% of its small farm loans to businesses with revenues of less than \$500,000.

The bank made 84% of its small farm loans in amounts of \$100,000 or less, which was similar to the aggregate which also made 84% of its small farm loans in amounts of \$100,000 or less. The average loan size was \$96,000.

Community Development Lending:

Five Star's level of community development lending was excellent, with 41 loans totaling \$20 million, or 20% of Five Star's community development lending. This conclusion was supported by a comparison to similarly-situated large retail banks in the assessment area.

Community Development Loans		
Purpose	#	\$(000s)
Affordable Housing	8	\$3,408
Economic Development	7	\$4,370
Community Services	25	\$10,749
Revitalize and Stabilize	1	\$1,140
Totals	41	\$19,667

New commitments represented \$19 million of total community development loans in the assessment area, or 95% of total activity. Community development lending performance exceeded performance at the last examination, when the bank reported \$6.4 million in lending.

Community development lending was responsive to identified community needs, and was directed primarily by dollar amount at community service and economic development activities. Examples of community development lending included:

- A \$4 million loan to acquire and operate a school for special needs students in Livingston County. The majority of the students are LMI.
- A \$2.4 million multifamily loan for the acquisition of 79 units of affordable housing in Rochester.
- A \$4 million loan to help a small business expand to bring 103 new jobs to an LMI area in Rochester.

INVESTMENT TEST

Five Star’s investment test performance was excellent. This conclusion was supported by a favorable comparison to similarly-situated large retail banks in the assessment area. During the examination period, community development investment in the MSA 40380 (Rochester, N.Y.) assessment area totaled \$11 million, or 25% of all community development investment activity. New commitments represented \$10 million of total community development investment in the MSA assessment area, or 91% of total activity.

Community Development Investments		
Purpose	#	\$(000s)
Affordable Housing	0	\$0
Economic Development	6	\$2
Community Services	140	\$617
Revitalize and Stabilize	62	\$10,131
Totals	208	\$10,750

Within the MSA 40380 (Rochester, N.Y.) assessment area, qualified investments were targeted primarily by number, and by dollar amount to revitalization and stabilization efforts and to the provision of community services. Examples of qualified investments included:

- The purchase of municipal bonds for infrastructure repairs in moderate-income areas of the City of Geneva and the Village of Dansville, The bonds were issued to finance the construction of water and sewage lines, and the construction of a waste-water plant.
- The purchase of municipal bonds issued to fund the construction of a fire station in moderate-income area of the City of Geneva.
- Charitable grant and contributions to community groups totaling \$108 thousand.

2010 Aggregate Comparison Loan Distribution Table
Assessment Area: MSA 40380

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.2%	0.1%	6	13.0%	8.0%	7.4%	3.8%
Moderate	12	26.1%	19.8%	2.7%	1.5%	15	32.6%	26.8%	20.8%	14.9%
Middle	29	63.0%	61.3%	55.0%	47.4%	9	19.6%	16.5%	21.1%	19.1%
Upper	5	10.9%	18.9%	42.1%	51.0%	13	28.3%	43.4%	35.3%	47.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	6.5%	5.4%	15.4%	15.1%
Total	46	100.0%	100.0%	100.0%	100.0%	46	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	1	0.8%	0.5%	0.1%	0.1%	16	13.2%	7.9%	4.6%	2.2%
Moderate	13	10.7%	8.1%	2.4%	1.6%	34	28.1%	20.8%	15.9%	10.3%
Middle	83	68.6%	62.4%	50.5%	42.3%	21	17.4%	17.2%	21.2%	17.2%
Upper	24	19.8%	28.9%	46.9%	56.1%	46	38.0%	49.3%	49.3%	60.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	4	3.3%	4.8%	9.0%	9.8%
Total	121	100.0%	100.0%	100.0%	100.0%	121	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.4%	0.1%	26	27.1%	24.7%	14.2%	5.7%
Moderate	23	24.0%	24.1%	7.4%	5.1%	33	34.4%	30.2%	26.4%	15.1%
Middle	66	68.8%	71.4%	67.8%	58.3%	21	21.9%	16.2%	25.5%	23.1%
Upper	7	7.3%	4.5%	24.4%	36.6%	16	16.7%	28.9%	32.8%	52.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	1.1%	3.3%
Total	96	100.0%	100.0%	100.0%	100.0%	96	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	73.7%	79.6%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	26.3%	20.4%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
HMDA Totals										
Low	1	0.4%	0.3%	0.2%	0.1%	48	18.3%	9.7%	6.7%	2.9%
Moderate	48	18.3%	12.9%	3.0%	1.5%	82	31.2%	23.4%	19.0%	11.9%
Middle	178	67.7%	63.1%	54.1%	46.9%	51	19.4%	16.9%	21.5%	17.2%
Upper	36	13.7%	23.6%	42.7%	51.5%	75	28.5%	45.6%	41.7%	51.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	7	2.7%	4.4%	11.1%	16.9%
Total	263	100.0%	100.0%	100.0%	100.0%	263	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
Low	6	1.6%	0.4%	0.6%	0.4%	0	0.0%	0.0%	0.0%	0.0%
Moderate	68	17.8%	14.1%	5.2%	4.2%	3	4.6%	3.8%	3.8%	3.7%
Middle	222	58.0%	54.1%	49.9%	53.4%	57	87.7%	86.8%	81.4%	83.5%
Upper	87	22.7%	31.4%	42.7%	41.8%	5	7.7%	9.5%	14.3%	12.8%
Unknown	0	0.0%	0.0%	0.1%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	1.6%	0.3%	0	0.0%	0.0%	0.5%	0.0%
Total	383	100.0%	100.0%	100.0%	100.0%	65	100.0%	100.0%	100.0%	100.0%
By Revenue										
\$1 Million/\$500,000 or Less	278	72.6%	35.5%	30.7%	30.8%	56	86.2%	71.1%	71.0%	66.4%
By Loan Size										
\$100,000 or less	303	79.1%	26.5%	90.9%	27.9%	51	83.9%	32.7%	84.3%	40.7%
\$100,001-\$250,000	45	11.7%	21.8%	4.7%	18.4%	5	5.4%	15.0%	10.0%	27.3%
\$250,001-\$1 Million	35	9.1%	51.7%	4.4%	53.7%	9	10.7%	52.4%	5.7%	32.1%
Total	383	100.0%	100.0%	100.0%	100.0%	65	100.0%	100.0%	100.0%	100.0%

Originations and Purchases

SERVICE TEST

Performance on the service test in MSA 40380 was excellent based on Five Star's excellent branch distribution and a relatively high level of community development services in the MSA assessment area.

Retail Services: Five Star's delivery systems were readily accessible to all portions of the MSA assessment area, including LMI areas. Overall, Five Star has 14 branches in the MSA assessment area, of which 4, or 29%, are located in LMI areas. This compares favorably to the 7% of the MSA population that resides in LMI areas.

Alternative delivery systems somewhat enhanced the availability and effectiveness of retail credit and non-credit services in LMI geographies and to LMI individuals. There were 11 off-site ATMs in the MSA, of which 3, or 27%, were located in LMI tracts.

Branch changes did not adversely affect overall accessibility of delivery systems. There were no changes to the branch network since the previous CRA examination.

Five Star's hours and services do not vary in a way that inconveniences the assessment area, including LMI areas. Extended hours are available at all branches, and 11 of the 14 branches in the MSA are open on Saturdays. Two of the four branches in LMI tracts in the MSA have Saturday hours.

Community Development Services: Five Star provided an adequate level of community development services in the MSA assessment area. Five Star provides financial literacy instruction at several high schools in the MSA that are located in a moderate-income census tract. The instruction focused on the basics of obtaining credit, managing checking accounts, savings, and basic banking.

In addition to the above noted services, Five Star employees also serve on numerous boards and committees of community development organizations and provide financial management expertise and technical assistance to these organizations. A total of 13 Five Star officers served as directors, advisors or committee members for 21 organizations throughout the MSA assessment area. Examples of Five Star's efforts in providing such services include:

- An Assistant Vice President serves on a board committee of a workforce investment board, an organization that seeks to provide employment training to fulfill employment needs of local businesses.
- A Senior Vice President serves as a board member for an organization that assists individuals with developmental disabilities. The organization provides independent living opportunities, employment training and job placement.
- A Vice President serves as an officer of an organization that seeks to retain and create employment opportunities in Livingston County.

- A Vice President serves as a board committee member for an organization that provides counseling services, shelter, and educational services to youths in the Rochester area.

METROPOLITAN AREAS

(LIMITED REVIEW)

MSA 15380 (Buffalo-Niagara Falls, NY)

MSA 21300 (Elmira, NY)

Conclusions regarding performance in the limited scope assessment areas were compared with the overall rating, which was based on the full-scope assessment area performance. Conclusions follow:

PERFORMANCE OF LIMITED SCOPE AREAS			
Assessment Area	Lending Test	Investment Test	Service Test
MSA 15380	Consistent	Below	Consistent
MSA 21300	Consistent	Below	Consistent

2010 Aggregate Comparison Loan Distribution Table
Assessment Area: MSA 15380

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.4%	2.3%
Moderate	0	0.0%	0.0%	0.5%	0.3%	1	12.5%	8.9%	20.2%	13.7%
Middle	4	50.0%	32.1%	38.5%	30.9%	2	25.0%	15.2%	24.0%	21.1%
Upper	4	50.0%	67.9%	60.9%	68.8%	5	62.5%	75.8%	38.1%	49.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	13.3%	13.1%
Total	8	100.0%	100.0%	100.0%	100.0%	8	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	1	7.7%	7.7%	2.5%	1.4%
Moderate	0	0.0%	0.0%	0.2%	0.1%	1	7.7%	7.0%	12.8%	8.3%
Middle	6	46.2%	33.4%	30.8%	23.9%	5	38.5%	29.8%	24.9%	20.6%
Upper	7	53.8%	66.6%	69.0%	76.0%	6	46.2%	55.4%	48.1%	57.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	11.7%	12.0%
Total	13	100.0%	100.0%	100.0%	100.0%	13	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	1	20.0%	3.4%	11.0%	3.8%
Moderate	0	0.0%	0.0%	0.2%	0.2%	2	40.0%	36.4%	24.5%	9.5%
Middle	3	60.0%	14.8%	55.4%	31.6%	1	20.0%	3.4%	22.6%	19.0%
Upper	2	40.0%	85.2%	44.4%	68.2%	1	20.0%	56.8%	37.2%	59.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.7%	8.4%
Total	5	100.0%	100.0%	100.0%	100.0%	5	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	20.0%	0.8%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	40.0%	15.2%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	40.0%	84.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	2	7.7%	3.9%	3.8%	1.8%
Moderate	0	0.0%	0.0%	0.4%	0.2%	4	15.4%	8.8%	16.9%	10.7%
Middle	13	50.0%	32.2%	35.7%	27.2%	8	30.8%	22.1%	24.3%	20.3%
Upper	13	50.0%	67.8%	63.9%	72.6%	12	46.2%	65.2%	42.8%	52.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	12.2%	14.7%
Total	26	100.0%	100.0%	100.0%	100.0%	26	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.6%	0.8%	0	0.0%	0.0%	0.0%	0.0%
Middle	53	44.9%	56.9%	35.8%	39.6%	5	83.3%	97.3%	56.5%	86.8%
Upper	65	55.1%	43.1%	63.5%	59.6%	1	16.7%	2.7%	43.5%	13.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Total	118	100.0%	100.0%	100.0%	100.0%	6	100.0%	100.0%	100.0%	100.0%
By Revenue										
\$1 Million/\$500,000 or Less	64	54.2%	17.7%	29.4%	27.0%	5	83.3%	86.5%	60.9%	34.8%
By Loan Size										
\$100,000 or less	82	69.5%	18.6%	89.2%	25.5%	6	100.0%	100.0%	91.3%	50.8%
\$100,001-\$250,000	15	12.7%	14.4%	5.5%	19.3%	0	0.0%	0.0%	0.0%	0.0%
\$250,001-\$1 Million	21	17.8%	67.0%	5.35%	55.2%	0	0.0%	0.0%	8.7%	49.2%
Total	118	100.0%	100.0%	100.0%	100.0%	6	100.0%	100.05	100.0%	100.0%

Originations and Purchases

2010 Aggregate Comparison Loan Distribution Table
Assessment Area: MSA 21300

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	% \$ (000s)	Aggregate %	% \$ (000s)	#	Bank %	% \$ (000s)	Aggregate %	% \$ (000s)
Home Purchase										
Low	0	0.0%	0.0%	0.1%	0.0%	0	0.0%	0.0%	8.2%	4.2%
Moderate	0	0.0%	0.0%	10.1%	5.7%	2	33.3%	22.4%	24.9%	16.9%
Middle	3	50.0%	31.0%	52.7%	43.7%	1	16.7%	10.8%	25.8%	22.6%
Upper	3	50.0%	69.0%	37.1%	50.6%	3	50.0%	66.7%	33.7%	49.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	7.4%	7.3%
Total	6	100.0%	100.0%	100.0%	100.0%	6	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.2%	0.1%	0	0.0%	0.0%	4.3%	2.0%
Moderate	1	14.3%	12.8%	7.0%	4.2%	2	28.6%	28.3%	15.1%	10.5%
Middle	3	42.9%	35.0%	47.2%	37.0%	1	14.3%	12.8%	22.4%	17.4%
Upper	3	42.9%	52.2%	45.5%	58.8%	4	57.1%	58.9%	51.2%	64.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	6.9%	5.8%
Total	7	100.0%	100.0%	100.0%	100.0%	7	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.6%	0.7%	0	0.0%	0.0%	13.6%	7.3%
Moderate	2	16.7%	15.2%	8.8%	3.7%	3	25.0%	30.8%	22.7%	11.6%
Middle	8	66.7%	80.2%	58.4%	50.1%	5	41.7%	49.0%	24.1%	25.7%
Upper	2	16.7%	4.6%	32.3%	45.5%	4	33.3%	20.2%	36.8%	50.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	2.8%	4.8%
Total	12	100.0%	100.0%	100.0%	100.0%	12	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	28.6%	62.9%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	71.4%	37.1%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	0.4%	2.4%	0	0.0%	0.0%	7.4%	3.2%
Moderate	3	12.0%	6.7%	8.4%	4.6%	7	28.0%	25.7%	20.0%	12.9%
Middle	14	56.0%	40.5%	51.4%	40.6%	7	28.0%	17.9%	23.8%	19.5%
Upper	8	32.0%	52.8%	39.9%	52.4%	11	44.0%	56.4%	42.1%	54.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	6.7%	9.8%
Total	25	100.0%	100.0%	100.0%	100.0%	25	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
Low	10	20.4%	21.1%	9.4%	14.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	6	12.2%	10.4%	18.6%	21.6%	0	0.0%	0.0%	0.0%	0.0%
Middle	19	38.8%	40.2%	42.6%	42.7%	0	0.0%	0.0%	0.0%	0.0%
Upper	14	28.6%	28.3%	29.5%	21.7%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Total	49	100.0%	100.0%	100.0%	100.0%	0	0.0%	0.0%	0.0%	0.0%
By Revenue										
\$1 Million/\$500,000 or Less	30	61.2%	32.7%	29.3%	30.5%	0	0.0%	0.0%	0.0%	0.0%
By Loan Size										
\$100,000 or less	32	63.5%	15.0%	93.5%	31.9%	0	0.0%	0.0%	0.0%	0.0%
\$100,001-\$250,000	4	8.2%	8.6%	2.7%	12.7%	0	0.0%	0.0%	0.0%	0.0%
\$250,001-\$1 Million	13	26.5%	76.4%	3.7%	55.3%	0	0.0%	0.0%	0.0%	0.0%
Total	49	100.0%	100.0%	100.0%	100.0%	0	0.0%	0.0%	0.0%	0.0%

Originations and Purchases

CRA APPENDIX A
SCOPE OF EXAMINATION

FIVE STAR BANK		
TIME PERIOD REVIEWED		
January 1, 2009 - December 31, 2010		
FINANCIAL INSTITUTION		
Five Star Bank 29 North Main Street* Warsaw, NY 14203		
PRODUCTS REVIEWED		
<ul style="list-style-type: none">• Home purchase• Refinancings• Home improvement• Small business• Small farm• Community Development		
* Branch Examined		

CRA APPENDIX B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small, relatively permanent statistical subdivision of a county or statistically equivalent entity delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Distressed or Underserved Non-Metropolitan Middle Income Area- A middle-income, nonmetropolitan geography that is distressed due to economic factors, such as unemployment levels, poverty, or population loss, or is underserved based on population size, density and dispersion.

Family: A family is a group of two or more people related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

Household: A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

Limited-scope review: Performance is analyzed using only quantitative factors.

Low-income: Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

Metropolitan Statistical Area (“MSA”): A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

Metropolitan Division: A county or group of counties within a **Metropolitan Statistical Area** that contains a population of at least 2.5 million and represents an employment center(s) associated through commuting ties.

Middle-income: Individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

Moderate-income: Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Non-Metropolitan Area: Refers to any area that is not located in an MSA.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Upper-income: Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of a geography.

Five Star Bank

Assessment Area

January 1, 2009 - December 31, 2010

