

PUBLIC DISCLOSURE

May 18, 2009

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 RATING

INSTITUTION CRA RATING: Five Star Bank is rated *Outstanding*.

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

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

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

The major factors supporting the institution’s rating follow:

- The volume of Home Mortgage Disclosure Act (“HMDA”), small business and small farm lending reflected excellent responsiveness to credit needs in the bank’s assessment areas.
- The geographic distribution of lending was good.
- The distribution of loans to individuals of different income levels and businesses of different sizes was excellent.
- The bank was a leader in making community development loans and qualified investments.
- Retail delivery systems were readily accessible to geographies and individuals of different income levels.

INSTITUTION

DESCRIPTION OF INSTITUTION*

Total assets	\$1.9 billion
Net loans & leases	\$1.1 billion
Total domestic deposits	\$1.7 billion
Number of branches	50
Headquarters	Warsaw, NY
Bank holding company	Financial Institutions, Inc.

*Data as of December 31, 2008

Five Star Bank (“Five Star”) is a full-service commercial bank with 50 branches owned by Financial Institutions, Inc., a one-bank holding company also located in Warsaw, New York. As of December 31, 2008, Five Star had net loans and leases of \$1.1 billion with \$681 million in domestic real estate loans. Of this amount, approximately \$26 million consisted of construction and land development loans, \$238 million in commercial real estate loans, \$376 million in 1-4 family residential real estate loans, and \$129 million in commercial and industrial loans.

The bank offers a wide range of consumer-related services including retail deposit products, home mortgage, refinance, home improvement, small business and small farm loans. Since its previous CRA examination, Five Star expanded its presence in Monroe County by opening two new branches outside the City of Rochester in late 2008.

Five Star’s assessment area consists of the following:

Full Scope Assessment Areas

- Non-MSA Area including Allegany, Genesee, Schuyler, Steuben, Wyoming, Yates and portions of Cattaraugus, Cayuga, Chautauqua, and Seneca Counties all of which are contiguous.
- MSA 40380 (Rochester, NY) which consists of Livingston and Ontario Counties and portions of Monroe County. Does not include the City of Rochester.

Limited Scope Assessment Areas

- MSA 15380 (Buffalo – Niagara Falls, NY) – Forty three census tracts within the eastern portion of Erie County. Does not include the City of Buffalo.
- 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 April 30, 2007.

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 2007 and 2008.

Examination Period:

HMDA-related and CRA-related small business and small farm loan originations from January 1, 2007 through December 31, 2008 were analyzed. Examiners also reviewed community development loans, investments and services for the same period.

Lending Distribution Analysis

Only loans in Five Star's assessment area were included in the analysis of geographic and borrower distribution. To evaluate the geographic distribution of HMDA-related loans, the proportions of low- and moderate-income ("LMI") and non-LMI loan originations 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 was 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 2007 were used to categorize borrower income level for 2007 loans and 2008 HUD-adjusted median family income estimates were used to categorize 2008 loans. 2008 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 2007 was also compared with the 2007 aggregate of all lenders in Five Star's assessment areas subject to HMDA and/or CRA small business and small farm reporting. Aggregate information was not available for 2008 at the time of the examination.

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 within the full scope assessment areas.

Assessment Area Determination

Full scope assessment areas were identified based on the significance of the lending and deposits within these assessment areas in comparison to the overall bank and other assessment areas. Five Star's performance in the Non-MSA and MSA 40380 received the most weight in determining the bank's overall rating because of their concentration of deposits, lending, population, and owner-occupied housing units. The remaining two assessment areas, each with 6%, or less, of loans and 7%, or less, of deposits, did not have a substantial effect on the overall rating. See Exhibit 1 on page BB5 for details of key assessment area data.

Community Contacts

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

Exhibit 1: Five Star Bank Summary of Key Assessment Area Data

	Non MSA	MSA 40380	MSA 15380	MSA 21300	TOTALS
Total Population	518,644	321,952	214,401	77,541	1,132,538
Population % of AA population	46%	28%	19%	7%	100%
Families	134,405	83,715	59,558	19,806	297,484
Families % of AA families	45%	28%	20%	7%	100%
Total Census Tracts	134	65	43	20	262
Tracts % AA tracts	51%	25%	16%	8%	100%
LMI Tracts	10	7	0	6	23
LMI tracts % all AA LMI tracts	43%	30%	0%	26%	100%
Total Owner-Occupied Units	142,839	89,560	66,735	20,014	319,148
Units % of AA units	45%	28%	21%	6%	100%
Business Establishments⁴	18,167	12,856	10,185	2,617	43,825
Bus. est. % AA bus. est.	41%	29%	23%	6%	100%
Farm Establishments⁴	1,724	586	192	43	2,545
Bus. est. % AA bus. est.	68%	23%	8%	2%	100%
Number of Branches³	29	14	4	3	50
Branches % all branches	58%	28%	8%	6%	100%
Branches in LMI tracts	3	4	0	2	9
LMI branches % AA LMI branches	33%	44%	0%	22%	100%
Branch Deposits (\$'000s)²	1,025,766	457,657	88,268	37,045	1,608,736
Deposits % AA deposits	64%	28%	6%	2%	100%
Deposit Market Share (%)/ Rank in	15.19%/2	3.72%/8	0.26%/12	3.19%/6	
Home Purchase Originations¹	401	132	33	20	586
HP originations % AA orig.	68%	23%	6%	3%	100%
Refinance Originations¹	389	193	21	16	619
Refi orig. % AA orig.	63%	31%	3%	3%	100%
Home Improvement Originations¹	588	233	19	25	865
Home Improvement orig. % AA or	68%	27%	2%	3%	100%
Small Business Originations	1,517	851	243	77	2,688
SB orig. % AA orig.	56%	32%	9%	3%	100%
Small Farm Originations	506	158	11	0	675
SB orig. % AA orig.	75%	23%	2%	0%	100%
Combined Loan Totals	3,401	1,567	327	138	5,433
% of AA Orig.	63%	29%	6%	3%	100%

1. Originations include originations and loans purchased between January 1, 2007 and December 31, 2008

2. Source: Federal Deposit Insurance Corporation ("FDIC") Summary of deposit data as of 6/30/2008

3. Number of branches takes into account branch openings and closings during the 2007-2008 examination period.

4. Source: 2008 Dun & Bradstreet

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

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

Lending Activity:

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

Overall, Five Star originated 5,433 Home Purchase, Refinance, Home Improvement, Small Business and Small Farm loans in its assessment area, totaling \$395 million during the examination period. See table below for details:

Summary of Lending Activity				
January 1, 2007 – December 31, 2008				
Loan Type	#	%	\$(000s)	%
HMDA Home Purchase	586	11	\$63,554	16
HMDA Refinancings	619	11	\$47,029	12
HMDA Home Improvement	865	16	\$19,789	5
Total HMDA-related	2,070	38	\$130,372	33
Total Small Business	2,688	50	\$230,668	58
Total Small Farm	675	12	\$33,866	9
TOTAL LOANS	5,433	100	\$394,906	100

Note: This table includes bank loans originated in the bank's assessment area.

Assessment Area Concentration: Five Star originated a substantial majority of loans within its assessment area, as illustrated in the table below:

LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA								
January 1, 2007 – December 31, 2008								
LOAN TYPE	INSIDE				OUTSIDE			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	586	89%	\$63,554	88%	73	11%	\$8,288	12%
Refinancing	619	95%	\$47,029	94%	30	5%	\$3,016	6%
Home Improvement	865	96%	\$19,789	94%	34	4%	\$1,232	6%
TOTAL HMDA-RELATED	2,070	94%	\$130,372	91%	137	6%	\$12,536	9%
Small Business	2,688	89%	\$230,668	81%	325	11%	\$54,530	19%
Small Farm	675	94%	\$33,866	91%	46	6%	\$3,404	9%
TOTAL LOANS	5,433	91%	\$394,906	85%	508	9%	\$70,470	15%

Geographic Distribution:

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

Borrower Distribution:

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

Community Development Lending:

Community development lending performance was outstanding based on excellent performance in the Non-MSA assessment area and MSA 40380 (Rochester, NY).

As depicted in the chart to the right, the bank extended 117 community development loans totaling \$83 million, which represents a 124%

Community Development Loans		
Purpose	#	\$(000s)
Affordable Housing	18	\$7,770
Economic Development	8	\$34,058
Community Services	78	\$20,891
Revitalize and Stabilize	13	\$19,977
Totals	117	\$82,696

increase since the prior examination. Of the total, \$77 million, or 93% of total activity, represented new loans made since the prior examination. The bank’s community development lending volume exceeded similarly-situated banks in its assessment areas.

Five Star’s community development lending program was responsive to community needs as it targeted economic development, community services and revitalization and stabilization. Community contacts have identified economic development and revitalization of distressed areas as critical needs throughout Five Star’s assessment areas. Economic development activities include loans to preserve and create jobs for LMI individuals across upstate New York.

INVESTMENT TEST

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

As shown in the table to the right, Five Star’s community development investments were responsive to community credit needs. Qualified investments totaled \$79 million, a 119% increase from the prior examination. Of the total, \$68 million, or 86% of total activity, represented new investments made since the prior examination. The bank’s qualified investment volume exceeded similarly-situated large retail banks in the bank’s assessment area. Also included in the qualified investments noted in the above table were 992 grants and contributions totaling \$345,000 to organizations providing community services or sponsoring affordable housing and economic development activities throughout the bank’s assessment areas.

Community Development Investments		
Purpose	#	\$(000s)
Affordable Housing	1	\$45
Economic Development	5	\$2,285
Community Services	1,245	\$17,272
Revitalize and Stabilize	246	\$59,762
Totals	1,497	\$79,364

Community development investments focused on revitalization and stabilization, and community service activities. A total of \$60 million, or 75% by dollar amount, of total investments supported the revitalization and stabilization of LMI areas as well as the distressed middle-income census tracts in the Non-MSA assessment area. A total of 17 million, or 22% of investments by dollar amount, went towards community service activity.

SERVICE TEST

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

Retail Services: Five Star’s branches were readily accessible to all portions of the assessment areas and to individuals of different income levels. Of the bank’s 50 branches, 9, or 18%, were located in LMI tracts, which compares favorably with the percentage of the assessment area’s population, 7%, residing in LMI tracts. Alternative delivery systems also somewhat enhanced the bank’s performance. Five Star operated 27 off-site ATM locations across its assessment areas, 5 of which, or 19%, were located in LMI areas. Five Star also has a business relationship with another financial institution located in the greater Rochester area allowing Five Star’s customers to use that institution’s 22 ATMs without charge.

Branch changes did not adversely affect overall accessibility of delivery systems. Five Star opened two branches since the prior examination period, both in Monroe County in the Rochester MSA. One branch was in a middle-income census tract and another branch was in an upper-income census tract. Five Star did not close any branches since the prior examination.

Services do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and/or LMI individuals. All branches provide similar products and services. Extended hours are available at all branches, although only 26 branches are open on Saturdays. In LMI areas, four branches have Saturday hours. In addition, the bank offers alternative delivery systems such as bank-by-mail, on-line services, and 24-hour telephone banking.

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

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

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

- One officer serves on the board of directors and chairs the finance committee of an organization that provides shelter and services for displaced youths.
- An officer serves as the Treasurer for an organization in a distressed area that assists LMI persons obtain low-income housing.
- An officer serves as the Treasurer for an organization in a distressed area that provides affordable housing for low-income senior citizens.
- An officer serves on the board of directors of an organization in a moderate-income area that provide employment and training services to LMI persons.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No practices were identified as being inconsistent with helping to meet the credit needs of the community.

NON METROPOLITAN AREA

(FULL REVIEW)

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

DESCRIPTION OF INSTITUTION'S OPERATIONS

This assessment area contains the largest proportion of Five Star's loans and deposits. As shown in Exhibit 1 on page BB5, Five Star operates 29 branches in the Non-MSA assessment area. Sixty-three percent of the bank's HMDA-related, small business and small farm loans were originated in this assessment area.

As of June 30, 2008, 64% of Five Star's deposits were held in this assessment area. With a deposit market share of 15%, Five Star was the second largest depository institution, behind Community Bank National Association, which had 17% of deposits. Other lead banks in terms of deposit market share were HSBC National Association, Manufacturers and Traders Trust Company, Key Bank National Association, Bank of Castile, First Niagara Bank and Steuben Trust Company.

PERFORMANCE CONTEXT

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

Demographic Characteristics

The Non-MSA Assessment Area encompasses portions of 10 contiguous counties located mainly in the Western and Finger Lakes Regions of New York State. These counties are primarily rural with towns and villages scattered across the assessment area. According to the 2000 Census, the Non-MSA Assessment area's population totals 518,644. The Non-MSA assessment area contains 46% of the bank's combined assessment area population. Within the Non-MSA full scope assessment area, 50 middle-income census tracts in three counties (Allegany, Cattaraugus, and Steuben) meet the FFIEC definition of distressed non-metropolitan middle-income census tracts due to population losses and 5 census tracts in Schuyler county meet the FFIEC definition of underserved middle-income census tracts for remote rural areas.

Income Characteristics

The HUD-adjusted median family income for the various counties in the Non-MSA assessment area ranged from \$47,800 to \$59,700 in 2008. Based on the 2000 Census, of the 134 census tracts included in the analysis, two or 1%, are low-income, nine or 7% are moderate-income, 106 or 79% are middle-income, 15 or 11% are upper-income and two or 1% are of unknown-income. Nine percent of all families within the Non-MSA have incomes below the poverty level.

Housing Characteristics

The Non-MSA assessment area contains 238,138 housing units, of which 60% are owner-occupied. Less than one percent of owner-occupied housing units are in low-income census tracts and only five percent are in the moderate-income census tracts. Owner-occupied housing units represent 15% and 45% of total housing units in low and moderate-income census tracts, respectively. According to the New York State Association of Realtors the median sales price of homes in 2008 ranged from a low of \$54,500 in Allegany County to a high of \$114,500 in Schuyler County. In 2008, the median housing costs in the various counties comprising the Non-MSA assessment area ranged from 2 to 4 times the median family income of a low-income borrower, indicating that housing affordability may be difficult for some low-income individuals.

Demographic information from the 2000 Census estimated that the median age of the housing stock throughout the assessment area to be 45 years. Given the age of the housing stock community contacts have stated that there is a need for home improvement and home rehabilitation loans. Detailed assessment area data is contained in Exhibit 2 on page BB12.

Labor, Employment and Economic Characteristics

According to the NYS Department of Labor the economy in western New York is more diverse as it has transitioned from a manufacturing-based to a service- and information-based economy. In particular, professional and business services experienced the strongest job growth in Western New York between 2007 and 2008. In contrast, job losses have been largely confined to goods-producing industries such as manufacturing and construction. During the examination period, average annual unemployment rates increased from 4.8% in 2007 to 5.9% in 2008 within the 10 counties making up the Non-MSA assessment area.

EXHIBIT 2								
Assessment Area Demographics								
Assessment Area: Non-MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	1.5	656	0.5	192	29.3	24,182	18.0
Moderate-income	9	6.7	7,841	5.8	1,551	19.8	25,384	18.9
Middle-income	106	79.1	110,462	82.2	9,651	8.7	31,573	23.5
Upper-income	15	11.2	15,447	11.5	716	4.6	53,267	39.6
Unknown-income	2	1.5	0	0.0	0	0.0	0	0.0
Total Assessment Area	134	100.0	134,406	100.0	12,110	9.0	134,406	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	2,037	301	0.2	14.8	1,434	70.4	302	14.8
Moderate-income	14,968	6,659	4.7	44.5	6,502	43.4	1,807	12.1
Middle-income	195,595	119,268	83.5	61.0	41,102	21.0	35,225	18.0
Upper-income	25,525	16,610	11.6	65.1	6,392	25.0	2,523	9.9
Unknown-income	13	2	0.0	15.4	0	0.0	11	84.6
Total Assessment Area	238,138	142,840	100.0	60.0	55,430	23.3	39,868	16.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	419	2.3	359	2.2	37	2.8	23	2.8
Moderate-income	1,636	9.0	1,400	8.7	175	13.3	61	7.5
Middle-income	13,992	77.0	12,401	77.3	944	72.0	647	79.9
Upper-income	2,120	11.7	1,885	11.7	156	11.9	79	9.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	18,167	100.0	16,045	100.0	1,312	100.0	810	100.0
	Percentage of Total Businesses:			88.3		7.2		4.5
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$500 Thousand		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	35	2.0	35	2.1	0	0.0	0	0.0
Middle-income	1,517	88.0	1,476	87.9	41	91.1	0	0.0
Upper-income	172	10.0	168	10.0	4	8.9	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,724	100.0	1,679	100.0	45	100.0	0	0.0
	Percentage of Total Farms:			97.4		2.6		0.0

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

LENDING TEST

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

Lending Activity:

Five Star's lending activity in the Non-MSA assessment area was excellent based on market share activity and comparison to peer banks. Five Star ranked second in deposit market share, with 15% of deposits, second in home purchase lending (4% market share), second in refinance lending (4% market share), second in home improvement lending (10% market share), first in small business lending (5% market share), and first in small farm lending (33% market share). Peer comparisons based on the number of loans per billion dollars of deposits indicate that the bank's performance compares favorably with the lending volume of peer banks.

Geographic Distribution:

The geographic distribution of HMDA-related and small business loans was adequate based on adequate penetration in moderate-income census tracts. Small farm lending was not evaluated as only four farm loans, or less than 1% of all small farm loans, were made by the aggregate in moderate-income geographies, indicating limited opportunities for lending.

Distribution to Low-Income Geographies

Five Star made no home purchase, refinance, home improvement, or small farm loans in low-income geographies. However, the aggregate made virtually no loans to low-income geographies for the HMDA-related products and no loans to small farms. Similarly, the low-income geographies had only 301, or less than 1%, of available owner-occupied housing units and no small farms that operate in low-income geographies. Due to the very low level of owner-occupied units and the very low level of aggregate loans, the bank's performance was considered adequate in context of the limited lending opportunities.

Small business performance to low-income geographies was weak as the bank made less than 1% of its small business loans in low-income census tracts, below the demographics of the assessment area, which indicate that 419, or 2%, of small businesses operate in low-income geographies. Performance was also below the aggregate, which made approximately 2% of its loans in low-income census tracts.

Distribution to Moderate-Income Geographies

Five Star's performance in moderate-income geographies was adequate based on good performance in small business lending, adequate performance in home purchase lending, and weak performance in home improvement and refinance lending in moderate-income census tracts.

Five Star made 3% of its home purchase, 1% of its refinance, and 2% of its home improvement loans to moderate-income geographies, less than the aggregate's 4%, 3%, and 5% of loans to the same categories, respectively. The bank's home purchase, refinance, and home improvement lending compared less favorably to the demographics of the assessment area, which indicated that just under 5% of the available owner-occupied housing units are located within moderate-income geographies

Small business performance to moderate-income geographies was good as the bank made 7% of its small business loans in moderate-income census tracts which compared favorably to the demographics of the assessment area, which indicate that 9% of small businesses operate in moderate-income geographies. Performance was similar to the aggregate which made 7% of its loans in moderate-income census tracts.

Distribution By Borrower and Revenue Size of Business:

Lending performance in the Non-MSA assessment area was excellent based on excellent lending to moderate-income borrowers, small businesses and small farms, and adequate lending to low-income borrowers, as indicated in the chart below:

NON-MSA BORROWER DISTRIBUTION				
Product	Low-income Borrowers		Moderate-income Borrowers	
	Five Star Performance	2007 Aggregate Comparison	Five Star Performance	2007 Aggregate Comparison
Home Purchase	Good	Significantly Above	Good	Slightly Below
Refinance	Poor	Below	Excellent	Slightly Above
Home Improvement	Good	Similar To	Excellent	Similar To
	Lending to Businesses with GAR <= \$1 million		2007 Aggregate Comparison	
Small Business	Excellent		Significantly Above	
Small Farm	Excellent		Slightly Above	

Low-income Borrowers

Five Star's overall HMDA-related lending performance to low-income borrowers was adequate. During the examination period, the bank made 11%, 5%, and 12% of its home purchase, refinance, and home improvement loans, respectively, to low-income borrowers while 18% of the families in the Non-MSA were of low-income.

Five Star's performance for home purchase loans was significantly above the aggregate, which made 7% of its home purchase loans to low-income borrowers. Five Star's home improvement loan performance was similar to the aggregate, which made 12% of home improvement loans to

low-income borrowers. The bank's refinance lending was below the aggregate, which made 7% of its refinance loans to low-income borrowers.

Moderate-income Borrowers

Five Star's overall HMDA-related lending to moderate-income borrowers was excellent. The bank made 16%, 21%, and 22% of its home purchase, refinance, and home purchase loans, respectively, to moderate-income borrowers while 19% of families in the assessment area were of moderate-income.

Five Star's performance for home purchase loans was slightly below the aggregate, which made 21% of its home purchase loans to moderate-income borrowers. Five Star's home improvement loan performance was similar to the aggregate, which made 23% of home improvement loans to moderate-income borrowers. The bank's refinance lending was slightly above the aggregate, which made 19% of its refinance loans to moderate-income borrowers.

Small Business Lending

Five Star provided an excellent level of lending to small business borrowers with gross annual revenue (GAR) of \$1 million or less. The bank made 78% of its small business loans to these businesses, compared to the 88% of business establishments in the assessment area with GAR of \$1 million or less. Performance was significantly above the aggregate, which made 43% of its small business loans to businesses with GAR of \$1 million or less. The bank made 85% of its small business loans in amounts of \$100,000 or less, which was slightly below the aggregate, which made 96% of its small business loans in amounts of \$100,000 or less.

Small Farm Lending

Five Star provided an excellent level of lending to small farm borrowers with gross annual revenue (GAR) of \$500 thousand or less. The bank made 96% of its small farm loans to these businesses, compared to the 97% of farm establishments in the assessment area with GAR of \$500 thousand or less. Performance was slightly above the aggregate, which made 82% of its small farm loans to businesses with GAR of \$500 thousand or less. The bank made 95% of its small farm loans in amounts of \$100,000 or less, which was above the aggregate, which made 90% of its small farm loans in amounts of \$100,000 or less.

2007 Five Star and Aggregate Loan Distribution Table
Assessment Area: Non-MSA

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	% \$(000s)	Aggregate %	% \$(000s)	#	Bank %	% \$(000s)	Aggregate %	% \$(000s)
	Home Purchase									
Low	0	0.0%	0.0%	0.2%	0.1%	22	10.6%	5.7%	7.0%	3.7%
Moderate	7	3.4%	2.2%	3.9%	2.3%	34	16.3%	10.3%	21.1%	14.3%
Middle	184	88.5%	88.5%	81.8%	82.2%	49	23.6%	19.2%	25.4%	21.8%
Upper	17	8.2%	9.3%	14.0%	15.4%	92	44.2%	60.0%	38.1%	52.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	11	5.3%	4.8%	8.5%	7.5%
Total	208	100.0%	100.0%	100.0%	100.0%	208	100.0%	100.0%	100.0%	100.0%
	Refinance									
Low	0	0.0%	0.0%	0.2%	0.2%	10	5.2%	2.7%	7.1%	3.9%
Moderate	2	1.0%	0.7%	3.4%	2.2%	41	21.1%	16.3%	18.9%	13.8%
Middle	165	85.1%	83.6%	82.9%	83.8%	61	31.4%	25.6%	27.4%	24.5%
Upper	27	13.9%	15.7%	13.4%	13.8%	69	35.6%	47.5%	38.7%	48.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	13	6.7%	7.9%	7.9%	8.9%
Total	194	100.0%	100.0%	100.0%	100.0%	194	100.0%	100.0%	100.0%	100.0%
	Home Improvement									
Low	0	0.0%	0.0%	0.3%	0.6%	40	12.5%	5.6%	11.8%	4.6%
Moderate	7	2.2%	1.2%	4.7%	3.2%	70	21.8%	12.9%	23.0%	14.1%
Middle	282	87.9%	81.7%	85.5%	81.4%	92	28.7%	28.0%	28.3%	25.3%
Upper	32	10.0%	17.1%	9.5%	14.8%	115	35.8%	51.7%	34.8%	53.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	4	1.2%	1.9%	2.1%	2.7%
Total	321	100.0%	100.0%	100.0%	100.0%	321	100.0%	100.0%	100.0%	100.0%
	Multi-Family									
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	1	25.0%	20.3%	9.1%	4.7%	0	0.0%	0.0%	0.0%	0.0%
Middle	3	75.0%	79.7%	63.6%	39.2%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	27.3%	56.1%	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%
Total	4	100.0%	100.0%	100.0%	100.0%	4	100.0%	100.0%	100.0%	100.0%
	HMDA Totals									
Low	0	0.0%	0.0%	0.2%	0.2%	72	9.9%	4.3%	8.1%	3.8%
Moderate	17	2.3%	3.2%	4.0%	2.4%	145	19.9%	11.6%	20.7%	13.8%
Middle	634	87.2%	85.0%	83.0%	81.9%	202	27.8%	21.0%	26.7%	22.7%
Upper	76	10.5%	11.8%	12.8%	15.5%	276	38.0%	49.4%	37.5%	50.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	32	4.4%	13.8%	7.0%	9.5%
Total	727	100.0%	100.0%	100.0%	100.0%	727	100.0%	100.0%	100.0%	100.0%
	SMALL BUSINESS					SMALL FARM				
	By Tract Income									
Low	6	0.8%	1.1%	1.6%	2.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	50	6.7%	8.0%	7.3%	10.0%	0	0.0%	0.0%	0.5%	0.5%
Middle	589	78.5%	79.3%	75.9%	75.5%	213	86.6%	80.4%	84.9%	83.0%
Upper	105	14.0%	11.6%	12.8%	10.7%	33	13.4%	19.6%	13.8%	16.0%
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%	2.3%	1.7%	0	0.0%	0.0%	0.8%	0.4%
Total	750	100.0%	100.0%	100.0%	100.0%	246	100.0%	100.0%	100.0%	100.0%
	By Revenue									
\$1 Million/\$500,000 or Less	581	77.5%	51.7%	42.6%	44.1%	235	95.5%	82.1%	82.1%	68.7%
	By Loan Size									
\$100,000 or less	636	84.8%	39.3%	96.1%	46.7%	234	95.1%	72.9%	90.3%	51.7%
\$100,001-\$250,000	75	10.0%	22.9%	2.4%	17.8%	8	3.3%	13.7%	7.6%	31.0%
\$250,001-\$1 Million-\$500k (Farm)	39	5.2%	37.9%	1.5%	35.5%	4	1.6%	13.4%	2.1%	17.2%
Total	750	100.0%	100.0%	100.0%	100.0%	246	100.0%	100.0%	100.0%	100.0%

Originations and Purchases

Community Development Lending:

Five Star’s level of community development lending was excellent, with 75 loans totaling \$30 million, or 36% of the bank’s community development lending. This conclusion was supported by a comparison to similarly-situated large retail banks in the assessment area. New commitments represented \$28 million of total community development loans in the Non-MSA assessment area, or 93% of total activity.

Community Development Loans		
Purpose	#	\$(000s)
Affordable Housing	12	\$6,380
Economic Development	2	\$10,370
Community Services	56	\$10,242
Revitalize and Stabilize	5	\$3,124
Totals	75	\$30,116

Community development lending was responsive to identified community needs. Lending targeted economic development activities which include job creation and retention and community service activities focused on LMI individuals.

Examples of community development loans included:

- A commercial mortgage loan to an organization that provides affordable multi-family housing to LMI individuals.
- A commercial mortgage for the purchase of a 58-unit affordable apartment complex in which the majority of tenants are moderate-income.
- A line of credit to a non-profit organization that provides health care and social services to LMI children in rural areas of New York State.
- An unsecured line of credit to finance interim construction costs for a new office building. The borrower is a non-profit organization that services LMI persons with developmental disabilities. The office building is located in a distressed area.

INVESTMENT TEST

Five Star’s investment test performance was excellent. This conclusion was supported by a favorable comparison to similarly-situated large retail banks in the assessment area. As shown in the table to the right, qualified investments totaled \$62 million, or 79% of the bank’s total qualified investment activity. New commitments represented \$54 million of total Non-MSA qualified investment, or 87% of total activity.

Community Development Investments		
Purpose	#	\$(000s)
Affordable Housing	0	\$0
Economic Development	1	\$76
Community Services	874	\$11,874
Revitalize and Stabilize	191	\$50,582
Totals	1,066	\$62,532

The bank's qualified investments exhibited excellent responsiveness to assessment area needs. A total of \$51 million, or 81% of total activity in the Non-MSA, was directed at revitalizing and stabilizing distressed or underserved non-metropolitan middle income areas in Steuben, Allegany, Cattaraugus, and Schuyler counties. In these counties, the majority of the census tracts were either distressed or underserved, indicating the need for funding of essential services.

Examples of qualified investments included:

- A municipal bond for infrastructure improvements (highway construction, storm sewer improvements, waterline improvements, installation of sidewalks and traffic signals). The town is located in moderate-income census tract.
- A municipal bond to finance reconstruction of a school building located in a distressed census tract.
- A municipal bond to improve the sewer system in a distressed town. The bond assisted in revitalization of the area through improvements that will attract and maintain businesses and residents.
- A municipal bond to the City of Salamanca to replace a reservoir. The City of Salamanca is located in a moderate-income census tract.

SERVICE TEST

Performance on the service test was excellent based on Five Star's excellent 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 29 branches in the Non-MSA assessment area, of which 3, or 10%, are located in LMI areas. This compares favorably to the 7% of the Non-MSA population that resides in LMI areas.

Alternative delivery systems somewhat enhanced the availability and effectiveness of retail credit and non-credit services in LMI geographies and to LMI individuals. There were 16 off-site ATMs in the Non-MSA, of which 2, or 13%, were located in LMI 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, with 16 of the 29 branches in the Non-MSA, or 55%, also opened on Saturdays. Two of the three branches in LMI tracts in the Non-MSA have Saturday hours.

Community Development Services: Five Star is a leader in providing community development services in the Non-MSA assessment area. The bank provided 109 financial seminars to LMI individuals, community organizations, and small businesses. Examples include one-on-one banking and financial management training to homeless women at a transitional housing facility and tax-preparation assistance to low-income people.

Five Star employees also serve on numerous boards and committees of community development organizations and provide financial management expertise and technical assistance to these organizations. A total of 39 Five Star officers served as directors, advisors or committee members in 57 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 a director at an organization that assists LMI persons with employment assistance in addition to in-home assisted living services to the elderly. The organization is in Salamanca, which is located in a moderate-income area.
- A Vice President serves as a board member of an organization that assists low-income people in Cattaraugus and Allegany counties obtain heating fuel at below market prices and increase energy efficiency through improvements to home insulation.
- A Vice President serves as a board member of an organization located in a distressed area that provides financial assistance for business start-ups and expansions that provide employment in several counties in the Non-MSA.

METROPOLITAN AREA

(FULL REVIEW)

MSA 40380 (ROCHESTER, NY)

DESCRIPTION OF INSTITUTION'S OPERATIONS

As of December 31, 2008, Five Star operated 14 branches, or 28% of its branches in MSA 40380. As of June 30, 2008, 28% of the bank's deposits were in the MSA. Five Star ranks 8th in deposit market share in this MSA, with a deposit market share of 4%. The market is highly competitive with large depository institutions such as HSBC Bank USA National Association, Manufacturers and Traders Trust Co., RBS Citizens National Association, JPMorgan Chase Bank NA, Citizens Bank NA, and Canandaigua NB&T Co., as the lead banks in terms of deposit market share. For additional assessment area details, see Exhibit 1 on page BB5.

PERFORMANCE CONTEXT

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

Demographic Characteristics

Five Star's assessment area consists of Livingston, Ontario, and portions of Monroe Counties. According to the 2000 Census, the MSA's population totals 321,952. The MSA contains 28% of the bank's combined assessment area population.

Income Characteristics

The HUD-adjusted median family income for MSA 40380 was \$62,000 in 2007 and \$63,500 in 2008. Of the 65 census tracts included in the assessment area, one, or 2%, is low-income, and six, or 9%, are moderate-income. Also, four percent of all families within the assessment area have incomes below the poverty level.

Housing Characteristics

The assessment area contains 124,179 housing units, of which 72% are owner-occupied. Six percent of owner-occupied housing units are in LMI census tracts representing 53% of total housing units in these census tracts. Demographic information from the 2000 census estimated that the median age of the housing stock to be 41 years. According to the New York State Association of Realtors the median sales price of homes in 2008 was \$112,000 in Livingston County, \$141,500 in Ontario County and \$120,000 in Monroe County. In 2008, housing costs in the Rochester MSA was 3.7 times the median family income of a low-income borrower making housing affordability difficult for low-income individuals.

EXHIBIT 3								
Assessment Area Demographics								
Assessment Area: 40380 (Rochester, NY)								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	1.5	574	0.7	186	32.4	11,194	13.4
Moderate-income	6	9.2	4,944	5.9	548	11.1	13,836	16.5
Middle-income	37	56.9	46,775	55.9	1,769	3.8	19,794	23.6
Upper-income	19	29.2	31,422	37.5	603	1.9	38,891	46.5
Unknown-income	2	3.1	0	0.0	0	0.0	0	0.0
Total Assessment Area	65	100.0	83,715	100.0	3,106	3.7	83,715	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,402	406	0.5	29.0	773	55.1	223	15.9
Moderate-income	8,270	4,725	5.3	57.1	2,795	33.8	750	9.1
Middle-income	72,343	50,039	55.9	69.2	16,952	23.4	5,352	7.4
Upper-income	42,163	34,390	38.4	81.6	6,348	15.1	1,425	3.4
Unknown-income	1	0	0.0	0.0	1	100.0	0	0.0
Total Assessment Area	124,179	89,560	100.0	72.1	26,869	21.6	7,750	6.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	230	1.8	203	1.8	13	1.1	14	4.0
Moderate-income	880	6.8	779	6.9	66	5.8	35	10.1
Middle-income	6,478	50.4	5,679	49.9	593	52.2	206	59.4
Upper-income	5,260	40.9	4,707	41.4	461	40.5	92	26.5
Unknown-income	8	0.1	4	0.0	4	0.4	0	0.0
Total Assessment Area	12,856	100.0	11,372	100.0	1,137	100.0	347	100.0
	Percentage of Total Businesses:			88.5		8.8		2.7
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$500 Thousand		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	1	0.2	1	0.2	0	0.0	0	0.0
Moderate-income	35	6.0	35	6.2	0	0.0	0	0.0
Middle-income	440	75.1	426	75.0	14	82.4	0	0.0
Upper-income	110	18.8	106	18.7	3	17.6	1	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	586	100.0	568	100.0	17	100.0	1	0.0
	Percentage of Total Farms:			96.9		2.9		0.2

Labor, Employment and Economic Characteristics

Livingston, Ontario, and the assessment area portion of Monroe Counties are predominately rural and suburban and are not densely populated. Historically, the Rochester MSA's key industry has been photographic equipment and related manufacturing. Over the past decade, the region's manufacturing base experienced significant downsizing due to job losses at its largest industrial employers, primarily Kodak. Economic trends indicate that growth is more diverse and dependent on small and mid-sized manufacturers as well as service industries such as education and health services. During the examination period, average annual unemployment rates for MSA 40380 increased from 4.6% in 2007 to 5.6% in 2008.

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

LENDING TEST

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

Lending Activity:

Five Star's lending activity in the MSA assessment area was excellent based on market share activity and comparison to peer banks. Five Star ranked eighth in deposit market share, with 4% of deposits, fourth in home purchase lending (1% market share), second in refinance lending (3% market share), second in home improvement lending (8% market share), second in small business lending (3% market share), and first in small farm lending (34% market share). Peer comparisons based on the number of loans per billion dollars of deposits indicate that the bank's performance compares favorably with the lending volume of similarly-situated banks.

Geographic Distribution:

The geographic distribution of HMDA-related, small business and small farm loans was excellent in the MSA assessment area based on excellent performance in moderate-income census tracts for all loan products. Small business performance in low-income census tracts was excellent.

Distribution to Low-Income Geographies

Five Star made one home purchase, one refinance, no home improvement and no small farm loans to low-income geographies. However, the aggregate made virtually no loans in low-income geographies for the HMDA-related products and no loans to small farms. Similarly, the MSA had only 406, or less than 1%, of available owner-occupied housing units located within low-income geographies and virtually no small farms that operate in low-income geographies. Due to the very low level of owner-occupied units and the very low level of aggregate loans, the bank's performance in low-income census tracts was adequate in relation to the context of the area.

Small business performance to low-income geographies was excellent. Five Star made 2% of its small business loans in low-income census tracts which compared favorably to the demographics

of the assessment area, which indicate that just under 2% of small businesses operate in low-income geographies. Performance also compared favorably to the aggregate which made approximately 1% of its loans in low-income census tracts.

Distribution to Moderate-Income Geographies

HMDA-related performance to moderate-income geographies was excellent. Five Star made 23% of its home purchase, 10% of its refinance, and 25% of its home improvement loans in moderate-income geographies, significantly above the aggregate's 4%, 5%, and 7% of loans to the same categories, respectively. The bank's home purchase, refinance, and home improvement lending compared very favorably to the demographics of the assessment area, which indicated that 5% of the available owner-occupied housing units are located within moderate-income geographies.

Small business performance to moderate-income geographies was excellent as the bank made 14% of its small business loans in moderate-income census tracts. This compared favorably to the demographics of the assessment area, which indicated that 7% of small businesses operate in moderate-income geographies. Performance was significantly above the aggregate, which made 5% of its loans in moderate-income census tracts.

Small farm performance to moderate-income geographies was excellent as the bank made 5% of its small farm loans in moderate-income census tracts. This compared similarly to the demographics of the assessment area, which indicated that 6% of small farms operate in moderate-income geographies. Performance was similar to the aggregate which made 5% of its loans in moderate-income census tracts.

Distribution By Borrower and Revenue Size of Business:

Lending performance in the MSA assessment area was excellent based on excellent lending to low-income borrowers, moderate-income borrowers and small businesses. Lending performance to small farms was good. See chart below for summary of individual loan product conclusions:

MSA 40380 (ROCHESTER, NY) BORROWER DISTRIBUTION				
Product	Low-income Borrowers		Moderate-income Borrowers	
	Five Star Performance	2007 Aggregate Comparison	Five Star Performance	2007 Aggregate Comparison
Home Purchase	Excellent	Significantly Above	Excellent	Above
Refinance	Excellent	Significantly Above	Excellent	Slightly Above
Home Improvement	Good	Similar To	Excellent	Above
	Lending to Businesses with GAR <= \$1 million		2007 Aggregate Comparison	
Small Business	Excellent		Significantly Above	
Small Farm	Good		Similar To	

Low-income Borrowers

Five Star’s overall HMDA-related lending performance to low-income borrowers was excellent. During the examination period, the bank made 16%, 13%, and 11% of its home purchase, refinance, and home improvement loans, respectively, to low-income borrowers while 13% of the families in the MSA were of low-income.

Five Star’s performance for home purchase, refinance and home improvement loans to low-income borrowers compared favorably to the aggregate, which made 5% of its home purchase loans, 6% of its refinance loans, and 11% of its home improvement loans, respectively, to low-income borrowers.

Moderate-income Borrowers

Five Star’s overall HMDA-related lending to moderate-income borrowers was excellent. The bank made 26%, 26%, and 33% of its home purchase, refinance, and home purchase loans, respectively, to moderate-income borrowers while 17% of families in the assessment area were of moderate-income.

Five Star’s performance for home purchase, refinance and home improvement loans to moderate-income borrowers was above the aggregate, which made 19% of its home purchase, 21% of its refinance, and 23% of its home improvement loans, respectively, to moderate-income borrowers.

Small Business Lending

Five Star provided an excellent level of lending to small business borrowers with gross annual revenue (GAR) of \$1 million or less. The bank made 81% 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 40% of its small business loans to businesses with GAR of \$1 million or less. The bank made 86% of its small business loans in amounts of \$100,000 or less, which was slightly below the aggregate, which made 95% of its small business loans in amounts of \$100,000 or less.

Small Farm Lending

Five Star provided a good level of lending to small farm borrowers with gross annual revenue (GAR) of \$500 thousand or less. The bank made 87% of its small farm loans to these businesses, compared to the 97% of farm establishments in the MSA with GAR of \$500 thousand or less. Performance was above the aggregate, which made 81% of its small farm loans to farms with GAR of \$500 thousand or less. The bank made 88% of its small farm loans in amounts of \$100,000 or less, which was similar to the aggregate, which made 91% of its small farm loans in amounts of \$100,000 or less.

2007 Five Star and Aggregate Loan Distribution Table
Assessment Area: MSA 40380

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	1	1.6%	0.9%	0.3%	0.1%	10	16.4%	11.2%	4.9%	2.6%
Moderate	14	23.0%	15.2%	3.5%	2.0%	16	26.2%	16.3%	19.1%	12.8%
Middle	36	59.0%	51.3%	52.7%	45.3%	15	24.6%	21.8%	24.5%	20.5%
Upper	10	16.4%	32.6%	43.5%	52.6%	18	29.5%	47.2%	44.7%	57.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	3.3%	3.6%	6.8%	6.8%
<i>Total</i>	<i>61</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>61</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Refinance										
Low	1	0.9%	0.4%	0.5%	0.2%	14	12.5%	7.7%	6.3%	3.3%
Moderate	11	9.8%	7.3%	4.6%	3.4%	29	25.9%	23.9%	20.6%	14.4%
Middle	91	81.3%	83.9%	58.4%	50.2%	36	32.1%	33.0%	26.3%	22.5%
Upper	9	8.0%	8.3%	36.6%	46.2%	31	27.7%	32.3%	39.1%	51.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	1.8%	3.1%	7.7%	7.9%
<i>Total</i>	<i>112</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>112</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Home Improvement										
Low	0	0.0%	0.0%	0.5%	0.6%	15	11.1%	6.0%	10.5%	4.8%
Moderate	34	25.2%	20.1%	7.3%	4.4%	45	33.3%	24.0%	23.4%	16.1%
Middle	91	67.4%	72.4%	63.5%	60.1%	42	31.1%	30.5%	28.6%	28.1%
Upper	10	7.4%	7.5%	28.6%	34.8%	32	23.7%	39.3%	36.6%	49.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	0.7%	0.2%	1.0%	1.4%
<i>Total</i>	<i>135</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>135</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Multi-Family										
Low	0	0.0%	0.0%	3.8%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	73.1%	73.4%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	23.1%	26.6%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA Totals										
Low	2	0.6%	0.5%	0.4%	0.2%	39	12.7%	8.7%	6.2%	2.8%
Moderate	59	19.2%	11.9%	4.4%	2.5%	90	29.2%	21.2%	20.2%	12.9%
Middle	218	70.8%	70.6%	56.2%	48.8%	93	30.2%	28.6%	25.6%	20.4%
Upper	29	9.4%	17.0%	39.0%	48.6%	81	26.3%	38.6%	41.5%	52.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	1.6%	2.9%	6.5%	11.4%
<i>Total</i>	<i>308</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>308</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
SMALL BUSINESS										
SMALL FARM										
By Tract Income										
Low	9	2.1%	1.1%	1.0%	0.8%	0	0.0%	0.0%	0.0%	0.0%
Moderate	59	14.0%	12.4%	4.8%	3.7%	4	4.8%	12.3%	4.5%	6.3%
Middle	280	66.5%	69.7%	49.5%	52.2%	75	90.4%	85.6%	80.4%	88.6%
Upper	73	17.3%	16.8%	43.2%	41.6%	4	4.8%	2.1%	14.3%	5.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	1.5%	1.8%	0	0.0%	0.0%	0.8%	0.0%
<i>Total</i>	<i>421</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>83</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
By Revenue										
\$1 Million/\$500,000 or less	341	81.0%	57.2%	40.1%	35.8%	72	86.7%	63.4%	81.2%	72.2%
By Loan Size										
\$100,000 or less	360	85.5%	41.2%	95.1%	38.3%	73	88.0%	51.9%	90.6%	56.0%
\$100,001-\$250,000	37	8.8%	19.8%	2.3%	14.2%	9	10.8%	36.8%	8.6%	34.9%
\$250,001-\$1 Million-\$500k (Farm)	24	5.7%	39.0%	2.6%	47.5%	1	1.2%	11.3%	0.8%	9.2%
<i>Total</i>	<i>421</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>83</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

Originations and Purchases

Community Development Lending:

Five Star's level of community development lending was excellent, with 23 loans totaling \$6 million, or 8% of all Five Star's community development lending. This conclusion was supported by a favorable comparison to similarly-situated large retail banks in the assessment area. New commitments represented \$2 million of total community development loans in the MSA assessment area, or 39% of total activity.

Community Development Loans		
Purpose	#	\$(000s)
Affordable Housing	3	\$120
Economic Development	1	\$1,083
Community Services	18	\$5,134
Revitalize and Stabilize	1	\$75
Totals	23	\$6,412

Community development lending was responsive to identified community needs and targeted community services and economic development activities which include activities focused on LMI individuals.

Examples of community development loans included:

- A revolving line of credit bridge loan to a non-profit agency that provides employment education to LMI youth. The facility is in a low-income tract.
- A working capital loan to an organization that provides services to LMI persons in a low-income tract. The organization assists persons with developmental disabilities to live independently as well as gain access to state medical and educational services.
- An unsecured working capital line of credit to a non-profit organization that provides substance abuse prevention programs to LMI people.
- A commercial mortgage loan for building renovations to a non-profit facility used to assist developmentally disabled adults. Over 50% of program revenue is derived from Medicaid.

INVESTMENT TEST

Five Star's investment performance was excellent. This conclusion was supported by a favorable comparison to similarly-situated large retail banks in the assessment area. As shown in the table to the right, qualified investments totaled \$13 million, or 16% of Five Star's total qualified investment activity. New commitments represented \$11 million of total MSA qualified investment, or 83% of total activity.

Community Development Investments		
Purpose	#	\$(000s)
Affordable Housing	1	\$45
Economic Development	0	\$0
Community Services	292	\$5,243
Revitalize and Stabilize	50	\$7,365
Totals	343	\$12,653

The bank's qualified investments exhibited excellent responsiveness to assessment area needs. Within the MSA assessment area, 58% of total activity in the MSA was directed at revitalizing activities, and 41% of total activity was directed at community services.

Examples of qualified investments included:

- A municipal bond issued by a town school district to make improvements to the school system. The school district is located in a moderate-income census tract and benefits LMI students.
- A municipal bond to build a fire station, which is located in a moderate-income census tract. The fire station would help to revitalize the area and retain residents and businesses.
- A municipal bond in a moderate-income census tract to allow the town to make capital improvements to its water facility.
- A municipal bond located in a moderate-income census tract to replace water and sewer lines and make improvements to the water and waste treatment plant.

SERVICE TEST

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

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

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

Branch changes did not adversely affect overall accessibility of delivery systems. Five Star opened two branches, both in Monroe county in the Rochester MSA. One branch was located in a middle-income tract and the other was in an upper-income tract.

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 13 of the 14 branches in the MSA are open on Saturdays. Two of the four branches in LMI tracts in the MSA have Saturday hours.

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

In addition to the above noted services, Five Star employees also serve on numerous boards and committees of community development organizations and provide financial management expertise and technical assistance to these organizations. A total of 15 Five Star officers served as directors, advisors or committee members in 18 organizations throughout the MSA assessment area. Examples of the bank's efforts in providing such services include:

- An Assistant Vice President serves on a board committee of an organization that promotes business development and creates and retains employment opportunities for LMI persons in Livingston county.
- A Senior Vice President serves as a board member for an organization that focuses on economic development for the greater Rochester area, fostering employment opportunities.
- A Senior Vice President serves as a regional committee member for an organization that focuses on economic development by providing loans and essential services to small businesses start-ups. The organization assists with funding, preparation of business and marketing plans, and legal support.
- An Assistant Vice President serves as a board committee member for an organization that renovates residential and commercial buildings to revitalize a town in a low-income geography.

METROPOLITAN AREAS

(LIMITED REVIEW)

MSA 21300 (Elmira, NY)
MSA 15380 (Buffalo-Niagara Falls, NY)

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

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

2007 Five Star and Aggregate Loan Distribution Table
Assessment Area: MSA 21300

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	%	%	%	#	%	%	%	%
		\$ (000s)		\$ (000s)			\$ (000s)		\$ (000s)	
Home Purchase										
Low	0	0.0%	0.0%	0.8%	0.4%	0	0.0%	0.0%	6.5%	3.6%
Moderate	0	0.0%	0.0%	11.4%	6.4%	3	25.0%	13.9%	20.9%	15.0%
Middle	9	75.0%	66.3%	53.4%	44.3%	2	16.7%	11.4%	21.8%	19.0%
Upper	3	25.0%	33.7%	34.4%	48.9%	5	41.7%	56.0%	38.5%	51.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	16.7%	18.6%	12.3%	10.9%
<i>Total</i>	<i>12</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>12</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Refinance										
Low	0	0.0%	0.0%	0.2%	0.2%	0	0.0%	0.0%	7.6%	4.7%
Moderate	0	0.0%	0.0%	10.7%	8.1%	1	16.7%	22.3%	18.3%	13.0%
Middle	2	33.3%	25.2%	50.3%	41.3%	2	33.3%	37.4%	26.5%	25.4%
Upper	4	66.7%	74.8%	38.8%	50.3%	3	50.0%	40.3%	38.9%	47.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	8.7%	10.0%
<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>
Home Improvement										
Low	0	0.0%	0.0%	0.7%	0.3%	2	12.5%	4.9%	10.9%	5.7%
Moderate	2	12.5%	21.1%	9.1%	6.7%	2	12.5%	4.6%	19.4%	11.2%
Middle	5	31.3%	30.5%	59.8%	59.4%	6	37.5%	42.8%	31.5%	29.3%
Upper	9	56.3%	48.4%	30.4%	33.6%	6	37.5%	47.7%	35.2%	48.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	3.0%	5.7%
<i>Total</i>	<i>16</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>16</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Multi-Family										
Low	0	0.0%	0.0%	14.3%	3.6%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	28.6%	46.9%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	57.1%	49.5%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA Totals										
Low	0	0.0%	0.0%	0.6%	0.4%	2	5.9%	0.7%	7.9%	4.1%
Moderate	2	5.9%	3.0%	10.6%	7.8%	6	17.6%	14.1%	19.6%	13.7%
Middle	16	47.1%	54.1%	53.8%	44.4%	10	29.4%	20.5%	25.6%	22.0%
Upper	16	47.1%	42.9%	34.9%	47.4%	14	41.2%	52.1%	37.7%	48.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	5.9%	12.7%	9.1%	11.6%
<i>Total</i>	<i>34</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>34</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
SMALL BUSINESS										
By Tract Income										
Low	7	16.7%	16.4%	7.9%	16.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	12	28.6%	24.2%	15.9%	20.9%	0	0.0%	0.0%	0.0%	0.0%
Middle	16	38.1%	53.5%	44.5%	42.7%	0	0.0%	0.0%	81.8%	93.5%
Upper	7	16.7%	5.9%	31.6%	20.3%	0	0.0%	0.0%	18.2%	6.5%
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%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
<i>Total</i>	<i>42</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>
SMALL FARM										
By Revenue										
\$1 Million/\$500,000 or Less	24	57.1%	41.7%	36.8%	43.7%	0	0.0%	0.0%	100.0%	100.0%
By Loan Size										
\$100,000 or less	22	52.4%	9.3%	96.9%	42.6%	0	0.0%	0.0%	81.8%	27.7%
\$100,001-\$250,000	10	23.8%	21.3%	1.2%	10.1%	0	0.0%	0.0%	9.1%	21.7%
\$250,001-\$1 Million-\$500k (Farm)	10	23.8%	69.4%	1.8%	47.3%	0	0.0%	0.0%	9.1%	50.6%
<i>Total</i>	<i>42</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>

Originations and Purchases

2007 Five Star and Aggregate Loan Distribution Table

Assessment Area: MSA 15380

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	1	5.6%	2.0%	3.1%	1.5%
Moderate	0	0.0%	0.0%	0.0%	0.0%	3	16.7%	9.0%	14.0%	9.1%
Middle	2	11.1%	4.1%	22.7%	17.6%	6	33.3%	31.3%	23.2%	18.4%
Upper	16	88.9%	95.9%	77.3%	82.4%	7	38.9%	55.5%	52.4%	63.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	5.6%	2.2%	7.4%	7.7%
<i>Total</i>	<i>18</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>18</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	1	6.7%	2.0%	4.9%	2.8%
Moderate	0	0.0%	0.0%	0.0%	0.0%	1	6.7%	1.1%	12.8%	9.5%
Middle	6	40.0%	31.8%	30.7%	25.9%	3	20.0%	17.0%	25.6%	22.2%
Upper	9	60.0%	68.2%	69.3%	74.1%	10	66.7%	79.9%	47.4%	55.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	9.4%	10.5%
<i>Total</i>	<i>15</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>15</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	1	7.1%	3.2%	8.4%	3.9%
Moderate	0	0.0%	0.0%	0.0%	0.0%	2	14.3%	11.0%	14.3%	9.6%
Middle	6	42.9%	24.7%	33.5%	26.9%	3	21.4%	38.1%	26.3%	22.8%
Upper	8	57.1%	75.3%	66.5%	73.1%	8	57.1%	47.7%	48.5%	61.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	2.4%	2.6%
<i>Total</i>	<i>14</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>14</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Multi-Family										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	31.6%	19.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	68.4%	81.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	3	6.4%	2.1%	4.2%	1.9%
Moderate	0	0.0%	0.0%	0.0%	0.0%	6	12.8%	7.0%	13.6%	8.6%
Middle	14	29.8%	14.7%	26.4%	20.4%	12	25.5%	28.2%	24.2%	18.4%
Upper	33	70.2%	85.3%	73.6%	79.6%	25	53.2%	61.4%	50.2%	56.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	2.1%	1.3%	7.8%	14.6%
<i>Total</i>	<i>47</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>47</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
SMALL BUSINESS										
By Tract Income										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	35	33.0%	44.3%	24.1%	28.5%	4	66.7%	87.5%	37.5%	61.8%
Upper	71	67.0%	55.7%	75.9%	71.5%	2	33.3%	12.5%	62.5%	38.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
<i>Total</i>	<i>106</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>
By Revenue										
\$1 Million/\$500,000 or Less	73	68.9%	49.2%	38.3%	32.3%	6	100.0%	100.0%	78.6%	80.2%
By Loan Size										
\$100,000 or less	89	84.0%	42.9%	94.8%	36.3%	6	100.0%	100.0%	98.2%	90.0%
\$100,001-\$250,000	9	8.5%	16.1%	2.6%	15.9%	0	0.0%	0.0%	1.8%	10.0%
\$250,001-\$1 Million-\$500k (Farm)	8	7.5%	41.0%	2.6%	47.8%	0	0.0%	0.0%	0.0%	0.0%
<i>Total</i>	<i>106</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>

Originations and Purchases

CRA APPENDIX A
SCOPE OF EXAMINATION

FIVE STAR BANK		
TIME PERIOD REVIEWED		
January 1, 2007 - December 31, 2008		
FINANCIAL INSTITUTION		
Five Star Bank 29 North Main Street* Warsaw, NY 14203		
PRODUCTS REVIEWED		
<ul style="list-style-type: none">• Home purchase• Refinancings• Home improvement• Small business• Small farm• Community Development		
* Branch Examined		

CRA APPENDIX B

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

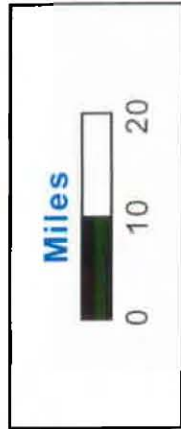
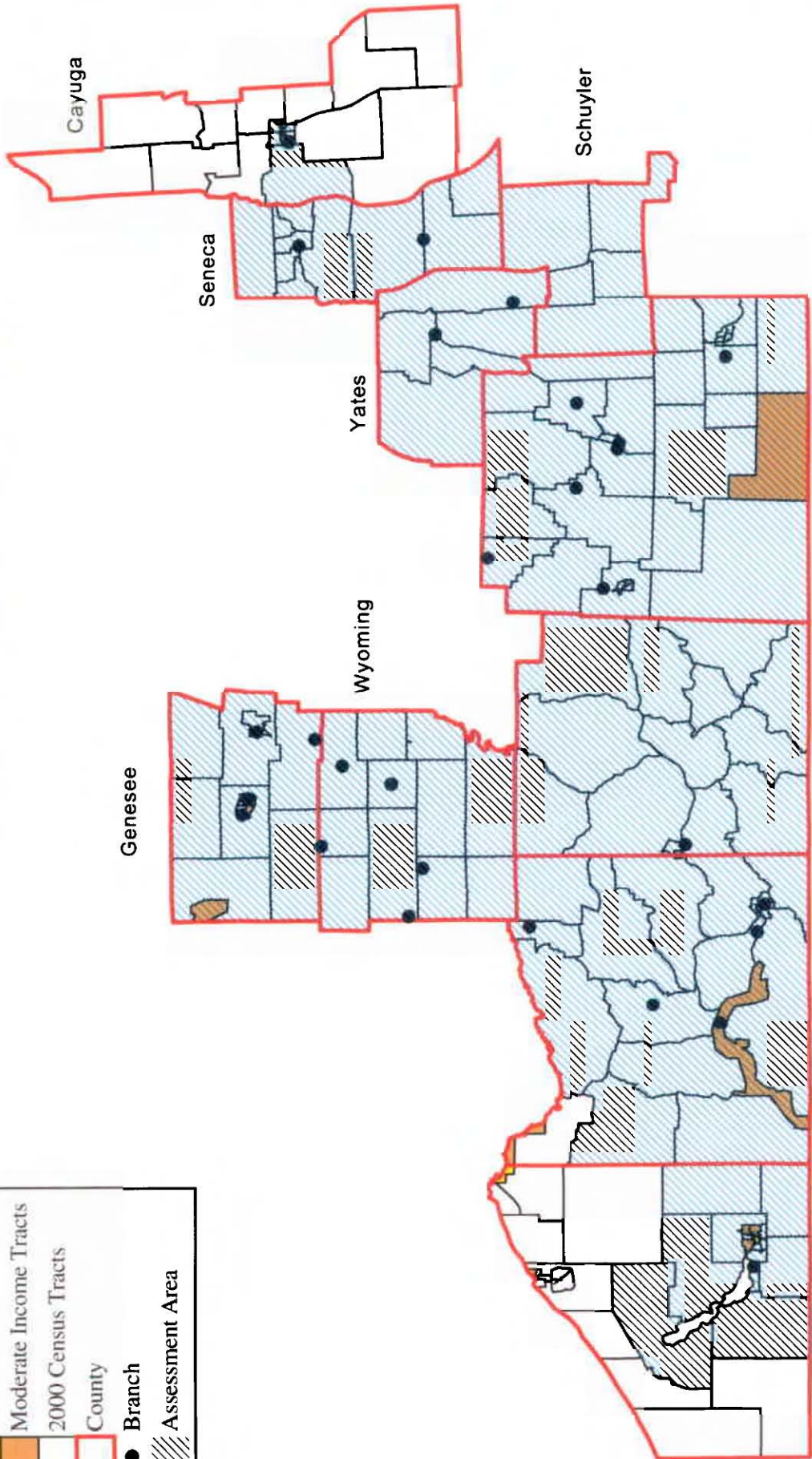
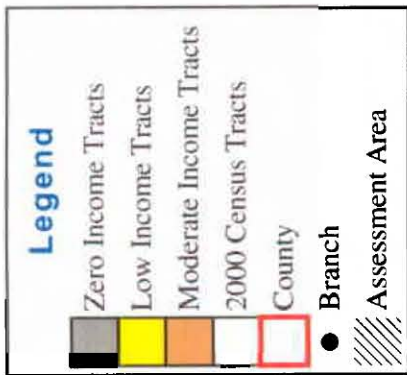
Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured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

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

Five Star Bank

Assessment Area - Non-MSA

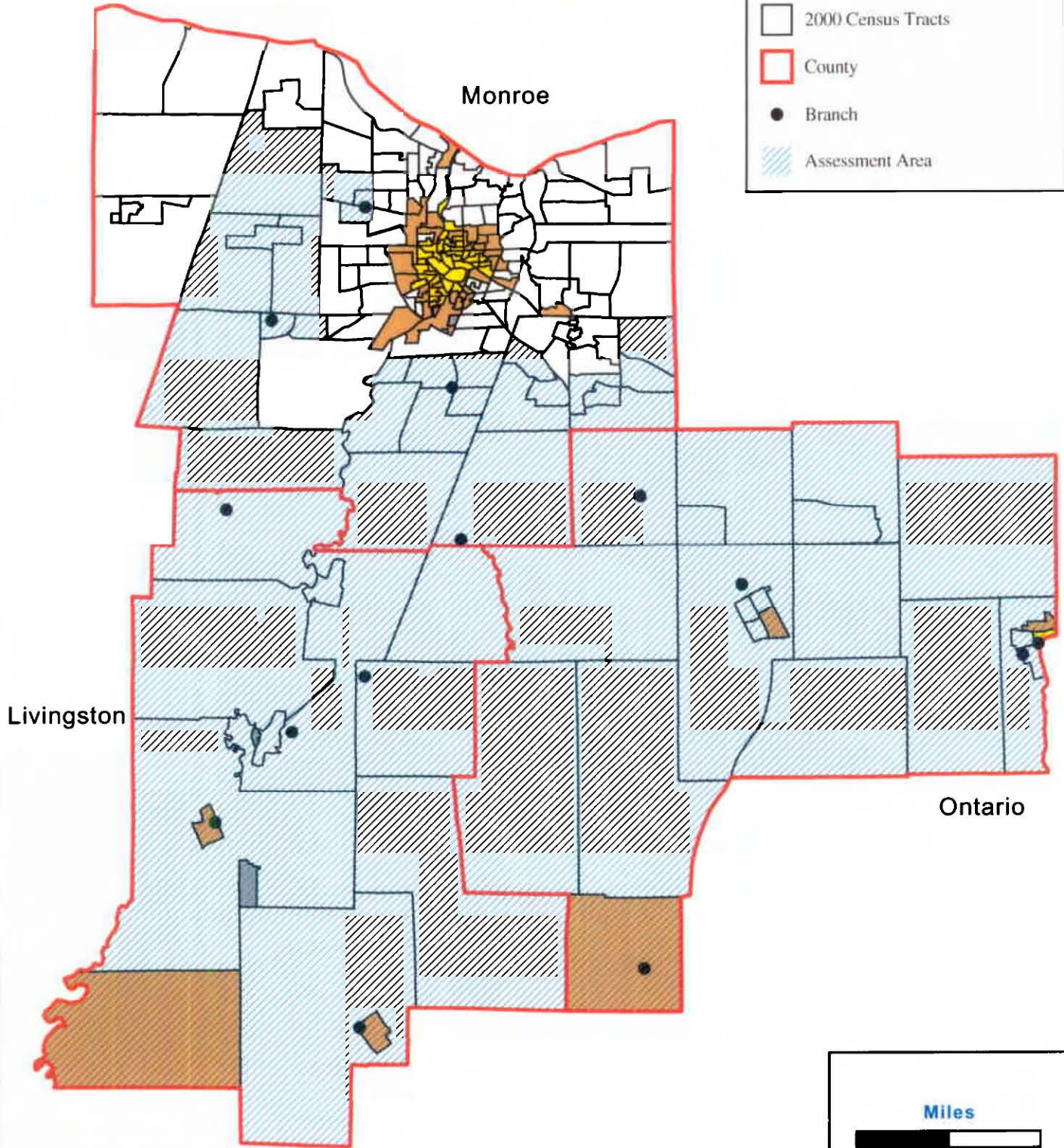
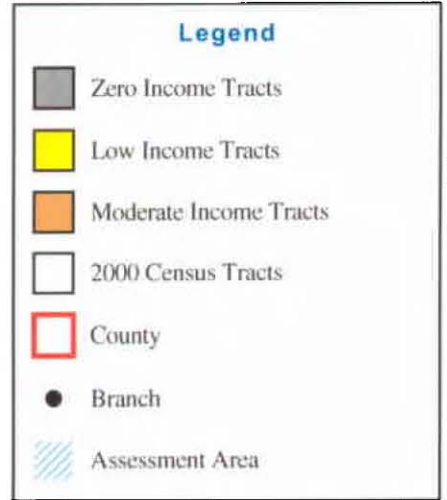
January 1, 2007 - December 31, 2008



Five Star Bank

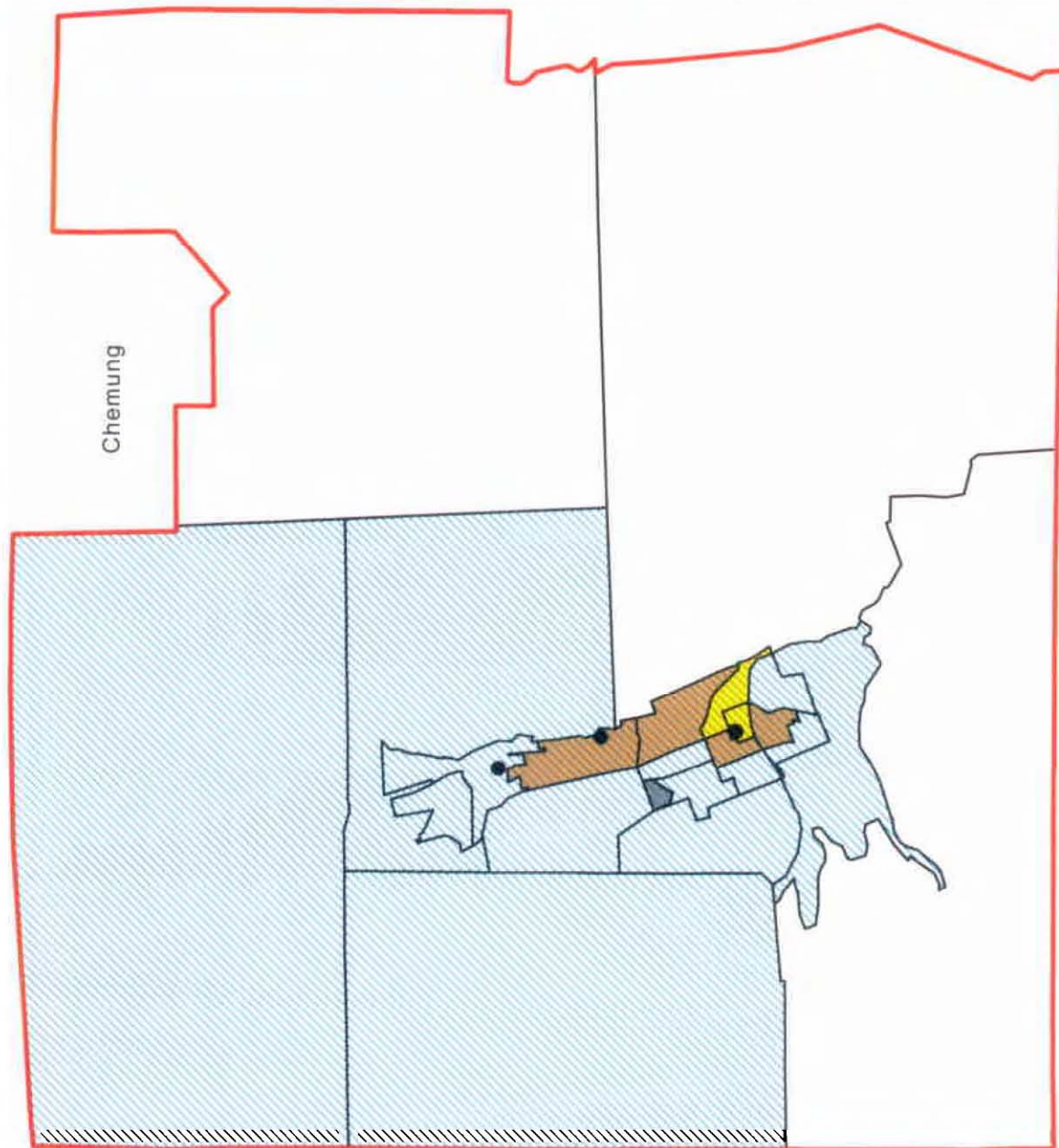
Assessment Area - MSA 40380

January 1, 2007 - December 31, 2008










Five Star Bank

Assessment Area MSA 21300
January 1, 2007 - December 31, 2008



Legend

-  Zero Income Tracts
-  Low Income Tracts
-  Moderate Income Tracts
-  2000 Census Tracts
-  County
-  Branch
-  Assessment Area

Miles



