

# **PUBLIC DISCLOSURE**

**September 30, 2013**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Five Star Bank  
RSSD No. 601416**

**29 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’S CRA RATING**

**INSTITUTION’S CRA RATING:** Five Star Bank is rated Needs to Improve. The bank’s initial Satisfactory CRA rating, based on the bank’s performance under the three performance tests, has been lowered to a CRA rating of Needs to Improve based on substantive violations of the Equal Credit Opportunity Act and the Fair Housing Act. These violations were detected during the compliance examination that was conducted concurrently with this CRA performance evaluation.

*The following table indicates the performance level of Five Star Bank with respect to the lending, investment, and service tests.*

<b>PERFORMANCE LEVELS</b>	<b><u>FIVE STAR BANK</u></b>		
	<b>PERFORMANCE TESTS</b>		
	<b>Lending Test*</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding			
High Satisfactory		<b>X</b>	
Low Satisfactory	<b>X</b>		
Needs to Improve			<b>X</b>
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:

- Substantive violations of the Equal Credit Opportunity Act and the Fair Housing Act influenced the overall rating of Needs to Improve.
- The geographic distribution of loans reflects poor penetration in MSA 40380 (Rochester, NY) and MSA 15380 (Buffalo – Niagara Falls, NY) as evidenced by conspicuous lending gaps in LMI areas in these assessment areas.
- Retail delivery systems were unreasonably inaccessible to portions of the assessment areas (particularly LMI areas) being underserved by the bank.

- The volume of Home Mortgage Disclosure Act (HMDA), small business and small farm lending reflected adequate 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 and farms of different sizes was adequate.
- The bank was a leader in making community development loans.
- The bank had a significant level of qualified investments.
- A majority of the bank's community development lending and qualified investment activity was new, originated since its prior CRA evaluation.
- Five Star provides a relatively high level of community development services including technical assistance, and financial literacy training sessions to LMI individuals, community organizations, and small businesses.

**INSTITUTION**

**DESCRIPTION OF INSTITUTION\***

<b>Total assets</b>	<b>\$2.9 billion</b>
<b>Net loans &amp; leases</b>	<b>\$1.8 billion</b>
<b>Total domestic deposits</b>	<b>\$2.4 billion</b>
<b>Number of branches</b>	<b>54</b>
<b>Headquarters</b>	<b>Warsaw, NY</b>
<b>Bank holding company</b>	<b>Financial Institutions, Inc.</b>

\*Data as of September 30, 2013

Five Star Bank (Five Star) is a full-service commercial bank with 54 branches owned by Financial Institutions, Inc., a one-bank holding company also located in Warsaw, New York. As of September 30, 2013, Five Star had net loans and leases of \$1.8 billion with \$827 million in domestic real estate loans, \$80 million in construction and other real estate loans, \$200 million in commercial and industrial loans, \$14 million in loans to finance agricultural production, \$640 million in consumer loans, and \$22 million in other loans.

The bank offers a wide range of consumer-related services including retail deposit products, home mortgage, refinance, home improvement. The bank also offers small business and small farm loans.

## Assessment Areas

Since the previous CRA examination, Five Star expanded its assessment area in MSA 40380 by adding all of Monroe County and expanded its assessment area in MSA 15380 by adding all of Erie County. Its new assessment areas are as follows:

Full Scope Assessment Areas:

- Non-MSA area including Allegany, Cattaraugus, Genesee, Schuyler, Seneca, Steuben, Wyoming, Yates and portions of Cayuga and Chautauqua Counties, all of which are contiguous.
- MSA 40380 (Rochester, NY) which consists of Livingston, Monroe, and Ontario Counties and portions of Orleans County.
- MSA 15380 (Buffalo – Niagara Falls, NY) – All of Erie County.

Limited Scope Assessment Area:

- MSA 21300 (Elmira, NY) – Portions of Chemung County including the City of Elmira.

Five Star has no financial or legal impediments that would prevent it from fulfilling its responsibilities under CRA. The bank received a rating of *Outstanding* at its previous CRA examination as of August 1, 2011.

## 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 the bank for the reporting years 2011 and 2012.

### Examination Period

HMDA-related and CRA-related small business and small farm loan originations from January 1, 2011 through December 31, 2012 were analyzed. Examiners also reviewed community development loans, qualified investments and community development services from January 1, 2011 through September 30, 2013.

### **Lending Distribution Analysis**

Because of a change in CRA and HMDA reporting requirements, a separate analysis of 2011 and 2012 was used in the analysis of geographic and borrower distribution. In accordance with the reporting requirements, loans originated from January 1, 2011 through December 31, 2011, were reported and evaluated using 2000 Census data and loans originated from January 1, 2012 through December 31, 2012 were reported and analyzed using 2010 Census data.

The analysis of borrower and geographic distribution was based on loans made in Five Star's assessment areas. To evaluate the geographic distribution of HMDA-related loans, the proportions of loan originations in LMI and non-LMI geographies were compared with the proportions 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 proportions 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 proportions of originations to LMI and non-LMI borrowers were compared with the proportions of LMI and non-LMI families in the assessment area. 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 2011 were used to categorize borrower income level for 2011 loans and HUD-adjusted median family income estimates for 2012 were used to categorize 2012 loans. 2011 and 2012 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 sizes of the small business loans were also used as proxies to identify lending to smaller businesses.

HMDA-related, small business and small farm loan performance for 2011 and 2012 was also compared with the 2011 and 2012 aggregate performances 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 for geographic distribution and borrower characteristics based on product loan volume. Weightings between assessment area conclusions were based upon the percentage of deposits and the percentage of lending within the full scope assessment areas.

### **Assessment Area Determination**

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, MSA 40380 and MSA 15380 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 assessment area with 3%, or less, of loans and 2%, or less, of deposits, did not have a substantial effect on the overall rating. See Summary of Key Assessment Area Data table on page 6 for more information.

### **Community Contacts**

In order to learn more about community credit needs, examiners conducted interviews and received comments with two non-profit agencies that are actively involved with affordable housing and one non-profit agency that focused on economic development activity. One contact, a private community development organization in the Rochester MSA which provides loans to small businesses commented on the need for small dollar loans in both the rural portions of Monroe County as well as the City of Rochester. Another non-profit agency whose mission focuses on providing affordable housing in both the Buffalo and Rochester MSAs indicated a need for more rehabilitation loans as many of the homes in both MSAs are old and have deteriorated. The contact also indicated a need for more loans to multi-family properties that provide affordable rental housing.

### **Summary of Key Assessment Area Data**

The table on the next page summarizes the key demographic and performance factors used to evaluate Five Star's performance within its assessment areas:

Summary of Key Assessment Area Data					
	Non-MSA Assessment Area	MSA 40380	MSA 15380	MSA 21300	Totals
Total Population <sup>4</sup>	515,977	952,274	919,040	75,867	2,463,158
Population % of AA population	21%	39%	37%	3%	100%
Families	135,572	235,338	231,113	19,588	621,611
Families % of AA families	22%	38%	37%	3%	100%
Total Census Tracts <sup>4</sup>	137	240	236	19	632
Tracts % AA tracts	22%	38%	37%	3%	100%
LMI tracts	15	83	77	8	183
LMI tracts % all AA LMI tracts	8%	45%	42%	4%	100%
Total Owner-Occupied Units <sup>4</sup>	149,389	254,320	250,238	20,093	674,040
Units % of AA units	22%	38%	37%	3%	100%
Business Establishments <sup>5</sup>	23,643	46,947	45,148	3,372	119,110
Bus. est. % AA bus. est.	20%	39%	38%	3%	100%
Number of Branches <sup>1</sup>	30	18	3	3	54
Branches % all branches	56%	33%	6%	6%	100%
Branches in LMI tracts	4	4	0	2	10
LMI branches % AA LMI branches	40%	40%	0%	20%	100%
Branch Deposits (\$'000s) <sup>2</sup>	1,276	696	131	39	2,142
Deposits % AA deposits	60%	32%	6%	2%	100%
Deposit Market Share (%) / Rank in Mkt.	18/2	5/7	.44/12	4/5	4/6
Home Purchase Originations <sup>3</sup>	193	121	28	10	352
HP originations % AA orig.	55%	34%	8%	3%	100%
Refinance Originations <sup>3</sup>	702	416	48	16	1,182
Refi orig. % AA orig.	59%	35%	4%	1%	100%
Home Improvement Originations <sup>3</sup>	563	238	30	23	854
Home Improvement orig. % AA orig.	66%	28%	4%	3%	100%
Small Business Originations <sup>3</sup>	1,631	1,179	389	122	3,321
SB orig. % AA orig.	49%	36%	12%	4%	100%
Small Farm Originations <sup>3</sup>	416	124	24	0	564
SB orig. % AA orig.	74%	22%	4%	0%	100%
Combined Loan Totals	3,505	2,078	519	171	6,273
% of AA Orig.	56%	33%	8%	3%	100%

(1) Branch numbers are as of 12/31/2012. (2) Branch deposits and deposit market share are from the FDIC as of 6/30/12. (3)Originations are loans reported under HMDA or CRA small business and farm reporting for 2011 and 2012. (4)Demographic information was obtained from the 2010 Census. (5)Business establishments information was reported by D&B for 2012.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Five Star's performance under the lending test is rated low satisfactory as drawn from performance conclusions drawn from the full scope assessment areas, the Non-MSA, MSA 40380 (Rochester, NY), and MSA 15380 (Buffalo-Niagara Falls, NY). Performance in the limited scope assessment area was also considered. The bank's overall lending activity reflects adequate responsiveness to assessment area credit needs; further a substantial number of loans are made in the bank's assessment area. Alternatively, the geographic distribution of loans reflects poor penetration in LMI geographies as evidenced by conspicuous gaps in lending in the cities of Rochester and Buffalo. The distribution of loans to borrowers of different income levels and businesses and farms of different sizes reflects adequate penetration. Five Star was a leader in community development lending in the three full scope assessment areas.

### Lending Activity

Five Star's responsiveness to the retail credit needs of its assessment areas was adequate, given the bank'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 good performance in the Non-MSA assessment area and adequate performance in MSA 40380 (Rochester, NY) and MSA 15380 (Buffalo-Niagara-Falls, NY).

As summarized in the table below overall, 6,514 Home Purchase, Refinance, Home Improvement, Multi-Family and Small Business and Small Farm loans were made during the examination period both inside and outside the assessment areas, totaling \$580 million. This represents an increase of 15% in the number of loans and an increase of \$81 million, or 16%, 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.

<b>SUMMARY OF LENDING ACTIVITY</b> <b>January 1, 2011 – December 31, 2012</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	368	6	\$40,410	7
Refinancings	1,212	19	\$98,984	17
Home Improvement	867	13	\$28,467	5
Multi-Family	14	-	\$2,881	0
<b>Total HMDA-related</b>	<b>2,461</b>	<b>38</b>	<b>\$170,742</b>	<b>29</b>
<b>Total Small Business</b>	<b>3,453</b>	<b>53</b>	<b>\$369,040</b>	<b>64</b>
<b>Total Small Farm</b>	<b>600</b>	<b>9</b>	<b>\$40,374</b>	<b>7</b>
<b>TOTAL LOANS</b>	<b>6,514</b>	<b>100</b>	<b>\$580,156</b>	<b>100</b>

Note: This table includes bank and affiliate loans made both inside and outside its assessment areas.

**Assessment Area Concentration:** A substantial majority of loans originated by Five Star were extended in the bank’s assessment areas as detailed in the chart below:

<b>LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA</b>								
<b>January 1, 2011 – December 31, 2012</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Home Purchase	352	96	\$37,846	90	16	4	\$4,644	10
Refinancings	1,182	98	\$96,774	98	30	2	\$2,210	2
Home Improvement	854	98	\$28,077	99	13	2	\$390	1
Multi-Family	14	100	\$2,881	100	0	0	\$0	0
<b>Total HMDA-related</b>	<b>2,402</b>	<b>98</b>	<b>\$165,578</b>	<b>97</b>	<b>59</b>	<b>2</b>	<b>\$5,164</b>	<b>3</b>
<b>Total Small Business</b>	<b>3,321</b>	<b>96</b>	<b>\$351,550</b>	<b>95</b>	<b>132</b>	<b>4</b>	<b>\$17,490</b>	<b>5</b>
<b>Total Small Farm</b>	<b>564</b>	<b>94</b>	<b>\$36,456</b>	<b>90</b>	<b>36</b>	<b>6</b>	<b>\$3,918</b>	<b>10</b>
<b>TOTAL LOANS</b>	<b>6,287</b>	<b>97</b>	<b>\$553,584</b>	<b>95</b>	<b>227</b>	<b>3</b>	<b>\$26,572</b>	<b>5</b>

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 poor penetration in LMI geographies based on good performance in the Non-MSA assessment area, and poor performance in MSA 40380 (Rochester, NY) and MSA 15380 (Buffalo-Niagara Falls, NY). Additional analysis of loan penetration revealed significant lending gaps in LMI tracts within the Rochester assessment area and in MSA 15380 (Buffalo-Niagara, NY).

### Borrower Distribution

The overall distribution of loans among borrowers of different income levels and businesses and farms of different sizes was adequate based on good performance in MSA 40380 (Rochester, NY), and adequate performance in the Non-MSA assessment area and in MSA 15380 (Buffalo-Niagara Falls, NY). Five Star ranked 2<sup>nd</sup> out of 119 lenders in HMDA lending to LMI borrowers in the Non-MSA assessment area, 14<sup>th</sup> out of 143 lenders in HMDA lending to LMI borrowers in MSA 40380 and 44<sup>th</sup> out of 127 lenders in HMDA lending to LMI borrowers in MSA 15380.

### Community Development Lending

Five Star Bank was a leader in community development lending performance in all three full scope assessment areas.

As depicted in the chart on the next page, the bank extended 171 community development loans totaling \$175 million, which represents a 28% increase on an annualized basis since the prior examination. Of the total, \$144 million, or 82% of total activity, represented new loans made

since the prior examination. The bank’s community development lending volume exceeded that of similarly-situated banks in its assessment areas.

Five Star’s community development lending program targeted revitalization and stabilization and economic development. Community contacts have identified revitalization and stabilization of distressed areas as a critical need throughout Five Star’s assessment areas.

<b>Community Development Lending Summary</b>										
<b>January 1, 2011 - September 30, 2013</b>										
<b>Assessment Area</b>	<b>#</b>	<b>Affordable Housing (\$000s)</b>	<b>#</b>	<b>Community Services (\$000s)</b>	<b>#</b>	<b>Economic Development (\$000s)</b>	<b>#</b>	<b>Revitalize and Stabilize (\$000s)</b>	<b>#</b>	<b>Total (\$000s)</b>
Non MSA	15	12,274	38	8,103	19	37,296	26	39,212	98	96,885
MSA 40380	8	629	25	9,837	9	8,353	6	3,897	48	22,716
MSA 15380	1	2,319	3	18,000	3	10,700	6	17,102	13	48,121
MSA 21300	3	1,615	6	3,881	2	1,067	0	0	11	6,563
Statewide	0	0	0	0	1	230	0	0	1	230
<b>Total CD Loans</b>	<b>27</b>	<b>16,837</b>	<b>72</b>	<b>39,821</b>	<b>34</b>	<b>57,646</b>	<b>38</b>	<b>60,211</b>	<b>171</b>	<b>174,515</b>
<b>Percent Total # / \$</b>	<b>16%</b>	<b>10%</b>	<b>42%</b>	<b>23%</b>	<b>20%</b>	<b>33%</b>	<b>22%</b>	<b>34%</b>	<b>100%</b>	<b>100%</b>

## INVESTMENT TEST

Five Star’s investment test performance is rated High Satisfactory based on excellent performance in the Non-MSA assessment area, good performance in MSA 40380 (Rochester, NY), and adequate performance in MSA 15380 (Buffalo-Niagara Falls, NY).

As shown in the table below, Five Star’s qualified community development investments were responsive to credit and community development needs. Qualified investments totaled \$53 million. Of the total, \$44 million, or 83% of total activity, represented new investments made since the prior examination. While current period qualified investment volume represented an annualized 10% decrease from Five Star’s prior examination performance, the bank’s qualified investment performance exceeded similarly-situated large retail banks in the bank’s assessment area.

Qualified Investment Summary										
January 1, 2011 - September 30, 2013										
Assessment Area	#	Affordable Housing (\$000s)	#	Community Services (\$000s)	#	Economic Development (\$000s)	#	Revitalize and Stabilize (\$000s)	#	Total (\$000s)
Non MSA	2	\$10	167	\$3,420	1	\$30	201	\$28,565	371	\$32,025
MSA 40380	0	\$0	44	\$94	1	\$1	71	\$9,708	116	\$9,803
MSA 15380	0	\$0	8	\$1,165	0	\$0	0	\$0	8	\$1,165
MSA 21300	2	\$10	24	\$16	0	\$0	13	\$3,220	39	\$3,246
Statewide	0	\$0	3	\$955	8	\$4,753	5	\$1,475	16	\$7,183
Total Qualified Investments	4	\$20	246	\$5,650	10	\$4,784	290	\$42,968	550	\$53,422
Percent Total # / \$	4%	0%	45%	11%	2%	9%	53%	80%	100%	100%

A total of \$48 million or 91% by dollar amount, of total qualified investments consisted of the purchase of municipal bonds that assisted in revitalizing LMI or distressed middle-income census tracts.

Qualified investments totals include 189 grants and contributions totaling \$189,000, to organizations providing community services or sponsoring affordable housing and economic development activities throughout the bank's assessment areas. Additionally, \$4.8 million in qualified investments consisted of equity investments in eight limited partnerships that invest in small business development activities throughout the State of New York.

## SERVICE TEST

Five Star's service test performance is rated Needs to Improve based on poor performance in MSA 40380 (Rochester, NY) and poor performance in MSA 15380 (Buffalo-Niagara Falls, NY). Performance in the Non-MSA assessment area was excellent.

## Retail Services

Five Star's branches were unreasonably inaccessible to portions of the assessment areas and to individuals of different income levels. As of December 31, 2012, the bank operated 54 branches, 10 of which, or 19%, were located in LMI tracts. While this compares favorably to the 23% of the assessment area's population that resides in LMI tracts, in MSA 40380 and in MSA 15380 there are no branches in the LMI tracts in the Cities of Rochester and Buffalo. Alternative delivery systems somewhat enhanced the bank's performance; Five Star, operated 13 off-site ATM locations across its assessment areas, 2 of which, or 15%, 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 31 ATMs, 16 of which are in the Rochester MSA, without charge. Six of the ATMs or 38% are in LMI areas.

Branch changes generally have not adversely affected overall accessibility of delivery systems. In June and August of 2012, Five Star acquired eight branches from First Niagara Bank as part of the HSBC divestiture and consolidated four of them with existing Five Star branches. The

acquisition added three branches in MSA 40380 two in Orleans County and one in Monroe County. One of the branches in Orleans County was located in a moderate-income tract while the other in a middle-income tract. The branch in Monroe County was located in a middle-income tract. Additionally in the non-MSA assessment area a branch was added in Genesee County in a middle-income tract. Since the prior examination, one limited service branch was closed in Wyoming County. The branch was in a middle-income census tract.

Full-Service branch business hours are relatively consistent regardless of location. All branches provide similar products and services. Extended hours are available at all branches, although only 37 branches are open on Saturdays. In LMI areas, four of the ten branches in LMI areas 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 provided a good level of community development services in its assessment areas. During the examination period, the bank conducted 46 community development service events, which consisted of financial literacy and housing seminars, as well as technical assistance to non-profits and small businesses in its assessment area.

<b>SUMMARY OF COMMUNITY DEVELOPMENT SERVICES January 1, 2011 – September 30, 2013</b>	
<b>Activity Type</b>	<b>Current Examination Total</b>
Residential Mortgage/First-time Homebuyer Seminars	4
Technical Assistance to Community Organizations	20
Financial Literacy Events	22
<b>TOTAL ACTIVITY</b>	<b>46</b>

Bank officers and employees also served on the boards and committees of 164 community development organizations and provided financial management expertise and technical assistance to these organizations.

The following are examples of community development services provided by the bank:

- Four of Five Star's officers serve as members of the board of directors and/or loan committee members of industrial development agencies that promote business development in four upstate New York counties.
- Four officers serve on the boards of directors of agencies that promote economic development in western upstate New York.

- An officer serves on finance committees of two non-profit agencies that provide community services such as group homes, foster care, disaster relief, and emergency shelter to LMI people.
- An officer serves as Treasurer and as a member of the finance committee of the board of directors of a hospital system serving the distressed areas of Steuben County.
- One officer serves as a trustee and as a member of the finance committee of a food bank for LMI individuals in western upstate New York.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

During the consumer affairs examination conducted concurrently with this CRA evaluation, substantive violations of the Equal Credit Opportunity Act as implemented by Regulation B and the Fair Housing Act were identified. The institution's fair lending program did not adequately identify, prevent, or in any way remediate the violations. As a result of these violations, the bank's CRA rating was downgraded to Needs to Improve.

## **NON-METROPOLITAN AREA (FULL REVIEW)**

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

### **DESCRIPTION OF INSTITUTION'S OPERATIONS**

This assessment area contains the largest proportion of Five Star's loans and deposits. As shown in the Summary of Key Assessment Area Data table on page 6, Five Star operates 30 branches in the Non-MSA assessment area and 56% of the bank's HMDA-related, small business and small farm loans were originated in this assessment area.

As of June 30, 2012, 60% of Five Star's deposits were held in this assessment area. With a deposit market share of 18%, Five Star was the second largest depository institution, behind Community Bank National Association, which had 19% of deposits. Other lead banks in terms of deposit market share were Manufacturers and Traders Trust Company, First Niagara Bank National Association, Bank of Castile, Key Bank National Association, 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 2010 Census, the Non-MSA Assessment area’s population totals 515,977. The Non-MSA assessment area contains 21% of the bank’s combined assessment area population. Within the Non-MSA full scope assessment area, fifty 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 for 2011 according to the 2000 census and five census tracts in Schuyler county meet the FFIEC definition of underserved middle-income census tracts for remote rural areas. In 2012, there are no distressed census tracts based on 2010 census data. The five census tracts in Schuyler County continue to be underserved under the 2010 Census data.

*Income Characteristics*

The HUD-adjusted median family incomes for the various counties in the Non-MSA assessment in 2012 area ranged from a low of \$53,000 in Cattaraugus County to a high of \$62,000 in Cayuga County. Based on the 2010 Census, of the 137 census tracts included in the analysis, 2 or 2%, are low-income, 13 or 10% are moderate-income, 110 or 80% are middle-income, 10 or 7% are upper-income and 2 or 1% are of unknown-income. Ten percent of all families within the Non-MSA have incomes below the poverty level.

*Housing Characteristics*

The Non-MSA assessment area contains 250,976 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 6% are in the moderate-income census tracts. Owner-occupied housing units represent 20% 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 \$106,000 in Seneca County in 2012 to a high of \$131,000 in Schuyler County in 2013.

MEDIAN HOUSING SALES PRICE		
Area	2012	2013
Cayuga County	\$110,250	\$110,000
Cortland County	\$115,000	\$115,500
Schuyler County	\$125,000	\$131,000
Seneca County	\$106,000	\$117,000
Steuben County	\$107,000	\$108,900

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 5 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 2010 Census estimated the median age of the housing stock throughout the assessment area to be 56 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 has made a steady comeback from the worst U.S. economic downturn in 75 years. The wholesale and retail sector has been a leader, adding back 4,000 jobs since April 2010. Other areas of the economy showing growth include the financial sector, the leisure and hospitality sector, and manufacturing. During the examination period, average annual unemployment rates increased slightly from 8.2% in 2011 to 8.4% in 2012 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 next 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	1,332	1.0	449	33.7	27,076	20.0
Moderate-income	13	9.5	10,872	8.0	2,225	20.5	24,512	18.1
Middle-income	110	80.3	111,747	82.4	10,253	9.2	31,340	23.1
Upper-income	10	7.3	11,621	8.6	556	4.8	52,644	38.8
Unknown-income	2	1.5	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>137</b>	<b>100.0</b>	<b>135,572</b>	<b>100.0</b>	<b>13,483</b>	<b>9.9</b>	<b>135,572</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	3,575	710	0.5	19.9	2,575	72.0	290	8.1
Moderate-income	20,552	9,292	6.2	45.2	8,433	41.0	2,827	13.8
Middle-income	207,878	126,094	84.4	60.7	43,193	20.8	38,591	18.6
Upper-income	18,962	13,293	8.9	70.1	3,086	16.3	2,583	13.6
Unknown-income	9	0	0.0	0.0	0	0.0	9	100.0
<b>Total Assessment Area</b>	<b>250,976</b>	<b>149,389</b>	<b>100.0</b>	<b>59.5</b>	<b>57,287</b>	<b>22.8</b>	<b>44,300</b>	<b>17.7</b>
	<b>Total Businesses by Tract*</b>	<b>Businesses by Tract &amp; Revenue Size*</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	630	2.7	521	2.5	68	4.8	41	3.7
Moderate-income	2,131	9.0	1,825	8.7	207	14.5	99	8.8
Middle-income	19,036	80.5	17,075	80.9	1,054	73.9	907	80.8
Upper-income	1,839	7.8	1,666	7.9	97	6.8	76	6.8
Unknown-income	7	0.0	7	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>23,643</b>	<b>100.0</b>	<b>21,094</b>	<b>100.0</b>	<b>1,426</b>	<b>100.0</b>	<b>1,123</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>89.2</b>		<b>6.0</b>		<b>4.7</b>
	<b>Total Farms by Tract*</b>	<b>Farms by Tract &amp; Revenue Size*</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	1	0.0	1	0.0	0	0.0	0	0.0
Moderate-income	16	0.7	16	0.7	0	0.0	0	0.0
Middle-income	2,010	88.4	1,965	88.5	44	86.3	1	100.0
Upper-income	246	10.8	239	10.8	7	13.7	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2,273</b>	<b>100.0</b>	<b>2,221</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>97.7</b>		<b>2.2</b>		<b>.0</b>

\*Based on 2012 D&B information according to 2010 ACS Boundaries.

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

### **LENDING TEST**

Five Star's performance under the lending test was good. This conclusion is based on good lending activity, an adequate distribution of loans to borrowers of different income levels and businesses and farms of different sizes, and good geographic distribution of the bank's loans. The bank was a leader in community development lending in the assessment area.

### **Lending Activity**

Five Star demonstrated good 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 18% of deposits, seventh in home purchase lending (2% market share), third in refinance lending (10% market share), second in home improvement lending (14% market share), third in small business lending (9% market share), and third in small farm lending (22% market share). Peer comparisons based on the number of loans per billion dollars of deposits indicate that the bank's performance is comparable to the lending volume of peer banks.

Five Star's volume in the number of HMDA-related loans, small business, and small farm loans increased 13% compared to the previous examination period, despite home purchase and small farm volume decreasing 18% and 5% respectively. Refinance volume increased 50%, home improvement 11%, and small business 13%. The increase in volume was comparable to the aggregate which experienced an overall volume increase of 12%. The aggregate's home purchase volume increased less than 1%, while refinance volume increased 10%, home improvement volume increased 42%, small business volume increased 8% and small farm volume increased 19%.

### **Geographic Distribution**

Five Star's overall geographic distribution of loans reflects good penetration throughout the assessment area. This conclusion is based on the bank's good lending penetration in moderate-income geographies. Opportunities for HMDA related lending in low-income geographies were limited as reflected in the demographics of the assessment area and as a result the review only evaluated the bank's performance in the moderate-income geographies. Based on the 2010 Census, only 0.5% of the available owner-occupied housing units were located within low-income geographies (in the 2000 Census, only .2). The aggregate performance further reflects the limited opportunity for HMDA-related lending. In 2012 only 37 HMDA-related loans were made in low-income geographies. Opportunities for lending in moderate-income geographies were better as according to the 2010 Census 6.2% of owner-occupied housing units were in moderate-income geographies (in the 2000 Census 4.7%).

### *Home Purchase Loans*

Five Star's home purchase performance in moderate-income geographies in 2012 was excellent. Five Star originated 8% of its home purchase loans in moderate-income geographies in 2012 compared to 6% of owner-occupied housing units located in moderate-income geographies in the non-MSA assessment area. Five Star's performance in moderate-income geographies was above the market aggregate, which made 5% of its home purchase loans in moderate-income geographies in 2012. Home purchase lending performance in moderate-income geographies in 2012 exceeded performance in 2011 as Five Star originated 3% of its home purchase loans in moderate-income geographies in 2011.

### *Refinance Loans*

Five Star's refinance lending performance in moderate-income geographies was adequate. Five Star originated 4% of its refinance loans in moderate-income geographies in 2012 compared to 6% of owner-occupied housing units located in moderate-income geographies in the non-MSA assessment area. Five Star's performance in 2012 was above the market aggregate which originated 3% of its refinance loans in moderate-income census tracts. Five Star's 2012 refinance lending performance exceeded its 2011 performance in moderate-income geographies.

### *Home Improvement Loans*

Five Star's home improvement lending performance in moderate-income census tracts was good. Five Star originated 5% of its home improvement loans in moderate-income census tracts in 2012 compared to 6% of owner-occupied housing units located in moderate-income census tracts in the non-MSA assessment area. Five Star's performance was above the market aggregate which also originated 4% of its home improvement loans in moderate-income census tracts. Five Star's 2012 home improvement lending performance exceeded its 2011 performance in moderate-income geographies.

### *Small Business Lending*

Five Star's small business performance is considered adequate based on adequate performance in moderate-income geographies and poor performance in low-income geographies although opportunities for small business lending in low-income geographies were limited as only 3% of all business establishments were in low-income geographies in 2012. The bank's performance in low-income geographies is considered poor as Five Star originated 1% of its small business loans in low-income geographies which is below both the demographic and the performance of the market aggregate which originated 3% of its small business loans in low-income geographies. Five Star's small business lending performance in 2011 was comparable to 2012.

Five Star's small business performance in moderate-income geography was adequate as the bank originated 6% of its small business loans in moderate-income geographies while 9% of all business establishments were in moderate-income geographies based on 2012 D&B data. Small business performance was below the market aggregate which originated 8% of its small business loans in moderate-income geographies. Five Star's small business performance in 2011 was comparable to its 2012 performance.

### *Small Farm Lending*

Five Star did not make any small farm loans in low- or moderate-income geographies. Opportunities for small farm lending in low- or moderate-income geographies are limited as D&B data indicates only 1 small farm in low-income geographies and 16 in moderate-income geographies. The aggregate made 5 small farm loans in moderate-income geographies in 2012 or less than 1% of small farm loans.

### **Distribution by Borrower and Revenue Size of Business**

Five Star's distribution of borrowers in the assessment area reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. Overall, lending to low- and moderate-income borrowers was adequate and lending to small businesses and small farms was also good.

While home ownership is generally affordable to moderate-income borrowers in the non-MSA assessment area, housing costs are approximately 3 to 4 times the income levels of low-income borrowers making home ownership unaffordable for many low-income people.

### *Home Purchase Loans*

Five Star's home purchase lending to low-income borrowers was adequate. Five Star made 11% of its home purchase loans to low-income borrowers while 20% of families in the Non-MSA assessment area are of low-income. Home purchase performance was above the performance of the aggregate which made 7% of its home purchase loans to low-income borrowers. Five Star's 2011 home purchase performance was comparable.

Home purchase lending to moderate-income borrowers was poor. Five Star made 13% of its home purchase loans to moderate-income borrowers when 18% of families in the Non-MSA assessment area are of moderate-income. Home purchase performance was below the market aggregate which made 21% of its home purchase loans to moderate-income borrowers. Five Star's 2011 home purchase lending performance exceeded its 2012 performance as 30% of its home purchase loans went to moderate-income borrowers.

### *Refinance Loans*

Refinance lending to low-income borrowers was adequate as 7% of refinance loans were to low-income borrowers when 20% of the families in the Non-MSA assessment area are of low-income. Performance however was above the aggregate which made 5% of its refinance loans to low-income borrowers. Five Star's 2011 refinance performance was comparable.

Refinance lending to moderate-income borrowers was good. Five Star made 17% of its refinance loans to moderate-income borrowers when 18% of families in the Non-MSA assessment area are of moderate-income. Refinance performance was above the aggregate which made 15% of its home purchase loans to moderate-income borrowers. Five Star's 2011 refinance performance exceeded its 2012 performance.

### *Home Improvement Loans*

Five Star's home improvement lending to low-income borrowers was good. Five Star made 15% of its home purchase loans to low-income borrowers when 20% of families in the Non-MSA assessment area are of low-income. Home improvement performance was above the performance of the aggregate which made 12% of its home improvement loans to low-income borrowers. Five Star's 2011 home improvement performance to low-income borrowers was below its 2012 performance.

Home improvement lending performance to moderate-income borrowers was excellent. Five Star made 28% of its home improvement loans to moderate-income borrowers when 18% of families in the Non-MSA assessment area are of moderate-income. Home improvement performance was above the aggregate which made 25% of its home improvement loans to moderate-income borrowers. Five Star's 2011 home performance was comparable.

### *Small Business Lending*

Five Star provided a good level of lending to small business borrowers with gross annual revenue (GAR) of \$1 million or less. The bank made 73% 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 33% of its small business loans to businesses with GAR of \$1 million or less. The bank made 82% of its small business loans in amounts of \$100,000 or less, which was below the aggregate, which made 93% of its small business loans in amounts of \$100,000 or less. However, the aggregate includes credit card lenders which typically have smaller loan amounts. The average size of Five Star Bank's small business loans was \$90,000. Performance in 2011 was comparable to 2012.

### *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. The bank made 86% of its small farm loans to these farms, compared to the 98% of small farms in the assessment area with GAR of \$500,000 or less. Performance was slightly above the aggregate which made 70% of its small farm loans to farms with GAR of less than \$500,000. Performance in 2011 was comparable to 2012.

2012 Aggregate Comparison Loan Distribution Table

Assessment Area/Group: Non-MSA

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	0.4%	0.2%	10	10.9%	5.1%	6.9%	3.9%
Moderate	7	7.6%	5.3%	5.0%	3.3%	12	13.0%	7.8%	21.2%	15.4%
Middle	77	83.7%	80.9%	84.4%	84.1%	16	17.4%	12.0%	24.9%	22.4%
Upper	8	8.7%	13.8%	10.1%	12.3%	50	54.3%	71.6%	33.1%	46.1%
Unknown	0	0.0%	0.0%	0.2%	0.1%	4	4.3%	3.5%	13.9%	12.3%
<b>Total</b>	<b>92</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>92</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	2	0.5%	0.6%	0.4%	0.2%	28	6.6%	3.5%	4.5%	2.2%
Moderate	18	4.2%	3.0%	3.4%	2.1%	71	16.7%	11.8%	15.4%	9.6%
Middle	363	85.4%	84.5%	83.1%	82.1%	140	32.9%	29.1%	25.2%	19.3%
Upper	42	9.9%	12.0%	13.0%	15.4%	171	40.2%	52.4%	47.0%	60.5%
Unknown	0	0.0%	0.0%	0.1%	0.2%	15	3.5%	3.2%	7.9%	8.5%
<b>Total</b>	<b>425</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>425</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	0.3%	0.2%	44	15.3%	5.8%	11.5%	4.7%
Moderate	15	5.2%	2.8%	4.2%	2.1%	80	27.9%	19.5%	24.7%	15.4%
Middle	249	86.8%	86.0%	87.1%	84.5%	72	25.1%	25.5%	28.7%	23.8%
Upper	23	8.0%	11.2%	8.3%	13.2%	88	30.7%	48.3%	32.4%	51.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	1.0%	0.9%	2.8%	4.3%
<b>Total</b>	<b>287</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>287</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	1	100.0%	100.0%	13.0%	19.4%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	4.3%	0.9%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	73.9%	63.3%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	8.7%	16.4%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	100.0%	100.0%	100.0%	100.0%
<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	3	0.4%	0.4%	0.4%	0.6%	82	10.2%	4.2%	6.8%	3.1%
Moderate	40	5.0%	3.3%	4.2%	2.6%	163	20.2%	12.5%	19.4%	12.3%
Middle	689	85.6%	84.1%	84.4%	82.7%	228	28.3%	25.5%	25.8%	20.5%
Upper	73	9.1%	12.2%	10.9%	13.9%	309	38.4%	55.0%	38.6%	52.3%
Unknown	0	0.0%	0.0%	0.1%	0.1%	23	2.9%	2.9%	9.3%	11.8%
<b>Total</b>	<b>805</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>805</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Low	7	0.9%	0.7%	2.5%	3.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	50	6.1%	6.4%	7.9%	9.9%	0	0.0%	0.0%	.5%	.4%
Middle	665	81.0%	82.7%	76.7%	77.5%	181	85.8%	90.5%	86.9%	88.9%
Upper	99	12.1%	10.2%	8.0%	8.7%	30	14.2%	9.5%	12.5%	10.6%
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%	4.9%	0.8%	0	0.0%	0.0%	0.1%	0.0%
<b>Total</b>	<b>821</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>211</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL FARM</b>										
<b>By Revenue</b>										
\$1 Million or Less	601	73.2%	33.4%	33.2%	33.8%	181	85.8%	65.2%	70.2%	62.4%
<b>By Loan Size</b>										
\$100,000 or less	674	82.1%	31.6%	93.1%	35.0%	189	89.6%	53.7%	84.0%	40.1%
\$100,001-\$250,000	80	9.7%	19.6%	3.9%	18.5%	13	6.2%	18.2%	10.4%	27.5%
\$250,001-\$1 Million	67	8.2%	48.8%	3.1%	46.5%	9	4.3%	28.1%	5.6%	32.3%
<b>Total</b>	<b>821</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>211</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Originations and Purchases

**Community Development Lending:**

Five Star’s level of community development lending was excellent in the Non-MSA assessment area, with 98 loans totaling \$97 million, or 50% of the bank’s total community development lending. This conclusion was supported by a comparison to similarly-situated large retail banks in the assessment area. New commitments represented \$69 million of total community development loans in the Non-MSA assessment area, or 72% of total activity.

<b>Community Development Loans</b>		
<b>Purpose</b>	<b>#</b>	<b>\$(000s)</b>
Affordable Housing	15	\$12,274
Economic Development	19	\$37,296
Community Services	38	\$8,103
Revitalize and Stabilize	26	\$39,212
<b>Totals</b>	<b>98</b>	<b>\$96,885</b>

Within the Non-MSA assessment area, efforts were distributed among the applicable categories of community development lending, with an emphasis, in terms of dollar amounts on revitalization and stabilization and economic development, as noted in the table above.

Examples of community development lending included:

- A \$2.6 million loan to acquire the stock of a company that manufacturers keyboard trays, ergonomic tables, motion support monitors, and provides engineering for motion control solutions. The company is located in a moderate-income area of Jamestown, NY. The sale of the company will help revitalize the moderate-income area of Jamestown and will retain over 100 jobs in a depressed area of New York State.
- An \$800,000 line of credit to a non-profit organization that provides services to the developmentally disabled with the goal of helping them to be independent.
- A \$2.6 million construction loan to a local development corporation for the construction of a medical office building. Construction of the building will bring jobs to a distressed area of New York State.
- A \$5 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. Five Star compared favorably to similarly-situated large retail banks in the assessment area. Five Star was ranked second out of four banks in annualized qualified investments as a percentage of MSA deposits in the Non-MSA assessment area.

<b>Community Development Investments</b>		
<b>Purpose</b>	<b>#</b>	<b>\$(000s)</b>
Affordable Housing	2	\$10
Economic Development	167	\$3,420
Community Services	1	\$30
Revitalize and Stabilize	201	\$28,565
<b>Totals</b>	<b>371</b>	<b>\$32,025</b>

Qualified investments totaled \$32 million, or 60% of Five Star’s total qualified investment activity. Qualified investments in the form of charitable grants and contributions totaled \$73 thousand. Seventy-eight percent of Five Star’s qualified investments in the Non-MSA assessment area were new investments made since the prior CRA examination. Qualified investments in the Non-MSA assessment area included:

- A \$4.9 million investment in municipal bonds of various cities and towns throughout the Non-MSA assessment area. Proceeds were utilized to assist in revitalizing low- and moderate-income areas.
- Investment of \$14.6 million in municipal bonds for twenty-three school districts in distressed middle-income census tracts. The bonds assisted in revitalizing these geographies through activities that helped to attract or retain businesses and residents. Examples include construction and renovation of facilities, the acquisition of school buses, and capital improvements such as enhancements to technological resources.
- Investment of \$8.4 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.

## **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**

The bank's delivery systems were readily accessible to all portions of the Non-MSA assessment area, including LMI areas. Overall, Five Star has 30 branches in the Non-MSA assessment area, of which 4, or 13%, are located in LMI areas. This compares favorably to the 10% of the Non-MSA population that resides in LMI areas. Additionally, eight branches are located in distressed middle-income census tracts.

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 9 off-site ATMs in the Non-MSA, with one located in an LMI tract.

Branch changes did not adversely affect overall accessibility of delivery systems. Five Star added one branch in Batavia, NY acquired from First Niagara as a result of the HSBC branch divestiture.

The bank'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 19 of the 30 branches in the Non-MSA, or 63%, also open on Saturdays. Three of the four 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. The bank provided 17 financial seminars to LMI individuals, community organizations, and small businesses. Examples include:

- Financial literacy instruction at several high schools and elementary schools in the Non MSA located in a moderate-income census tract and in distressed middle-income census tracts.
- Provided tax-preparation assistance to low-and moderate-income individuals throughout the non-MSA assessment area.

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 47 Five Star officers served as directors, advisors or committee members for 96 organizations throughout the bank's Non-MSA assessment area. Examples of the bank'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.
- Two officers serve as board members of the local Cornell Cooperative Extension in their respective counties. The Cornell Cooperative Extension is an organization that puts Cornell University's land grant programs to work in improving economic vitality, social well-being and ecological sustainability.
- One officer serves on the loan committee of an economic development agency that targets economic growth in Schuyler County through such services as revolving loan funds, workforce development grants, and tax incentives.
- One officer is secretary to the Board of Directors of a non-profit organization that provides subsidized housing in Cayuga County.

## **METROPOLITAN AREA**

**(FULL REVIEW)**

**MSA 40380 (ROCHESTER, NY)**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS**

As of December 31, 2012, Five Star operated 18 branches, or 33% of its branches in MSA 40380. As of June 30, 2012, 32% of the bank's deposits were in the MSA. Five Star ranks 7<sup>th</sup> in deposit market share in this MSA, with a deposit market share of 5%. The market is highly competitive with large depository institutions such as Manufacturers and Traders Trust Co., JPMorgan Chase Bank NA, Canandaigua National Bank & Trust Co., RBS Citizens National Association, First Niagara Bank NA., and Key Bank NA., as the lead banks in terms of deposit market share. For additional assessment area details, see Summary of Key Assessment Area Data table on page 6.

### **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, Monroe, Ontario, and portions of Orleans Counties. According to the 2010 Census, the MSA's population totals 952,274. The MSA contains 39% of the bank's combined assessment area population.

#### *Income Characteristics*

The HUD-adjusted median family income for MSA 40380 was \$67,800 in 2011 and \$68,700 in 2012. Of the 240 census tracts in the assessment area, 41, or 17%, are low-income, and 42, or 18%, are moderate-income. Forty of the 41 low-income census tracts and 34 of the 42 moderate-income census tracts are in Monroe County, primarily in the City of Rochester. Nine percent of all families within the assessment area have incomes below the poverty level.

*Housing Characteristics*

The Rochester MSA assessment area contains 407,095 housing units, of which 63% are owner-occupied. Of the owner-occupied housing units 4% are in low-income census tracts and 12% are in moderate-income census tracts. Owner-occupied housing units represent 21% and 48% of total housing units in low- and moderate-income census tracts, respectively. Demographic information from the 2010 census estimated that the median age of the housing stock to be 49 years.

<b>MEDIAN HOUSING SALES PRICE</b>		
<b>Area</b>	<b>2011</b>	<b>2012</b>
Livingston County	\$137,500	\$135,000
Monroe County	\$125,000	\$128,000
Ontario County	\$144,000	\$145,000
Orleans County*	n/a	n/a
Source: NYS Association of Realtors		
*Data for Orleans County not available		

In 2012, housing costs in the Rochester MSA were 3.7 to 4.2 times the median family income of a low-income borrower, making housing affordability difficult for low-income individuals.

*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 albeit at a slower pace than the state as a whole. While job losses were substantial during the economic downturn, the Rochester area fared better than the nation as a whole, as unemployment averaged 7.8% for 2011 and 8.1% for 2012 compared to 8.9% and 8.1% for the nation as a whole, in 2011 and 2012, respectively. Detailed demographic data for this assessment area is provided in the chart on the next page:

<b>Assessment Area Demographics</b>								
<b>Assessment Area: MSA 40380</b>								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	41	17.1	17,940	7.6	7,533	42.0	48,613	20.7
Moderate-income	42	17.5	32,767	13.9	5,534	16.9	40,603	17.3
Middle-income	105	43.8	121,838	51.8	6,560	5.4	51,309	21.8
Upper-income	48	20.0	62,793	26.7	1,546	2.5	94,813	40.3
Unknown-income	4	1.7	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>240</b>	<b>100.0</b>	<b>235,338</b>	<b>100.0</b>	<b>21,173</b>	<b>9.0</b>	<b>235,338</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	42,153	9,012	3.5	21.4	24,266	57.6	8,875	21.1
Moderate-income	65,850	31,277	12.3	47.5	26,886	40.8	7,687	11.7
Middle-income	206,093	140,114	55.1	68.0	50,904	24.7	15,075	7.3
Upper-income	92,985	73,907	29.1	79.5	14,624	15.7	4,454	4.8
Unknown-income	14	10	0.0	71.4	4	28.6	0	0.0
<b>Total Assessment Area</b>	<b>407,095</b>	<b>254,320</b>	<b>100.0</b>	<b>62.5</b>	<b>116,684</b>	<b>28.7</b>	<b>36,091</b>	<b>8.9</b>
	<b>Total Businesses by Tract*</b>	<b>Businesses by Tract &amp; Revenue Size*</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	4,901	10.4	4,087	9.7	609	18.4	205	12.1
Moderate-income	6,025	12.8	5,321	12.7	438	13.3	266	15.7
Middle-income	23,080	49.2	20,701	49.3	1,472	44.6	907	53.6
Upper-income	12,882	27.4	11,803	28.1	768	23.3	311	18.4
Unknown-income	59	0.1	40	0.1	16	0.5	3	0.2
<b>Total Assessment Area</b>	<b>46,947</b>	<b>100.0</b>	<b>41,952</b>	<b>100.0</b>	<b>3,303</b>	<b>100.0</b>	<b>1,692</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>89.4</b>		<b>7.0</b>		<b>3.6</b>
	<b>Total Farms by Tract*</b>	<b>Farms by Tract &amp; Revenue Size*</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	1	0.1	1	0.1	0	0.0	0	0.0
Moderate-income	66	6.2	65	6.3	1	2.9	0	0.0
Middle-income	844	79.2	813	78.9	31	91.2	0	0.0
Upper-income	154	14.5	152	14.7	2	5.9	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,065</b>	<b>100.0</b>	<b>1,031</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>				<b>96.8</b>		<b>3.2</b>		<b>.0</b>

\*Based on 2012 D&B information according to 2010 ACS Boundaries.

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

### **LENDING TEST**

Five Star's overall performance under the lending test in the Rochester MSA is considered adequate. Overall lending activity during the two years in the evaluation period was adequate while the distribution of loans to borrowers of different income levels and businesses of different sizes was good. The geographic distribution of lending was poor as analysis of the distribution of lending revealed conspicuous gaps in lending that excluded the LMI census tracts of the City of Rochester. Community development lending was excellent as the bank was a leader in community development lending in the assessment area

### **Lending Activity**

Five Star demonstrated adequate 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 seventh in deposit market share, with a 5% market share of deposits, thirty-fifth in home purchase lending (less than 1% market share), fourteenth in refinance lending (2% market share), seventh in home improvement lending (5% market share), tenth in small business lending (3% market share), and second in small farm lending (17% market share). Peer comparisons based on the number of loans per billion dollars of deposits indicate that the bank's performance is comparable with the lending volume of similarly-situated banks.

### **Geographic Distribution**

Five Star's overall geographic distribution of loans reflects poor penetration throughout the assessment area. This lending performance is based on poor penetration by the bank in low-income geographies and adequate lending penetration in moderate-income geographies. The rating also considers an analysis of conspicuous gaps in lending which indicates that Five Star in 2012 did not have loans in 28 of the 34 (82%) low-income census tracts and in 21 of the 28 (75%) moderate-income census tracts in the City of Rochester. In comparison, Five Star did not have loans in 11 of 18 (61%) middle-income tracts and in 3 of 5 (60%) upper-income tracts.

#### *Home Purchase Loans*

Five Star's overall home purchase lending distribution was considered poor based on poor performance in low-income geographies and adequate penetration in moderate-income geographies. In 2011 and 2012 Five Star did not make any home purchase loans in low-income geographies where according to the 2010 census 3.5% of all owner-occupied housing units are located (4.1% according to the 2000 census). Performance was below the market aggregate which made 2% of it is home purchase loans in low-income geographies in both 2011 and 2012.

Five Star's performance in moderate-income geographies in 2012 was adequate. Five Star made 9% of its home purchase loans in moderate-income geographies where according to the 2010 census 12% of all owner-occupied housing units are located. Five Star's performance was below

the market aggregate which made 11% of its home purchase loans. Home purchase performance in 2012 was below 2011's performance.

### *Refinance Loans*

Five Star's performance in refinance lending was poor overall based on poor performance in low-income geographies and adequate performance in moderate-income geographies. Five Star made one refinance loan in a low-income geography in 2012. Performance was both below the demographics of the assessment area where according to the 2010 census 3.5% of all owner-occupied are located (4.1% according to the 2000 census) and the market aggregate which made 1% of it is refinance loans in low-income geographies in 2012. Five Star's 2011 performance was comparable.

Five Star's performance in moderate-income geographies in 2012 was adequate. Five Star made 5% of its refinance loans in moderate-income geographies where according to the 2010 census 12% of all owner-occupied housing units are located. Five Star's performance was below the market aggregate which made 7% of its refinance loans in moderate-income geographies. Refinance performance in 2012 was below 2011's performance.

### *Home Improvement*

Five Star's home improvement lending performance in low- and moderate-income geographies was poor based on poor performance in low-income geographies and adequate performance in moderate-income geographies. Five Star did not make home improvement loans in low-income geographies in 2012 and made only two in 2011. Performance was below the demographics of the assessment area where according to the 2010 census 3.5% of all owner-occupied are located (4.1% according to the 2000 census). Performance was also below the market aggregate which made 3% of it is home improvement loans in low-income geographies in 2012.

Five Star's home improvement performance in moderate-income geographies in 2012 was adequate. Five Star made 11% of its home improvement loans in moderate-income geographies where according to the 2010 census 12% of all owner-occupied housing units are located. Five Star's performance was below the market aggregate which made 12% of its home improvement loans in moderate-income geographies. Home improvement performance in 2011 exceeded 2012's performance.

### *Small Business Lending*

Small Business performance for Five Star was good overall based on poor performance in low-income geographies and excellent performance in moderate-income geographies. In 2012 the bank's performance in low-income geographies was poor as Five Star originated 2% of its small business loans in low-income geographies compared to the demographics of the assessment area, where, based on 2012 D&B data, 10% of small businesses operate. Small business performance was also below the performance of the market aggregate which made 8% of its small business loans in low-income geographies. Performance in 2011 was comparable to 2012.

In 2012, Five Star's small business performance in moderate-income geographies was excellent.

Five Star originated 13% of its small business loans. Five Star's small business performance in moderate-income geographies was similar to the demographics of the assessment area, where based on 2012 D&B data, 13% of small businesses operate. Small business performance in moderate-income geographies was below the market aggregate's 14%. Performance in 2011 was comparable to 2012.

#### *Small Farm Lending*

Small farm performance was poor based on performance in moderate-income geographies. Opportunities for small farm lending in low-income geographies were limited as D&B Data indicates only 1 small farm in low-income geographies and 66 or 6% of all small farms in the assessment area in moderate-income geographies. Five Star originated 2% of its small farm loans in moderate-income geographies which was below the demographics. Small farm performance was also below the aggregate which made 6% of its small farm loans in moderate-income geographies.

#### **Distribution by Borrower Income and Revenue Size of Business:**

Lending performance in the Rochester assessment area was good based on good HMDA-related lending to LMI borrowers and good levels of lending to businesses with GAR of \$1 million and small farms with GAR of \$500,000 or less.

While home ownership is generally affordable to moderate-income borrowers in the MSA, housing costs are approximately 3 to 4 times the income levels of low-income borrowers making home ownership unaffordable for many low-income people.

#### *Home Purchase Loans*

Five Star's home purchase lending to low-income borrowers was adequate. Five Star made 12% of its home purchase loans to low-income borrowers when 21% of families in the MSA assessment area are of low-income. Home purchase performance was above the performance of the aggregate which made 10% of its home purchase loans to low-income borrowers. Five Star's 2011 home purchase performance exceeded its 2012 performance.

Home purchase lending to moderate-income borrowers was excellent. Five Star made 25% of its home purchase loans to moderate-income borrowers when 17% of families in the MSA assessment area are of moderate-income. Home purchase performance was above the aggregate which made 22% of its home purchase loans to moderate-income borrowers. Five Star's 2011 home purchase performance was comparable.

#### *Refinance Loans*

Refinance lending to low-income borrowers was poor as 7% of refinance loans were to low-income borrowers compared to 21% of families in the MSA assessment area which are of low-income. Performance however was above the aggregate which made 6% of its refinance loans to low-income borrowers. Five Star's 2011 refinance performance was comparable.

Refinance lending to moderate-income borrowers was excellent. Five Star made 30% of its refinance loans to moderate-income borrowers when 17% of families in the MSA assessment area are of moderate-income. Refinance performance was significantly above the aggregate which made 16% of its refinance loans to moderate-income borrowers. Five Star's 2011 refinance performance was comparable.

#### *Home Improvement Loans*

Five Star's home improvement lending to low-income borrowers was good. Five Star made 18% of its home improvement loans to low-income borrowers when 21% of families in the MSA assessment area are of low-income. Home improvement performance was above the performance of the aggregate which made 11% of its home improvement loans to low-income borrowers. Five Star's 2011 home improvement performance was comparable.

Home improvement lending to moderate-income borrowers was excellent. Five Star made 30% of its home improvement loans to moderate-income borrowers when 17% of families in the MSA assessment area are of moderate-income. Home improvement performance was above the aggregate which made 26% of its home improvement loans to moderate-income borrowers. Five Star's 2011 home performance was comparable.

#### *Small Business Lending*

Five Star provided a good level of lending to businesses with gross annual revenues (GAR) of \$1 million or less. The bank made 70% 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 aggregate which made 29% of its small business loans to businesses with revenues of less than \$ 1 million.

The bank made 77% of its small business loans in amounts of \$100,000 or less, which was below the aggregate which made 94% of its small business loans in amounts of \$100,000 or less. However, the aggregate includes credit card lenders which typically have smaller loan amounts. The average loan size was \$111,000.

#### *Small Farm Lending*

Five Star provided a good level of lending to farms with gross annual revenues (GAR) of \$500,000 or less. The bank made 76% 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 above the aggregate which made 51% of its small farm loans to businesses with revenues of less than \$500,000.

The bank made 81% of its small farm loans in amounts of \$100,000 or less, which was below the market aggregate which made 85% of its small farm loans in amounts of \$100,000 or less. The average loan size was \$84,000.

**2012 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)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	2.2%	1.4%	7	11.9%	5.7%	10.3%	5.8%
Moderate	5	8.5%	6.0%	10.7%	6.6%	15	25.4%	16.5%	21.6%	16.3%
Middle	44	74.6%	63.9%	54.1%	47.3%	17	28.8%	21.8%	20.7%	19.4%
Upper	10	16.9%	30.1%	32.9%	44.7%	20	33.9%	55.9%	28.6%	40.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	18.8%	18.3%
<b>Total</b>	<b>59</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>59</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	1	0.4%	0.2%	1.3%	0.8%	18	7.4%	4.7%	5.8%	3.2%
Moderate	13	5.3%	4.2%	6.6%	4.3%	72	29.6%	25.2%	16.4%	11.2%
Middle	184	75.7%	69.8%	51.7%	44.6%	74	30.5%	29.6%	23.8%	20.0%
Upper	45	18.5%	25.8%	40.4%	50.4%	74	30.5%	37.5%	43.5%	54.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	2.1%	2.9%	10.6%	10.8%
<b>Total</b>	<b>243</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>243</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	3.0%	1.4%	24	18.3%	9.7%	11.4%	4.7%
Moderate	14	10.7%	6.1%	12.2%	6.2%	39	29.8%	21.2%	25.5%	15.2%
Middle	110	84.0%	85.2%	59.6%	55.6%	32	24.4%	26.4%	27.6%	24.6%
Upper	7	5.3%	8.6%	25.1%	36.8%	33	25.2%	42.4%	32.4%	50.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	2.3%	0.4%	3.2%	5.4%
<b>Total</b>	<b>131</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>131</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	0	0.0%	0.0%	19.0%	13.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	23.0%	37.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	1	100.0%	100.0%	47.0%	38.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	11.0%	11.9%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	100.0%	100.0%	100.0%	100.0%
<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	1	0.2%	0.1%	2.0%	1.5%	49	11.3%	5.5%	8.4%	4.4%
Moderate	32	7.4%	4.8%	9.1%	6.6%	126	29.0%	22.5%	19.6%	13.4%
Middle	339	78.1%	70.4%	53.5%	45.9%	123	28.3%	27.2%	22.7%	19.1%
Upper	62	14.3%	24.7%	35.4%	46.0%	127	29.3%	42.3%	35.5%	45.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	9	2.1%	2.4%	13.9%	17.4%
<b>Total</b>	<b>434</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>434</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	Bank		Aggregate			Bank		Aggregate		
	#	%	%\$(000)	%	%\$(000s)	#	%	%\$(000s)	%	%\$(000)
Low	11	1.8%	2.2%	8.0%	12.4%	0	0.0%	0.0%	0.0%	0.0%
Moderate	80	13.3%	15.8%	14.1%	11.1%	1	1.6%	0.2%	5.6%	3.0%
Middle	397	66.1%	50.0%	47.9%	49.1%	56	90.3%	95.9%	84.3%	91.2%
Upper	113	18.8%	32.1%	27.1%	26.6%	5	8.1%	3.9%	9.5%	5.6%
Unknown	0	0.0%	0.0%	0.1%	0.1%	0	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	2.8%	0.8%	0	0.0%	0.0%	0.6%	0.1%
<b>Total</b>	<b>601</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>By Revenue</b>										
\$1 Million or Less	422	70.2%	38.6%	29.0%	29.4%	47	75.8%	33.9%	51.3%	46.4%
<b>By Loan Size</b>										
\$100,000 or less	462	76.9%	25.0%	93.9%	33.0%	50	80.6%	34.7%	85.2%	41.0%
\$100,001-\$250,000	70	11.6%	18.4%	3.0%	15.8%	4	6.5%	14.3%	9.5%	27.2%
\$250,001-\$1 Million	69	11.5%	56.6%	3.1%	51.3%	8	12.9%	50.9%	5.3%	31.8%
<b>Total</b>	<b>601</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Originations and Purchases

### Community Development Lending

Five Star’s level of community development lending was excellent, with 48 loans totaling \$23 million, or 12% of the bank’s total community development lending. This conclusion was supported by a comparison to similarly-situated large retail banks in the assessment area. New commitments represented \$14 million of total community development loans in MSA 40380, or 61% of total activity.

<b>Community Development Loans</b>		
<b>Purpose</b>	<b>#</b>	<b>\$(000s)</b>
Affordable Housing	8	\$629
Economic Development	9	\$8,353
Community Services	25	\$9,837
Revitalize and Stabilize	6	\$3,897
<b>Totals</b>	<b>48</b>	<b>\$22,716</b>

Within the MSA assessment area, efforts were distributed among the applicable categories of community development lending, with an emphasis, in terms of dollar amounts on economic development and community services, as noted in the table above.

Examples of community development lending included:

- A \$5.4 million SBA 504 loan to construct a Hampton Inn, which will bring jobs to the area, many of which are for LMI workers.
- A \$1 million loan to a manufacturer of nut butters, roasted nuts, and honey products. Proceeds of the loan to be used to purchase high speed manufacturing equipment that will expand the manufacturer’s production line by over 50%. According to management expansion of the production line will create an additional 6 new jobs for LMI workers as additional jobs will be needed to service the increased capacity.
- A \$300,000 loan to a health care provider that provides services to LMI individuals. The organization provides supportive housing, and services to handicapped individuals and those that are mentally ill. The majority of funding comes from Medicaid.

### INVESTMENT TEST

Five Star’s investment test performance was good. This conclusion was supported by a favorable comparison to similarly-situated large retail banks in the assessment area. During the examination period, community development investments in MSA 40380 (Rochester, N.Y.) totaled \$10 million, or 18% of all community development investment activity. Qualified investments, however declined 34% on an annualized basis compared to the last examination as opportunities for investments in municipal securities were more limited. New commitments represented \$8 million of total community development investment in the MSA assessment area, or 82% of total activity.

<b>Community Development Investments</b>		
<b>Purpose</b>	<b>#</b>	<b>\$(000s)</b>
Affordable Housing	0	\$0
Economic Development	1	\$1
Community Services	44	\$94
Revitalize and Stabilize	71	\$9,708
<b>Totals</b>	<b>116</b>	<b>\$9,803</b>

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 two municipal bonds totaling \$1.2 million to acquire and renovate an historical theater in the Village of Mt. Morris. The theater will be converted into a building, which will house small businesses. The theater is located in a moderate-income area.
- Charitable grants and contributions to community groups totaling \$90 thousand.

## **SERVICE TEST**

Performance on the service test in MSA 40380 was poor as Five Star's branch distribution was unreasonably inaccessible to portions of the assessment area, while the bank provided a relatively high level of community development services.

### **Retail Services**

The bank's delivery systems were unreasonably inaccessible to portions of the MSA assessment area. Overall, Five Star has 18 branches in the MSA assessment area, of which 4, or 22%, are located in LMI areas; however, none of the LMI branches were in Monroe County and in the City of Rochester where the vast majority of LMI census tracts in the MSA are located. Twenty-five percent of the MSA's population resides in LMI areas, primarily in the City of Rochester.

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. Five Star added three branches acquired from First Niagara as a result of the HSBC branch divestiture. Two of the branches were in Orleans County in Albion and Medina, NY and one in Brockport, NY in Monroe County. The Albion branch was located in a moderate-income tract while the Medina and Brockport branches were in middle-income tracts.

The bank'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 a relatively high level of community development services in the MSA assessment area. The bank provides financial literacy instruction at several high schools that were located in a moderate-income census tract in the MSA. 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 18 Five Star officers served as directors, advisors or committee members for 37 organizations throughout the MSA assessment area. Examples of the bank's efforts in providing such services include:

- An officer serves on a board committee of the Finger Lakes Workforce Investment Board, an organization that seeks to provide employment training to fulfill employment needs of local businesses.
- One officer serves as board member of the local Cornell Cooperative Extension in his community. The Cornell Cooperative Extension is an organization that puts Cornell University's land grant programs to work in improving economic vitality, social well-being and ecological sustainability.
- An officer is a board member of Habitat for Humanity, an organization dedicated to providing affordable housing for LMI individuals.
- An officer is the financial chairman of a non-profit organization that delivers medical care to LMI children with physical conditions remedied through surgery.

# METROPOLITAN AREA

(FULL REVIEW)

**MSA 15380 (BUFFALO-NIAGARA FALLS, NY)**

## DESCRIPTION OF INSTITUTION'S OPERATIONS

As of December 31, 2012, Five Star operated 3 branches, or 6% of its branches in MSA 15380. As of June 30, 2012, 6% of the bank's deposits were in the MSA. Five Star ranks 12<sup>th</sup> in deposit market share in this MSA, with a deposit market share of less than 1%. The market is highly competitive with large depository institutions such as Manufacturers and Traders Trust Co., First Niagara Bank, HSBC Bank USA NA, Key Bank NA, and Bank of America NA, as the lead banks in terms of deposit market share. For additional assessment area details, see Summary of Key Assessment Area Data.

## 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 in MSA 15380 (Buffalo-Niagara Falls, NY) consists of Erie County. According to the 2010 Census, the MSA's population totals 919,040. The MSA contains 37% of the bank's combined assessment area population. Per the most recent estimates, in July 2010 Buffalo's population was 261,025, representing a decline of 11% since 2000.

### Income Characteristics

The HUD-adjusted median family income for MSA 15380 was \$65,300 in 2011 and \$66,100 in 2012. Of the 236 census tracts in the assessment area, 30, or 13%, are low-income, and 47, or 20%, are moderate-income. Twenty-eight of the 30 low-income census tracts and 31 of the 47 moderate-income census tracts are in the City of Buffalo. Ten percent of all families within the assessment area have incomes below the poverty level. In the City of Buffalo however, 26% of all families have income below the poverty level.

Housing Characteristics

The assessment area contains 420,432 housing units, of which 60% are owner-occupied. Of the owner-occupied housing units 5% are in low-income census tracts and 15% are in moderate-income census tracts. Owner-occupied housing units represent 25% and 43% of total housing units in low and moderate-income census tracts, respectively. Demographic information from the 2010 census estimated that the median age of the housing stock to be 51 years. Within the city of Buffalo 25% of the housing stock in low-income census tracts is vacant while 16% of the housing stock in moderate-income tracts is vacant. According to community contacts, although many homes are old and in poor condition, the city government is slow to demolish condemned housing because of budget problems.

<b>MEDIAN HOUSING SALES PRICE</b>		
<b>Area</b>	<b>2011</b>	<b>2012</b>
MSA 15380	\$119,200	\$126,900
Source: National Association of Realtors		

In 2012, housing costs in the Buffalo MSA were 4.2 times the median family income of a low-income borrower, making housing affordability difficult for low-income individuals.

Labor, Employment and Economic Characteristics

According to the June 2013 Employment in NYS letter Western New York has experienced a steady comeback from the worst U.S. recession in 75 years. The wholesale and retail industries have experienced job gains of 4,000 new jobs since 2010 after shedding 6,000 jobs between April 2008 and April 2009.

<b>AVERAGE ANNUAL UNEMPLOYMENT RATES</b>		
<b>Area</b>	<b>2011</b>	<b>2012</b>
MSA 15380 – Erie County	8.1%	7.9%
City of Buffalo	10.4%	9.9%

Manufacturing lead by the auto industry remains competitive adding 2,300 jobs since 2010 after losing 11,000 jobs between 2008 and 2010. As employment starts to turn around, the area is experiencing a shortage of skilled craftsman creating opportunities for skills training. Labor force development is one of the key strategies for reviving the region’s economy. Detailed performance context data for this assessment area is provided in the Assessment Area Chart on the next page:

Assessment Area Demographics								
Assessment Area: MSA 15380								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	30	12.7	22,167	9.6	8,846	39.9	49,936	21.6
Moderate-income	47	19.9	37,712	16.3	7,195	19.1	39,537	17.1
Middle-income	93	39.4	85,020	36.8	5,195	6.1	46,874	20.3
Upper-income	61	25.8	86,214	37.3	2,127	2.5	94,766	41
Unknown-income	5	2.1	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>236</b>	<b>100.0</b>	<b>231,113</b>	<b>100.0</b>	<b>23,363</b>	<b>10.1</b>	<b>231,113</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	52,935	13,265	5.3	25.1	26,740	50.5	12,930	24.4
Moderate-income	84,180	36,391	14.5	43.2	34,778	41.3	13,011	15.5
Middle-income	151,394	100,031	40	66.1	41,795	27.6	9,568	6.3
Upper-income	131,923	100,551	40.2	76.2	24,529	18.6	6,843	5.2
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>420,432</b>	<b>250,238</b>	<b>100.0</b>	<b>59.5</b>	<b>127,842</b>	<b>30.4</b>	<b>42,352</b>	<b>10.1</b>
	Total Businesses by Tract*	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	3,657	8.1	3,082	7.8	425	11.4	150	8.9
Moderate-income	6,607	14.6	5,677	14.3	645	17.3	285	16.9
Middle-income	17,168	38	14,891	37.5	1,583	42.5	694	41.1
Upper-income	17,574	38.9	15,974	40.2	1,057	28.4	543	32.1
Unknown-income	142	0.3	111	0.3	14	0.4	17	1
<b>Total Assessment Area</b>	<b>45,148</b>	<b>100.0</b>	<b>39,735</b>	<b>100.0</b>	<b>3,724</b>	<b>100.0</b>	<b>1,689</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>88.0</b>		<b>8.2</b>		<b>3.7</b>	
	Total Farms by Tract*	Farms by Tract & Revenue Size*						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	12	2.5	12	2.5	0	0	0	0
Moderate-income	12	2.5	11	2.3	1	9.1	0	0
Middle-income	261	53.7	256	54	5	45.5	0	0
Upper-income	200	41.2	194	40.9	5	45.5	1	100
Unknown-income	1	0.2	1	0.2	0	0	0	0
<b>Total Assessment Area</b>	<b>486</b>	<b>100.0</b>	<b>474</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>			<b>97.5</b>		<b>2.3</b>		<b>.2</b>	

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MSA 15380 (BUFFALO-NIAGARA FALLS, NY) ASSESSMENT AREA**

### **LENDING TEST**

Five Star's overall performance under the lending test in the Buffalo MSA is considered adequate. Overall lending activity during the two years in the evaluation period was adequate while the bank's distribution of loans to borrowers of different income levels and businesses and farms of different sizes was also adequate. The geographic distribution of lending was poor as analysis of the distribution of lending revealed conspicuous gaps in lending that excluded the LMI census tracts of the City of Buffalo. Community development lending was excellent as the bank was a leader in community development lending in the assessment area.

#### **Lending Activity:**

Five Star demonstrated adequate responsiveness to the retail credit needs of the MSA 15380 (Buffalo-Niagara Falls, NY) assessment area based on market share and lending activity analysis. Five Star originated a total of 258 loans in this assessment area in 2012. This figure consisted of 60 HMDA-related loans, 185 small business loans, and 13 small farm loans, representing 5% of total HMDA originations, 11% of total small business originations, and 5% of total small farm originations for Five Star Bank. Five Star ranked twelfth in deposit market share, with less than 1% of deposit market share, forty-fifth in home purchase lending (less than 1% market share), fifty-fourth in refinance lending (less than 1% market share), fifteenth in home improvement lending (1% market share), and seventeenth in small business lending (1% market share).

#### **Geographic Distribution:**

Five Star's overall geographic distribution of loans reflects poor penetration throughout the assessment area. This lending performance is based on poor penetration by the bank in low-income geographies and poor lending penetration in moderate-income geographies. This conclusion also considers an analysis of conspicuous gaps in lending which indicates that Five Star in 2012 had loans in only 7 of the 26 low-income census tracts and in 6 of the 22 moderate-income census tracts in the City of Buffalo. In middle and upper-income tracts Five Star had loans in 4 of 12 and 5 of 8 census tracts respectively.

#### *Home Purchase Loans*

Five Star's home purchase lending performance was poor. The bank did not make any home purchase loans in low- or moderate-income geographies in either 2011 or 2012. According to the 2010 census 5% of all owner-occupied housing units were in low-income census geographies while 14% were in moderate-income geographies. Five Star's lending was in middle- and upper-income geographies in the MSA. The market aggregate made 2% and 11% of its home purchase loans in low- and moderate-income geographies in 2012 respectively.

### *Refinance Loans*

Five Star's refinance lending performance was poor. The bank did not make any refinance loans in low- geographies in either 2011 or 2012 and made two refinance loans in moderate-income geographies in 2011 and none in 2012. According to the 2010 census 5% of all owner-occupied housing units were in low-income census geographies while 15% were in moderate-income geographies. Opportunities for lending in low-income geographies were limited as reflected in the performance of the market aggregate which made 1% of its refinance loans in low-income geographies in 2012. In moderate-income geographies the market aggregate made 7% of its refinance loans.

### *Home Improvement Loans*

Five Star's home improvement performance was poor. In 2012 Five Star made only one home improvement loan in a low-income geography compared to 5% of all owner-occupied housing units and the performance of the market aggregate which made 5% of its home improvement loans in low-income geographies. Performance in moderate-income geographies was adequate as the bank made 3 loans (16%) of its home improvement loans in moderate-income geographies compared to 15% of owner-occupied housing units. Performance was above the market aggregate which made 15% of its home improvement loans in moderate-income geographies. Performance in 2011 was below 2012's performance as Five Star did not make any home improvement loans in low-income geographies and made only 1 home improvement loan in a moderate-income geography.

### *Small Business Loans*

Five Star's performance in low- and moderate-income geographies was adequate in both low- and moderate-income geographies. Five Star originated 5% of its small business loans in low-income geographies, below the aggregate's performance of 7%. Five Star's small business performance in low-income geographies was below the demographics of the assessment area, where, based on 2012 D&B data 8% of small businesses operate. Five Star's small business lending in 2011 was comparable to 2012.

Five Star's performance in moderate-income geographies was adequate. Five Star originated 10% of its small business loans in moderate-income geographies which was below the market aggregate's 13%. Five Star's small business performance in moderate-income geographies was also below the demographics of the assessment area, where based on 2012 D&B data, 15% of small businesses operate. Five Star's small business performance in 2011 was comparable to performance in 2012.

### **Distribution by Borrower Income and Revenue Size of Business:**

Lending performance in the Buffalo assessment area was adequate based on adequate HMDA-related lending to LMI borrowers and small businesses. While home ownership is generally affordable to moderate-income borrowers in the MSA, housing costs are approximately 3 to 4 times the income levels of low-income borrowers making home ownership unaffordable for many low-income people.

### *Home Purchase Loans*

Five Star's home purchase lending to low-income borrowers was poor. Five Star made only one (8%) of its home purchase loans to a low-income borrower when 22% of families in the MSA assessment area are of low-income. Home purchase performance was below the performance of the aggregate which made 10% of its home purchase loans to low-income borrowers. Five Star's 2011 home purchase performance exceeded its 2012 performance.

Home purchase lending to moderate-income borrowers was also poor. Five Star made only one (8%) of its home purchase loans to a moderate-income borrower when 17% of families in the MSA assessment area are of moderate-income. Home purchase performance was significantly below the market aggregate which made 23% of its home purchase loans to moderate-income borrowers. Five Star's 2011 home performance was adequate.

### *Refinance Loans*

Refinance lending to low-income borrowers was adequate as 8% (2 loans) of refinance loans were to low-income borrowers compared to 22% of families in the MSA assessment area which are of low-income. Performance however was above the aggregate which made 5% of its refinance loans to low-income borrowers. Five Star did not make any refinance loans to low-income borrowers in 2011.

Refinance lending to moderate-income borrowers was good. Five Star made 16% of its refinance loans to moderate-income borrowers when 17% of families in the MSA assessment area are of moderate-income. Refinance performance was above the market aggregate which made 15% of its refinance loans to moderate-income borrowers. Five Star's 2011 refinance performance exceeded its 2012 performance.

### *Home Improvement Loans*

Five Star's home improvement lending to low-income borrowers was adequate. Five Star made three (16%) of its home improvement loans to low-income borrowers when 22% of families in the MSA assessment area are of low-income. Home improvement performance was similar to the performance of the market aggregate which made 15% of its home improvement loans to low-income borrowers. Five Star's 2011 home improvement performance was comparable.

Home improvement lending to moderate-income borrowers was adequate. Five Star made two loans (11%) of its home improvement loans to moderate-income borrowers when 17% of families in the MSA assessment area are of moderate-income. Home improvement performance was significantly below the aggregate which made 24% of its home improvement loans to moderate-income borrowers. Five Star's 2011 home improvement was good.

*Small Business Lending*

Five Star provided an adequate level of lending to businesses with gross annual revenues (GAR) of \$1 million or less. The bank made 60% of its small business loans to such businesses, compared to the 88% of business establishments in the assessment area with GAR of \$ 1 million or less. Five Star’s performance was significantly above the aggregate which made 27% of its small business loans to businesses with revenues of less than \$ 1 million.

The bank made 68% of its small business loans in amounts of \$100,000 or less, which was below the aggregate which made 94% of its small business loans in amounts of \$100,000 or less. However, the aggregate includes credit card lenders which typically have smaller loan amounts. The average loan size was \$156,000.

**Community Development Lending**

Five Star’s level of community development lending was excellent, with 13 loans totaling \$48 million, or 28% of the bank’s total community development lending. This conclusion was supported by a comparison to similarly-situated large retail banks in the assessment area. New commitments represented \$46 million of total community development loans in MSA 15380, or 96% of total activity.

<b>Community Development Loans</b>		
<b>Purpose</b>	<b>#</b>	<b>\$(000s)</b>
Affordable Housing	1	\$2,319
Economic Development	3	\$10,700
Community Services	3	\$18,000
Revitalize and Stabilize	6	\$17,102
<b>Totals</b>	<b>13</b>	<b>\$48,121</b>

Community development lending was responsive to identified community needs. Lending targeted community development services and revitalization and stabilization.

Examples of community development lending included:

- A \$6 million line of credit to a school for handicapped children in western New York. The line of credit provides bridge financing until funding received from the State of New York. The students are primarily of low- or moderate-income.
- A \$1.3 million SBA 504 loan to a manufacturer of commercial labels, decals, and pressure tape. The proceeds will be utilized to refinance existing loans, expand current facilities, and acquire new equipment. Twenty-five new jobs will be created. The property is located in a low-income area of Buffalo.
- A \$2.3 million loan to rehabilitate a 14 unit apartment complex for LMI individuals. The property is located in a moderate-income area of Buffalo. Nine of the units will be restricted to families with incomes less than 50% of Area Median Income (AMI) while the remaining 5 units are restricted to families with incomes less than 60% of AMI.

**2012 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)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	2.3%	1.1%	1	8.3%	5.4%	9.7%	5.4%
Moderate	0	0.0%	0.0%	10.7%	6.5%	1	8.3%	6.0%	22.9%	17.3%
Middle	6	50.0%	54.9%	40.8%	33.1%	3	25.0%	18.0%	23.3%	22.8%
Upper	6	50.0%	45.1%	46.1%	59.3%	6	50.0%	64.9%	27.5%	39.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	8.3%	5.8%	16.7%	14.7%
<b>Total</b>	<b>12</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>12</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	1.0%	0.5%	2	8.0%	4.1%	4.9%	2.7%
Moderate	0	0.0%	0.0%	6.7%	4.4%	4	16.0%	8.0%	14.8%	10.2%
Middle	16	64.0%	66.9%	36.5%	29.0%	6	24.0%	24.7%	25.3%	21.7%
Upper	9	36.0%	33.1%	55.8%	66.0%	12	48.0%	59.6%	39.1%	49.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	4.0%	3.7%	15.8%	16.4%
<b>Total</b>	<b>25</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>25</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	1	5.3%	5.4%	4.9%	2.5%	3	15.8%	3.9%	14.8%	4.8%
Moderate	3	15.8%	4.8%	15.2%	6.5%	2	10.5%	10.8%	23.6%	15.1%
Middle	8	42.1%	39.4%	44.2%	35.2%	6	31.6%	25.0%	23.3%	22.0%
Upper	7	36.8%	50.4%	35.7%	55.8%	8	42.1%	60.3%	29.1%	47.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	9.3%	10.6%
<b>Total</b>	<b>19</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>19</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	0	0.0%	0.0%	11.1%	7.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	1	25.0%	10.3%	21.4%	18.6%	0	0.0%	0.0%	0.0%	0.0%
Middle	2	50.0%	17.8%	37.6%	41.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	1	25.0%	71.9%	29.9%	33.3%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	4	100.0%	100.0%	100.0%	100.0%
<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	1	1.7%	0.9%	1.9%	1.3%	6	10.0%	3.6%	7.8%	3.9%
Moderate	4	6.7%	2.7%	9.3%	6.3%	7	11.7%	6.5%	19.2%	13.0%
Middle	32	53.3%	50.3%	39.1%	31.8%	15	25.0%	18.6%	24.1%	20.9%
Upper	23	38.3%	46.0%	49.7%	60.6%	26	43.3%	49.7%	32.7%	41.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	6	10.0%	21.7%	16.2%	20.6%
<b>Total</b>	<b>60</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>60</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Low	10	5.4%	10.9%	7.0%	7.9%	0	0.0%	0.0%	0.0%	0.0%
Moderate	18	9.7%	11.8%	12.9%	16.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	64	34.6%	44.1%	38.4%	40.2%	11	84.6%	77.5%	78.0%	88.2%
Upper	93	50.3%	33.3%	33.3%	35.4%	2	15.4%	22.5%	22.0%	11.8%
Unknown	0	0.0%	0.0%	0.1%	0.1%	0	0.0%	0.0%	0%	0.0%
Tract Unknown	0	0.0%	0.0%	2.5%	0.5%	0	0.0%	0.0%	0%	0.0%
<b>Total</b>	<b>185</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>13</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL FARM</b>										
<b>By Tract Income</b>										
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Low	10	5.4%	10.9%	7.0%	7.9%	0	0.0%	0.0%	0.0%	0.0%
Moderate	18	9.7%	11.8%	12.9%	16.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	64	34.6%	44.1%	38.4%	40.2%	11	84.6%	77.5%	78.0%	88.2%
Upper	93	50.3%	33.3%	33.3%	35.4%	2	15.4%	22.5%	22.0%	11.8%
Unknown	0	0.0%	0.0%	0.1%	0.1%	0	0.0%	0.0%	0%	0.0%
Tract Unknown	0	0.0%	0.0%	2.5%	0.5%	0	0.0%	0.0%	0%	0.0%
<b>Total</b>	<b>185</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>13</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>By Revenue</b>										
\$1 Million or Less	111	60.0%	25.3%	27.0%	25.8%	12	92.3%	96.2%	49.5%	46.5%
<b>By Loan Size</b>										
\$100,000 or less	125	67.6%	20.4%	93.8%	32.2%	13	100.0%	100.0%	83.5%	39.9%
\$100,001-\$250,000	30	16.2%	18.5%	3.0%	16.0%	0	0.0%	0.0%	10.1%	27.3%
\$250,001-\$1 Million	30	16.2%	61.2%	3.2%	51.7%	0	0.0%	0.0%	6.4%	32.8%
<b>Total</b>	<b>185</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>13</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Originations and Purchases

**INVESTMENT TEST**

Five Star's investment test performance was adequate. Investments consisted of two municipal bonds totaling \$1.2 million. Proceeds were used for construction and improvements to a high school primarily serving an LMI community. Eighty-five percent of all students receive free or reduced rate lunches.

## **SERVICE TEST**

Performance on the service test in MSA 15380 was poor as Five Star's branch distribution was unreasonably inaccessible to portions of the assessment area, while the bank provided an adequate level of community development services.

### **Retail Services**

The bank's delivery systems were accessible to only limited portions of the MSA assessment area. Overall, Five Star has 3 branches in the MSA assessment area, none of which are located in LMI areas or in the City of Buffalo where the vast majority of LMI census tracts in the MSA are located. Twenty-eight percent of the MSA's population resides in LMI areas, primarily in the City of Buffalo.

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 no off-site ATMs in the MSA. ATM facilities are available at two Summit Federal Credit Union locations one of which is located in an LMI tract.

There have been no branch changes within the MSA. The bank's hours and services do not vary in a way that inconveniences the assessment area. Extended hours are available at all three branch locations.

### **Community Development Services**

Five Star provided an adequate level of community development services in the MSA assessment area. The bank provides financial literacy instruction at five area schools and to one senior citizen group. It also provided one small business technical assistance event for local businesses.

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 12 Five Star officers served as directors, advisors or committee members for 39 organizations throughout the MSA assessment area. Examples of the bank's efforts in providing such services include:

- One officer is a member of the SBA's advisory council for small businesses.
- An officer is a trustee and member of the financial advisory council of the Western New York Food Bank.
- An officer is a member of loan committee of the Niagara County IDA.

## **METROPOLITAN AREA**

### **(LIMITED REVIEW)**

#### **MSA 21300 (Elmira, NY)**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS**

The Elmira assessment area consists of portions of Chemung County including the City of Elmira, NY. The bank has a limited presence in MSA 21300, reflective of its lending activity. Three of Five Star's 54 branches operate in MSA 21300. As of June 30, 2012, these branches generated 2% of the bank's total assessment areas' branch deposits. Five Star ranks 5<sup>th</sup> out of 8 banks in the MSA with 4% of all deposits. Two of Five Star's branches were located in LMI geographies. As disclosed on the Summary of Key Assessment Area data report on page 5, during the 2012 and 2013 examination period Five Star had 3% of its New York State HMDA and small business lending activity in this MSA consisting of 49 HMDA reportable loans and 122 small business loans.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 21300 (ELMIRA, NY)**

Examiners conducted a limited scope review of the bank's CRA performance in the Elmira, NY assessment area. They determined that the bank's performance in the MSA was consistent with the bank's overall performance under the lending and investment tests in the state and performance under the service test exceeded the overall performance in the state. The results are summarized in the chart below.

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
MSA 21300	Consistent	Consistent	Exceeded

For the lending test Five Star's performance was low satisfactory. Five Star's lending test performance in the Elmira MSA was consistent with this performance based on adequate lending activity and adequate geographic and borrower distribution performance. Community development lending was consistent with overall community development lending performance with 4%, or \$6.5 million, in community development loans originated in MSA 21300.

Qualified investment performance was also consistent with overall qualified investment performance, with \$3 million or 6% of qualified investments made in the MSA.

Service test performance exceeded overall performance as the bank's overall service test performance was rated poor. Two of the MSA's three branches were in LMI geographies and Five Star provided a relatively high level of community development services.

**2012 Aggregate Comparison Loan Distribution Table**  
Assessment Area: MSA 21300

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	1.2%	0.5%	0	0.0%	0.0%	7.5%	4.3%
Moderate	3	50.0%	17.7%	25.6%	18.9%	2	33.3%	18.1%	23.9%	17.9%
Middle	0	0.0%	0.0%	36.5%	31.1%	3	50.0%	31.5%	25.9%	23.7%
Upper	3	50.0%	82.3%	36.7%	49.5%	1	16.7%	50.3%	33.9%	46.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	8.7%	7.8%
<b>Total</b>	<b>6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	1.0%	0.3%	0	0.0%	0.0%	5.5%	2.4%
Moderate	2	18.2%	18.3%	21.5%	13.5%	2	18.2%	13.3%	14.7%	8.6%
Middle	5	45.5%	46.8%	33.0%	28.4%	2	18.2%	10.7%	22.1%	16.4%
Upper	4	36.4%	34.9%	44.5%	57.7%	7	63.6%	76.0%	51.2%	66.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	6.5%	6.7%
<b>Total</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	3.1%	2.0%	1	8.3%	5.6%	13.6%	4.9%
Moderate	6	50.0%	42.0%	29.2%	22.2%	1	8.3%	1.3%	17.9%	11.6%
Middle	2	16.7%	3.7%	33.3%	25.0%	6	50.0%	56.6%	26.8%	26.5%
Upper	4	33.3%	54.3%	34.4%	50.7%	4	33.3%	36.4%	37.6%	53.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.1%	3.4%
<b>Total</b>	<b>12</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>12</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	0	0.0%	0.0%	20.0%	0.5%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	40.0%	0.5%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	40.0%	99.1%	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%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	0	0.0%	0.0%	1.5%	0.5%	1	3.4%	1.2%	7.8%	3.2%
Moderate	11	37.9%	23.2%	24.6%	15.6%	5	17.2%	12.8%	18.7%	12.2%
Middle	7	24.1%	17.0%	34.3%	27.5%	11	37.9%	29.8%	24.3%	19.1%
Upper	11	37.9%	59.8%	39.7%	56.4%	12	41.4%	56.2%	42.1%	52.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	7.0%	12.7%
<b>Total</b>	<b>29</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>29</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Low	17	25.0%	40.0%	16.9%	23.3%	0	0.0%	0.0%	0.0%	0.0%
Moderate	17	25.0%	34.2%	30.1%	40.8%	0	0.0%	0.0%	0.0%	0.0%
Middle	17	25.0%	12.9%	26.0%	15.1%	0	0.0%	0.0%	25.0%	13.0%
Upper	17	25.0%	12.3%	26.9%	20.8%	0	0.0%	0.0%	75.0%	87.0%
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%
<b>Total</b>	<b>68</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>By Revenue</b>										
\$1 Million or Less	45	66.2%	66.2%	30.6%	27.4%	0	0.0%	0.0%	50.0%	83.3%
<b>By Loan Size</b>										
\$100,000 or less	50	73.5%	73.5%	91.3%	26.1%	0	0.0%	0.0%	100.0%	100.0%
\$100,001-\$250,000	3	4.4%	4.4%	3.4%	12.8%	0	0.0%	0.0%	0.0%	0.0%
\$250,001-\$1 Million	15	22.1%	22.1%	5.3%	61.2%	0	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>68</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Originations and Purchases

**CRA APPENDIX A**

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	Lending Test: January 1, 2011 - December 31, 2012 CD Loans/Investments: January 1, 2011 – September 30, 2013		
<b>FINANCIAL INSTITUTION</b>  Five Star Bank  <b>29 North Main Street*</b> <b>Warsaw, NY 14203</b>			<b>PRODUCTS REVIEWED</b>  <ul style="list-style-type: none"> <li>• Home purchase</li> <li>• Refinancings</li> <li>• Home improvement</li> <li>• Small business</li> <li>• Small farm</li> <li>• Community Development</li> </ul>
<b>AFFILIATE(S)</b>  None	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
<p style="text-align: center;"><b>New York State</b></p> <ul style="list-style-type: none"> <li>• Non-MSA Assessment Area</li> <li>• MSA 40380 (Rochester, NY)</li> <li>• MSA 15380 (Buffalo – Niagara Falls, NY)</li> <li>• MSA 21300 (Elmira, NY).</li> </ul>	<p>Full Scope</p> <p>Full Scope</p> <p>Full Scope</p> <p>Limited Scope</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p>	

## 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.

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**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.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA assessment area.

**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.

**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.

**Small loan(s) to farm(s):** A loan included in "loan to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and either are secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**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.

CRA APPENDIX C

**2011 Aggregate Comparison Loan Distribution Table**  
Assessment Area/Group: MSA 99999

Income Categories	HMDA										
	By Tract Income					By Borrower Income					
	Bank		Aggregate			Bank		Aggregate			
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)	
	<b>Home Purchase</b>										
Low	0	0.0%	0.0%	0.1%	0.0%	7	6.9%	3.8%	7.4%	3.9%	
Moderate	3	3.0%	1.2%	3.1%	1.8%	30	29.7%	19.1%	22.2%	16.0%	
Middle	90	89.1%	89.4%	80.4%	80.2%	25	24.8%	19.7%	25.1%	22.3%	
Upper	8	7.9%	9.4%	16.4%	17.9%	33	32.7%	53.2%	33.8%	48.1%	
Unknown	0	0.0%	0.0%	0.0%	0.1%	6	5.9%	4.2%	11.5%	9.8%	
<i>Total</i>	<i>101</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>101</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	
	<b>Refinance</b>										
Low	0	0.0%	0.0%	0.1%	0.0%	25	9.0%	5.7%	6.0%	3.0%	
Moderate	3	1.1%	0.9%	2.1%	1.2%	52	18.8%	13.5%	15.6%	10.3%	
Middle	235	84.8%	83.6%	80.9%	81.5%	77	27.8%	25.8%	25.1%	21.0%	
Upper	39	14.1%	15.5%	16.9%	17.2%	110	39.7%	50.4%	44.0%	55.9%	
Unknown	0	0.0%	0.0%	0.0%	0.1%	13	4.7%	4.6%	9.3%	9.8%	
<i>Total</i>	<i>277</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>277</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	
	<b>Home Improvement</b>										
Low	0	0.0%	0.0%	0.3%	0.5%	36	13.0%	5.9%	12.7%	5.1%	
Moderate	9	3.3%	2.9%	3.6%	2.2%	86	31.2%	23.8%	23.5%	13.8%	
Middle	248	89.9%	91.0%	86.7%	87.8%	85	30.8%	24.4%	30.4%	28.6%	
Upper	19	6.9%	6.1%	9.5%	9.5%	63	22.8%	42.4%	30.1%	46.0%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	6	2.2%	3.5%	3.3%	6.5%	
<i>Total</i>	<i>276</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>276</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	
	<b>Multi-Family</b>										
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	5	83.3%	87.0%	100.0%	100.0%	0	0.0%	0.0%	0.0%	0.0%	
Upper	1	16.7%	13.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	6	100.0%	100.0%	100.0%	100.0%	
<i>Total</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	
	<b>HMDA Totals</b>										
Low	0	0.0%	0.0%	0.1%	0.1%	68	10.3%	5.2%	7.9%	3.6%	
Moderate	15	2.3%	1.4%	2.8%	1.6%	168	25.5%	16.9%	19.8%	13.2%	
Middle	578	87.6%	86.7%	81.9%	81.4%	187	28.3%	23.5%	26.1%	22.0%	
Upper	67	10.2%	11.9%	15.2%	16.9%	206	31.2%	48.3%	37.0%	51.1%	
Unknown	0	0.0%	0.0%	0.0%	0.1%	31	4.7%	6.1%	9.2%	10.1%	
<i>Total</i>	<i>660</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>660</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	
	<b>SMALL BUSINESS</b>										
	<b>By Tract Income</b>					<b>By Revenue</b>					
		Bank		Aggregate				Bank		Aggregate	
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)	
Low	5	0.6%	0.7%	1.5%	1.4%						
Moderate	37	4.6%	5.0%	6.8%	7.8%						
Middle	657	81.1%	81.8%	76.8%	77.5%						
Upper	111	13.7%	12.6%	13.2%	13.0%						
Unknown	0	0.0%	0.0%	0.0%	0.0%						
Tract Unknown	0	0.0%	0.0%	1.6%	0.3%						
<i>Total</i>	<i>810</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>						
\$1 Million or Less	615	75.9%	41.1%	45.0%	42.4%						
	<b>By Loan Size</b>										
\$100,000 or less	683	84.3%	35.3%	92.2%	36.4%						
\$100,001-\$250,000	69	8.5%	18.6%	4.6%	19.6%						
\$250,001-\$1 Million	58	7.2%	46.1%	3.2%	44.0%						
<i>Total</i>	<i>810</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>						

Originations and Purchases

CRA APPENDIX C  
2011 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)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	1.7%	1.0%	9	14.5%	6.9%	10.0%	5.6%
Moderate	6	9.7%	7.2%	9.7	5.8%	22	35.5%	30.5%	23.8%	18.2%
Middle	42	67.7%	51.7%	47.4%	40.9%	13	21.0%	19.5%	21.0%	20.0%
Upper	14	22.6%	41.1%	41.1%	52.3%	16	25.8%	40.4%	30.3%	42.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	3.2%	2.7%	14.8%	13.4%
<b>Total</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	2	1.2%	0.4%	1.3%	0.7%	21	12.1%	7.2%	5.9%	3.2%
Moderate	22	12.7%	8.8%	5.1%	3.3%	38	22.0%	17.0%	17.2%	11.8%
Middle	124	71.7%	71.1%	45.4%	38.5%	52	30.1%	29.7%	22.6%	19.4%
Upper	25	14.5%	19.7%	48.2%	57.6%	57	32.9%	43.7%	42.6%	53.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	2.9%	2.5%	11.7%	12.3%
<b>Total</b>	<b>173</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>173</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	2	1.9%	0.4%	4.5%	2.8%	19	17.8%	6.0%	13.3%	5.4%
Moderate	31	29.0%	35.2%	12.3%	8.2%	41	38.3%	36.9%	29.3%	18.1%
Middle	67	62.6%	51.8%	55.6%	51.4%	21	19.6%	21.9%	26.3%	24.5%
Upper	7	6.5%	12.6%	27.6%	37.6%	24	22.4%	32.6%	29.0%	45.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	1.9%	2.7%	2.1%	6.3%
<b>Total</b>	<b>107</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>107</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	1	50.0%	42.1%	12.3%	7.7%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	22.2%	13.4%	0	0.0%	0.0%	0.0%	0.0%
Middle	1	50.0%	57.9%	49.4%	67.6%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	16.0%	11.3%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	100.0%	100.0%	100.0%	100.0%
<b>Total</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	5	1.5%	0.9%	1.9%	1.2%	49	14.2%	6.8%	8.5%	4.3%
Moderate	59	17.2%	12.1%	8.0%	5.1%	101	29.2%	23.0%	21.4%	14.5%
Middle	234	68.0%	63.2%	47.4%	41.3%	86	25.0%	25.6%	22.2%	18.9%
Upper	46	13.4%	23.8%	42.7%	52.3%	97	28.2%	40.6%	35.4%	45.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	11	3.2%	3.9%	12.5%	17.0%
<b>Total</b>	<b>344</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>344</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	Bank		Aggregate			Bank		Aggregate		
	#	%	%\$(000)	%	%\$(000s)	#	%	%\$(000s)	%	%\$(000)
Low	14	2.4%	1.3%	6.1%	8.2%	0	0.0%	0.0%	0.0%	0.0%
Moderate	106	18.3%	21.0%	12.2%	13.8%	3	4.8%	0.2%	3.0%	4.6%
Middle	312	54.0%	43.0%	42.5%	44.8%	56	90.3%	95.9%	82.0%	88.5%
Upper	146	25.3%	34.8%	37.5%	32.8%	3	4.8%	3.9%	13.3%	6.4%
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%	1.7%	0.5%
<b>Total</b>	<b>578</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL FARM</b>										
<b>By Revenue</b>										
\$1 Million or Less	405	70.1%	37.1%	36.9%	30.8%	47	72.6%	33.9%	65.7%	56.7%
<b>By Loan Size</b>										
\$100,000 or less	446	77.2%	25.6%	92.2%	31.2%	50	77.4%	59.1%	84.1%	46.4%
\$100,001-\$250,000	68	11.8%	18.8%	3.9%	16.5%	4	14.5%	6.4%	12.0%	32.0%
\$250,001-\$1 Million	64	11.1%	55.6%	3.9%	52.3%	8	8.1%	34.6%	3.9%	21.7%
<b>Total</b>	<b>578</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Originations and Purchases

CRA APPENDIX C

2011 Aggregate Comparison Loan Distribution Table  
Assessment Area: MSA 15380

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	% \$(000s)	Aggregate %	Aggregate % \$(000s)	#	Bank %	% \$(000s)	Aggregate %	Aggregate % \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	1.1%	0.7%	3	18.8%	12.4%	10.0%	5.5%
Moderate	0	0.0%	0.0%	7.7%	4.5%	2	12.5%	10.5%	25.1%	19.0%
Middle	6	37.5%	26.9%	49.7%	41.2%	5	31.3%	29.0%	22.5%	21.9%
Upper	10	62.5%	73.1%	41.51%	53.6%	4	25.0%	43.7%	27.6%	39.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	12.5%	4.4%	14.8%	13.7%
<b>Total</b>	<b>16</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>16</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	0.7%	0.4%	0	0.0%	0.0%	4.8%	2.6%
Moderate	2	8.7%	6.8%	4.3%	2.9%	5	21.7%	12.7%	16.2%	11.2%
Middle	11	47.8%	50.7%	45.7%	37.1%	6	26.1%	23.8%	24.2%	20.8%
Upper	10	43.5%	42.5%	49.3%	59.6%	9	39.1%	53.5%	39.8%	50.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	13.0%	9.9%	15.0%	14.9%
<b>Total</b>	<b>23</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>23</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	2.8%	0.7%	3	27.3%	3.2%	14.6%	5.2%
Moderate	1	9.1%	1.3%	13.4%	5.3%	2	18.2%	15.4%	28.8%	15.7%
Middle	7	63.6%	47.7%	58.1%	47.4%	4	36.4%	37.1%	23.3%	21.1%
Upper	3	27.3%	50.9%	25.6%	46.6%	2	18.2%	44.3%	29.0%	46.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	9.3%	11.1%
<b>Total</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	0	0.0%	0.0%	2.9%	0.2%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	23.2%	14.5%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	47.8%	44.1%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	26.1%	41.3%	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%
<b>Total</b>	<b>0</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	0	0.0%	0.0%	1.0%	0.5%	6	12.0%	5.0%	8.0%	4.0%
Moderate	3	6.0%	3.8%	6.6%	4.2%	9	18.0%	12.0%	21.3%	14.7%
Middle	24	48.0%	41.5%	48.4%	39.6%	15	30.0%	26.8%	23.2%	20.5%
Upper	23	46.0%	54.7%	43.9%	55.6%	15	30.0%	49.1%	33.0%	43.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	10.0%	7.1%	14.6%	17.6%
<b>Total</b>	<b>50</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>50</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	#	Bank %	% \$(000s)	Aggregate %	Aggregate % \$(000s)	#	Bank %	% \$(000s)	Aggregate %	Aggregate % \$(000s)
Low	13	5.4%	12.7%	6.2%	6.9%	0	0.0%	0.0%	0.0%	0.0%
Moderate	14	9.7%	8.7%	10.9%	13.2%	0	0.0%	0.0%	1.5%	0.2%
Middle	84	34.6%	52.4%	41.0%	44.2%	9	81.8%	89.0%	70.6%	58.5%
Upper	93	50.3%	26.3%	36.6%	31.9%	2	18.2%	11.0%	27.9%	41.3%
Unknown	0	0.0%	0.0%	4.4%	3.5%	0	0.0%	0.0%	0%	0.0%
Tract Unknown	0	0.0%	0.0%	1.0%	0.4%	0	0.0%	0.0%	0%	0.0%
<b>Total</b>	<b>204</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL FARM</b>										
<b>By Tract Income</b>										
	#	Bank %	% \$(000s)	Aggregate %	Aggregate % \$(000s)	#	Bank %	% \$(000s)	Aggregate %	Aggregate % \$(000s)
Low	122	59.8%	21.5%	37.0%	28.0%	10	90.9%	95.0%	76.5%	62.2%
<b>By Revenue</b>										
\$1 Million or Less	122	59.8%	21.5%	37.0%	28.0%	10	90.9%	95.0%	76.5%	62.2%
<b>By Loan Size</b>										
\$100,000 or less	142	69.6%	21.6%	91.6%	30.5%	11	100.0%	100.0%	80.9%	41.1%
\$100,001-\$250,000	28	13.7%	16.3%	4.4%	18.2%	0	0.0%	0.0%	14.7%	38.3%
\$250,001-\$1 Million	34	16.7%	62.1%	4.0%	51.3%	0	0.0%	0.0%	4.4%	20.6%
<b>Total</b>	<b>204</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Originations and Purchases

CRA APPENDIX C

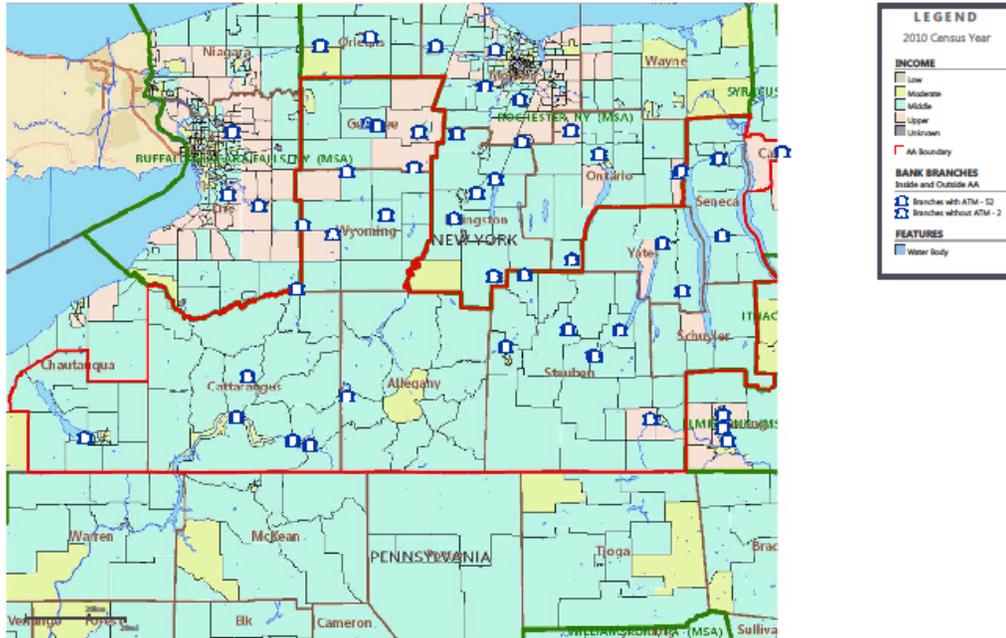
2011 Aggregate Comparison Loan Distribution Table  
Assessment Area/Group: MSA 21300

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
	<b>Home Purchase</b>									
Low	0	0.0%	0.0%	0.5%	0.2%	0	0.0%	0.0%	8.9%	4.7%
Moderate	0	0.0%	0.0%	9.8%	5.8%	0	0.0%	0.0%	18.7%	13.5%
Middle	3	75.0%	64.4%	52.2%	42.2%	2	50.0%	61.3%	25.0%	22.5%
Upper	1	25.0%	35.6%	37.5%	51.8%	2	50.0%	38.7%	40.3%	53.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	7.1%	5.6%
<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Refinance</b>									
Low	0	0.0%	0.0%	0.4%	0.2%	1	20.0%	8.2%	5.5%	2.7%
Moderate	0	0.0%	0.0%	6.5%	4.1%	1	20.0%	23.0%	13.4%	8.6%
Middle	4	80.0%	62.5%	48.3%	41.9%	2	40.0%	55.1%	24.6%	19.5%
Upper	1	20.0%	37.5%	44.8%	53.7%	1	20.0%	13.7%	49.3%	61.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	7.3%	7.3%
<b>Total</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Home Improvement</b>									
Low	0	0.0%	0.0%	0.3%	0.2%	1	9.1%	12.8%	11.8%	5.7%
Moderate	2	18.2%	7.3%	11.5%	11.1%	1	9.1%	15.3%	24.7%	17.0%
Middle	6	54.5%	61.9%	56.3%	44.2%	4	36.4%	8.7%	23.6%	21.9%
Upper	3	27.3%	30.8%	31.9%	44.5%	5	45.5%	63.2%	37.0%	52.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	2.9%	3.1%
<b>Total</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Multi-Family</b>									
Low	0	0.0%	0.0%	33.3%	36.9%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	33.3%	0.3%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	33.3%	62.8%	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%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>HMDA Totals</b>									
Low	0	0.0%	0.0%	0.5%	3.9%	2	10.0%	8.4%	8.0%	3.5%
Moderate	2	10.0%	3.5%	8.8%	4.9%	2	10.0%	13.7%	17.6%	10.4%
Middle	13	65.0%	62.7%	51.3%	38.0%	8	40.0%	34.5%	24.5%	19.0%
Upper	5	25.0%	33.8%	39.4%	53.2%	8	40.0%	43.4%	43.3%	51.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	6.5%	15.5%
<b>Total</b>	<b>20</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>20</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>SMALL BUSINESS</b>									
	<b>By Tract Income</b>									
		Bank			Aggregate					
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Low	8	14.8%	11.2%	9.5%	8.8%					
Moderate	17	31.5%	50.6%	21.5%	35.9%					
Middle	20	37.0%	22.0%	39.4%	30.8%					
Upper	9	16.7%	16.2%	29.6%	24.5%					
Unknown	0	0.0%	0.0%	0.0%	0.0%					
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%					
<b>Total</b>	<b>54</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					
	<b>By Revenue</b>									
\$1 Million or Less	32	59.3%	37.7%	37.7%	29.0%					
	<b>By Loan Size</b>									
\$100,000 or less	36	66.7%	16.0%	93.8%	32.9%					
\$100,001-\$250,000	3	5.6%	6.2%	2.1%	10.0%					
\$250,001-\$1 Million	15	27.8%	77.7%	4.1%	57.1%					
<b>Total</b>	<b>54</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					

Originations and Purchases

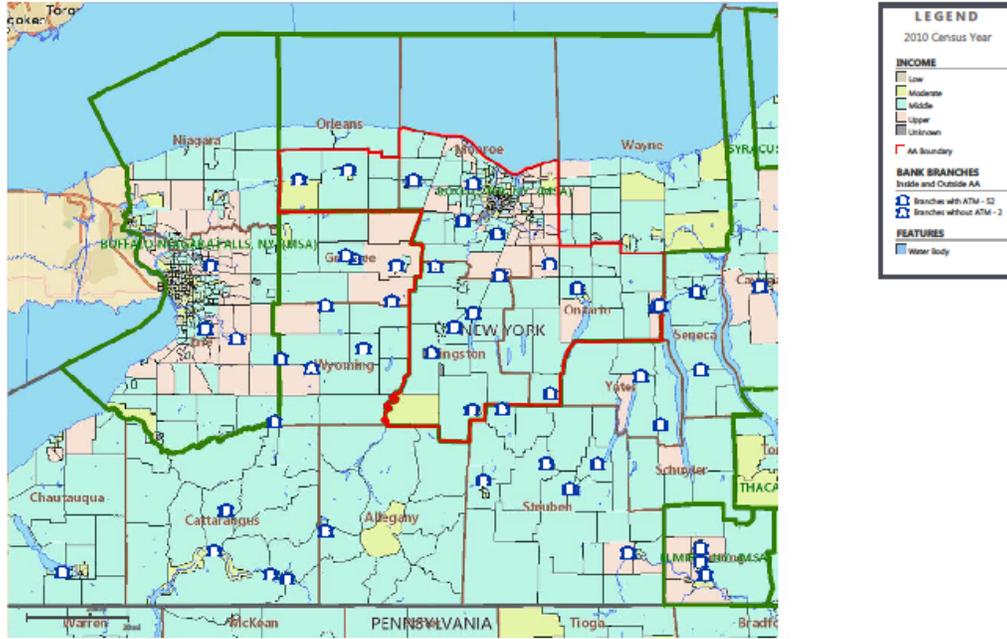
CRA APPENDIX D

Five Star Bank  
2012 NonMSA Assessment Area



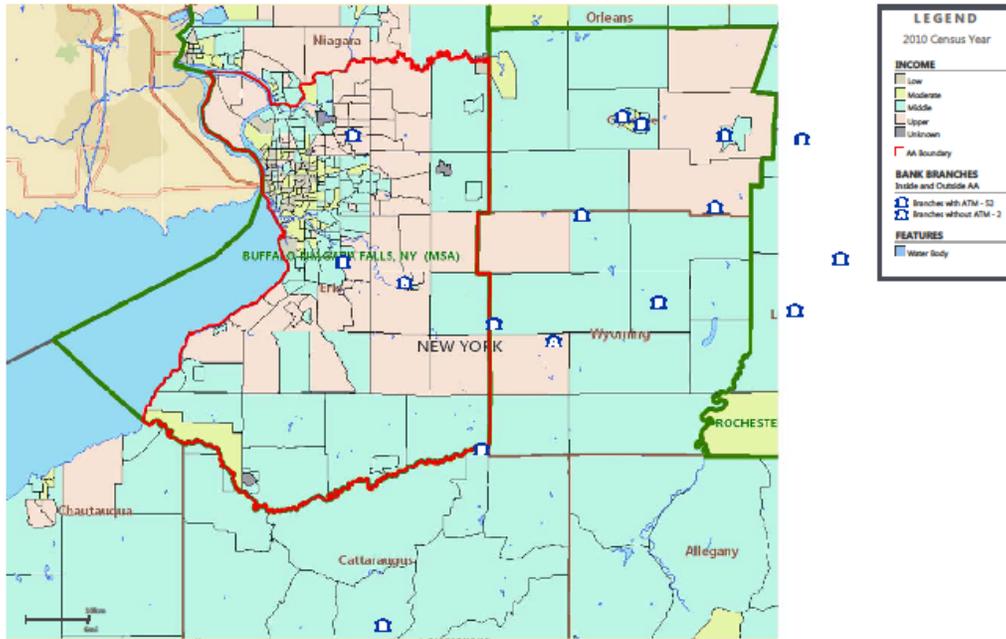
CRA APPENDIX D

MSA 40380 (Rochester, NY)  
2012 Assessment Area



CRA APPENDIX D

MSA 15380 (Buffalo-Niagara Falls, NY)  
2012 Assessment Area



CRA APPENDIX D

MSA 21300 (Elmira, NY)  
2012 Assessment Area

