

PUBLIC DISCLOSURE

April 30, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Five Star Bank
RSSD No. 601416

55 North Main Street
Warsaw, New York 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'S 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 lending related to the Home Mortgage Disclosure Act ("HMDA") and small businesses reflected excellent responsiveness to credit needs in the bank's assessment areas.
- The distribution of loans to individuals of different income levels and businesses of different sizes was excellent.
- The geographic distribution of lending was good.
- 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	\$0.9 billion
Total domestic deposits	\$1.6 billion
Number of branches	48
Headquarters	Warsaw, N.Y.
Bank holding company	Financial Institutions Inc.

*Data as of December 31, 2006

Five Star Bank (“Five Star”) is a newly formed full-service commercial bank owned by Financial Institutions, Inc., a one-bank (formerly a multi-bank) holding company located in Warsaw, New York. Prior to 2006, the company operated under a decentralized approach with four separate and largely autonomous subsidiary banks. The four banks were:

	<u>Assets</u>	<u>Location</u>
• Wyoming County Bank	\$740 million	Warsaw, York
• Bath National Bank	\$650 million	Bath, New York
• National Bank of Geneva	\$470 million	Geneva, New York
• First Tier Bank & Trust	\$250 million	Salamanca, New York

Five Star provides a wide range of consumer-related financial services including:

- Retail deposit services;
- Home mortgage, refinance, home improvement, home equity and other consumer loans;
- Lending products and deposit services for small businesses, small farms and middle-market companies; and
- Community development loans and investments.

Assessment Areas:

Five Star’s assessment area consists of the following:

Full Scope Assessment Areas

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

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

Limited Scope Assessment Areas

- MSA 15380 (Buffalo – Niagara Falls, NY) – Twenty one 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.

SCOPE OF EXAMINATION

Procedures

Five Star's assessment areas were reviewed using the Federal Financial Institutions Examination Council's Interagency CRA Procedures for Large Retail Financial Institutions.

Products

Home purchase, refinance, home improvement, small business and small farm and other loans qualifying as community development loans were evaluated. The mortgage loans were reported under HMDA and the small business and small farm loans evaluated were reported under the CRA. Examiners verified the integrity of HMDA-related, small business and small farm loan data reported by the bank and its predecessor banks in 2005 and 2006.

Multifamily loans qualifying as community development loans were considered in the evaluation of community development lending.

Examination Period

HMDA-related and CRA-reportable small business and small farm loans originated between January 1, 2005 and December 31, 2006 were considered in the evaluation. Examiners also reviewed community development loans, investments and services for the same period as well as activities pertaining to the service test.

Lending Distribution Analysis

Only loans in Five Star's assessment areas were included in the analysis of geographic and borrower distribution. To evaluate the geographic distribution of HMDA-related loans, the proportion of low- and moderate-income ("LMI") and non-LMI loan originations were compared with the proportion of owner-occupied housing units in LMI and non-LMI geographies. For small business and small farm loans, the analysis compared the proportion of loan originations

with the proportion of businesses and farms located in LMI and non-LMI geographies. Performance in low- and moderate- income geographies was analyzed separately.

In order to analyze the borrower characteristics of HMDA-related loans, the proportion of originations to LMI and non-LMI borrowers was compared with the proportion of LMI and non-LMI families in the assessment areas. Income estimates from the U.S. Department of Housing and Urban Development (“HUD”) were used to categorize borrower income. HUD-adjusted median family income figures for 2005 were used to categorize borrower income level for 2005 loans and 2006 HUD-adjusted median family income estimates were used to categorize 2006 loans. 2005 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 and small farms with gross annual revenues (“GAR”) of less than or equal to \$500 thousand. The size of the small business and small farm loans were also used as a proxy to identify lending to smaller businesses and farms.

The analyses and conclusions focused on the more current 2006 activity and all demographic data noted in this performance evaluation is based on the 2000 U.S. Census. HMDA-related, small business and small farm loan performance was also compared with the aggregate of all lenders in Five Star’s assessment areas subject to HMDA and/or CRA small business and small farm loan reporting. For HMDA-related, small business and small farm lending, lending patterns were compared with the 2005 aggregate. Aggregate information was not available for 2006 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.

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. See Exhibit 1 on the following page for details of key assessment area data.

In order to learn more about community credit needs, examiners conducted 3 interviews with community contacts during the examination. Contacts were located throughout the bank’s assessment areas and included representatives of community-based organizations, municipalities and quasi-government agencies.

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

	Non MSA	MSA 40380	MSA 15380	MSA 21300	TOTALS
Total Population	441,146	196,734	111,173	77,541	826,594
Population % of AA population	54%	24%	13%	9%	100%
Families	113,756	50,928	30,833	19,806	215,323
Families % of AA families	53%	24%	14%	9%	100%
Total Census Tracts	116	44	21	20	201
Tracts % AA tracts	58%	22%	10%	10%	100%
LMI tracts	6	7	0	6	19
LMI tracts % all AA LMI tracts	32%	37%	0%	32%	100%
Total Owner-Occupied Units	121,646	54,270	34,595	20,014	230,525
Units % of AA units	53%	23%	15%	9%	100%
Business Establishments⁴	12,316	6,744	5,549	2,321	26,930
Bus. est. % AA bus. est.	46%	25%	20%	9%	100%
Farm Establishments⁴	1,272	454	112	38	1,876
Bus. est. % AA bus. est.	68%	24%	6%	2%	100%
Number of Branches³	29	12	4	3	48
Branches % all branches	61%	25%	8%	6%	100%
Branches in LMI tracts	3	4	0	2	9
LMI branches % AA LMI branches	33%	45%	0%	22%	100%
Branch Deposits (\$'000s)²	1,000,140	482,353	86,912	57,488	1,626,893
Deposits % AA deposits	61%	30%	5%	4%	100%
Deposit Market Share (%) / Rank in Market	15.23%/2	4.20%/6	.32%/13	4.77%/6	
Home Purchase Originations¹	472	169	12	26	679
HP originations % AA orig.	70%	25%	2%	4%	100%
Refinance Originations¹	539	173	16	15	743
Refi orig. % AA orig.	73%	23%	2%	2%	100%
Home Improvement Originations¹	701	276	23	17	1,017
Home Improvement orig. % AA orig.	69%	27%	2%	2%	100%
Small Business Originations	1,462	803	139	32	2,436
SB orig. % AA orig.	60%	33%	6%	1%	100%
Small Farm Originations	663	198	16	0	877
SB orig. % AA orig.	76%	23%	2%	0%	100%
Combined Loan Totals	3,837	1,619	206	90	5,752
% of AA Orig.	67%	28%	4%	2%	100%

1. Originations include originations and loans purchased between January 1, 2005 and December 31, 2006
2. Source: Federal Deposit Insurance Corporation ("FDIC") Summary of deposit data as of 6/30/2006
3. Number of branches takes into account branch openings and closings during the 2005-2006 examination period.
4. Source: 2005 Dun & Bradstreet

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Five Star's overall performance in meeting the credit needs of its assessment areas is rated *outstanding*.

The tables in Appendix C list the data used to evaluate the bank's lending test performance in its various assessment areas. Lending activity is depicted in Table 1, geographic distribution in Tables 2-6, and borrower characteristics are depicted in Tables 7-11. Please note that the tables for geographic distribution and borrower characteristics portray only 2006 loans.

Lending Activity:

Five Star demonstrated excellent responsiveness to the credit needs in its assessment areas taking into account the number and amount of home purchase, refinance, home improvement, small business and small farm loans originated. Five Star's lending activity rating is based on outstanding performance in both the non-MSA assessment area and MSA 40380 (Rochester, NY).

Assessment Area Concentration: A substantial majority of loans originated by Five Star were extended in the bank's assessment areas as detailed in Exhibit 2.

EXHIBIT 2								
Lending Inside and Outside the Assessment Area								
January 1, 2005 – December 31, 2006								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Home Purchase	679	87	\$66,031	89	98	13	\$8,415	11
Refinancing	743	92	\$49,214	90	68	8	\$5,451	10
Home Improvement	1,017	95	\$22,862	94	50	5	\$1,570	6
Total HMDA-related	2,439	92	\$138,107	90	216	8	\$15,436	10
Total Small Business	2,436	85	\$237,774	74	418	15	\$85,003	26
Total Small Farm	877	91	\$53,108	91	89	9	\$5,507	9
TOTAL LOANS	5,752	89	\$428,989	80	723	11	\$105,946	20

Note: This table includes only loans originated or purchased by the bank.

Geographic Distribution:

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

Borrower Distribution:

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

Community Development Lending:

Community development lending performance was outstanding based on excellent performance in both the Non-MSA assessment area as well as MSA 40380.

As depicted in the chart to the right, the bank extended 123 community development loans totaling \$37 million and targeted economic development as well as efforts to revitalize and stabilize low- or moderate-income areas or the distressed middle-income census tracts in its non-MSA assessment area. For community development loan details, see Appendix C Table 1.

Community Development Lending		
Purpose	#	\$(‘000s)
Affordable Housing	15	\$3,570
Economic Development	21	\$15,551
Community Services	80	\$7,204
Revitalize and Stabilize	7	\$10,274
Totals	123	\$36,599

INVESTMENT TEST

Investment performance is rated outstanding based on excellent performance in the non-MSA assessment area and MSA 40380. The bank demonstrated excellent responsiveness to community credit needs.

Qualified investments totaled \$36 million. Of the total, \$34 million were new investments made during the examination and \$2 million were outstanding from prior examinations. Opportunities for qualified investments are limited given the rural nature of Five Star’s assessment areas. Many qualified investments are quickly acquired by large regional institutions. The bank’s strategy is to focus on assisting local communities through the acquisition of municipal bonds that target infrastructure improvements and school district bonds for areas that had a substantial number of low- and moderate-income students. In addition, three investments were in Small Business Investment Companies (“SBIC’s”) which make loans and equity investments to small businesses in upstate New York. Included in qualified investments were 119 grants and contributions totaling \$124,000 to organizations providing community services or sponsoring affordable housing and economic development activities throughout the bank’s assessment areas.

As shown in the table to the right, 60% or \$22 million, of total investments supported the revitalization and stabilization low-and moderate-income areas as well as the distressed middle-income census tracts of the non- MSA assessment area. Twelve million or 32% went towards community service activity and \$3 million or 8% targeted economic development.

Qualified Investments		
Purpose	%	\$('000s)
Affordable Housing	<1	\$146
Economic Development	8	\$2,854
Community Services	32	\$11,508
Revitalize and Stabilize	60	\$21,857
Totals	100	\$36,365

Details of investments may be found in Appendix C Table 12.

SERVICE TEST

Five Star's rating on the service test is outstanding based primarily on its excellent performance in the non-MSA assessment area and in MSA 40380.

Retail Services: Five Star's branches were readily accessible to all portions of the assessment areas and individuals of different income levels. Of the bank's 48 branches, 9, or 19%, were located in LMI areas. This compares favorably with the percentage of the population (3%) residing in LMI geographies in the assessment area. Alternative delivery systems also enhanced the bank's performance in its assessment areas. Five Star operated 28 off-site ATM locations across its assessment areas; 5 of these ATMs, or 18%, were located in LMI areas.

Extended morning, evening, or Saturday hours are available at all locations and scheduled and tailored to the convenience and needs of the assessment areas, including LMI areas. During the evaluation period, Five Star opened one new branch in an upper-income area. No branches were closed.

Details of Distribution of Branch Delivery System and Branch Openings/Closings are provided in Appendix C Table 13.

Community Development Services: Five Star is a leader in providing community development services. Bank management was proactive in providing technical assistance for the support of community development activities. Bank officers, employees and directors actively participated in a financial capacity with numerous non-profit organizations that benefited low- and moderate-income individuals and small businesses throughout the bank's assessment areas. Examples of these organizations and activities include:

- Four bank officers serve as members of the Board of Directors of Industrial Development Agencies which promote business development in four upstate New York counties.
- One officer is an advisory committee member and also serves on the finance committee of an organization which provides day care centers, services for the aging, substance

abuse and AIDS programs, counseling and disaster relief programs to low- and moderate-income individuals in Chemung County.

- One officer is a member of the Board of Directors and serves as a member of the finance committee of a non-profit organization which provides shelter for displaced youths.
- One officer serves as a member of the finance committee for a non-profit organization which provides day care centers, services for the aging, substance abuse and AIDS programs, counseling and medical services to low- and moderate-income individuals and families in Livingston County.
- One officer serves as Chairman of the Board of Directors of a non-profit organization that manages employment centers and provides work force training for unskilled workers.
- Five Star participated in 15 financial education seminars, homebuyer presentations, and other types of events directly attributable to helping LMI individuals and small businesses throughout the assessment areas. These events can be categorized as providing direct information, technical assistance, and training sessions to LMI individuals, community organizations, and small businesses.
- Five Star is an active participant in the Federal Home Loan Bank of New York's (FHLB) Affordable Housing Program (AHP). The purpose of the AHP is to provide subsidies for projects that finance homeownership for households at 80% or below the area median income, or projects which finance rental housing where at least 20% of the units will be occupied by (and affordable for) households at 50% or below the area median income. In 2006, Five Star secured \$538,700 in funding for 3 AHP grant applicants. These projects will create 26 units of new affordable housing and rehabilitate owner-occupied houses in Cattaraugus County for households of low-income and enable the new construction of a living facility for 6 developmentally disabled low-income adults.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices, including the Equal Credit Opportunity Act and the Fair Housing Act, was identified as being inconsistent with helping to meet community credit needs.

NON METROPOLITAN AREA

(FULL REVIEW)

(Allegany, Cattaraugus, Cayuga, Chautauqua, Genesee, Schuyler, Seneca, Steuben, Wyoming, and Yates Counties, N.Y.)

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 operated 29 branches in the non-MSA assessment area, which comprised 61% of the bank's branches. Sixty seven percent of the bank's HMDA-related and small business and farm loans were originated in this assessment area.

As of June 30, 2006, 61% of Five Star's deposits were held in this assessment area. With a deposit market share of approximately 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 Manufacturers and Traders Trust Company, HSBC National Association, Key Bank National Association, First Niagara Bank, Bank of Castile 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 441,146. The non-MSA assessment area contains 54% of the bank's combined assessment area population. Within the non-MSA full scope assessment area, 49 middle-income census tracts in three counties (Allegany, Cattaraugus, and Steuben) meet the new FFIEC definition of distressed non-metropolitan middle-income census tracts due to population losses and 5 census tracts in Schuyler county, meet the new FFIEC definition of underserved middle-income census tracts for remote rural areas.

Income Characteristics

The HUD-adjusted median family income for the non-MSA assessment area was \$48,550 in 2005 and \$49,600 in 2006. Based on the 2000 Census, of the 116 census tracts included in the

analysis, none are low-income, six or 5% are moderate-income, 93 or 80% are middle-income, 15 or 13% are upper-income and 2 or 2% 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 200,610 housing units, of which 61% are owner-occupied. Only four percent of owner-occupied housing units are in the moderate-income census tracts and represent 46% of total housing units in the moderate-income census tracts. Demographic information from the 2000 Census estimated that the median age of the housing stock throughout the assessment area to be 48 years. According to the New York Association of Realtors the median sales price of homes in 2006 ranged from a low of \$57,000 in Allegany County to a high of \$124,000 in Schuyler County. In 2006, the median housing costs in the various counties comprising the non-MSA assessment area ranged from 2.3x to 5x the median family income of a low-income borrower. Housing affordability therefore may be difficult for some low-income individuals.

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 is now diverse as it transitioned to a service and more information-based economy while manufacturing declined. During the examination period, average annual unemployment rates decreased slightly from 5.1% in 2005 to 4.8% in 2006 within the 10 counties making up the non-MSA assessment area. Higher unemployment rates were noted in Allegany and Steuben Counties where unemployment averaged 5.3% and 5.2% for 2006 respectively.

Agricultural, specifically dairy farming is also a leading industry within the assessment area. Wyoming County is the leading county in New York State in terms of dairy farm production. According to published reports dairy farmers experienced one of the worst years on record in 2006 and continue to struggle with low prices, increased costs of production and high debt loads.

Detailed assessment area data is contained in Exhibit 3 on the following page.

EXHIBIT 3								
Assessment Area Demographics								
Assessment Area: 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	0	0.0	0	0.0	0	0.0	20,074	17.6
Moderate-income	6	5.2	5,377	4.7	1,012	18.8	21,420	18.8
Middle-income	93	80.2	92,932	81.7	8,313	8.9	26,630	23.4
Upper-income	15	12.9	15,447	13.6	716	4.6	45,632	40.1
Unknown-income	2	1.7	0	0.0	0	0.0	0	0.0
Total Assessment Area	116	100.0	113,756	100.0	10,041	8.8	113,756	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	10,246	4,717	3.9	46.0	4,281	41.8	1,248	12.2
Middle-income	164,826	100,317	82.5	60.9	34,885	21.2	29,624	18.0
Upper-income	25,525	16,610	13.7	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	200,610	121,646	100.0	60.6	45,558	22.7	33,406	16.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	986	8.0	842	7.8	115	11.1	29	5.5
Middle-income	9,543	77.5	8,343	77.6	768	74.3	432	81.7
Upper-income	1,785	14.5	1,566	14.6	151	14.6	68	12.9
Unknown-income	2	0.0	2	0.0	0	0.0	0	0.0
Total Assessment Area	12,316	100.0	10,753	100.0	1,034	100.0	529	100.0
	Percentage of Total Businesses:			87.3		8.4		4.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	27	2.1	27	2.2	0	0.0	0	0.0
Middle-income	1,120	88.1	1,079	87.9	38	90.5	3	81.7
Upper-income	125	9.8	121	9.9	4	9.5	0	12.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,272	100.0	1,227	100.0	42	100.0	3	100.0
	Percentage of Total Farms:			96.5		3.3		0.2

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

LENDING TEST

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

Lending Activity:

Five Star's lending activity in the non-MSA assessment area was outstanding based on market share activity and comparison to similarly situated banks. Five Star ranks second in deposit market share, with 15% of deposits, compared to a ranking of first in home purchase lending (7% market share), first in refinance lending (9% market share), second in home improvement lending (13% market share), fifth in small business lending (9% market share) and first in small farm lending (45% market share). Comparisons based on the number of loan originations per billion dollars of deposits indicate that the bank's performance is consistent with the lending volume of similarly situated banks.

Geographic Distribution:

The overall geographic distribution of HMDA-related and small business lending across geographies of different income levels reflected adequate loan penetration within the non-MSA assessment area. Small business penetration was good while home purchase and home improvement penetration was adequate. The distribution of refinance lending was poor. Small farm lending was not evaluated as only 27 farms or 2.1% of all small farms are located in moderate-income geographies indicating limited opportunities for lending.

Home Purchase Loans

The distribution of home purchase loans in moderate-income geographies was adequate compared with both the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. The bank's percentage of lending in moderate-income census tracts was below both the percentage of owner-occupied housing units in moderate-income census tracts as well as the percentage of lending in moderate-income census tracts by the aggregate of HMDA-reporting lenders.

Refinance Loans

The distribution of refinancings in moderate-income geographies was poor when compared with both the level of owner-occupied housing units and the aggregate of HMDA-reporting lenders. The percentage of lending in moderate-income geographies was significantly below the percentage of owner-occupied housing units in moderate-income census tracts as well as the percentage of lending in moderate-income census tracts by the aggregate of HMDA-reporting lenders.

Home Improvement Loans

The distribution of home improvement loans in moderate-income geographies was adequate compared with both the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. The bank's percentage of lending in moderate-income census tracts was below both the percentage of owner-occupied housing units in moderate-income census tracts as well as the aggregate of HMDA-reporting lenders.

Small Business Loans

The overall distribution of small business loans across moderate-income geographies was good compared with both the level of businesses and the aggregate of all small business lending reporters. The bank's percentage of lending in moderate-income geographies was slightly below the percentage of business establishments in moderate-income census tracts and slightly below the percentage of lending in moderate-income census tracts by the aggregate of small business reporters. Five Star ranks fifth in small business lending within moderate-income census tracts behind four credit-card lenders.

Borrower Distribution:

The overall distribution of loans among borrowers of different income levels and businesses and farms of different sizes was outstanding based on excellent distribution of HMDA-related loans, as well as loans to small businesses and small farms.

Lending to Borrowers of Different Incomes

Lending to moderate-income borrowers was excellent while lending to low-income borrowers was considered good in relation to the housing costs in the assessment area as detailed in the performance context section of this report. The performance of the aggregate of lenders in the market also reflected the difficulties of home mortgage lending to low-income borrowers in the assessment area.

Performance in lending to low- and moderate-income borrowers was enhanced through the use of flexible lending programs from SONYMA and Freddie Mac. Additionally a bank sponsored no closing cost loan program also enhanced performance in lending to borrowers of different income levels. Small businesses and small farms lending was enhanced through the use of SBA 7A loans and loans from the Farm Service Administration.

The following table summarizes the bank's performance in lending to low- and moderate-income borrowers within each HMDA product:

HMDA Lending to Low and Moderate-Income Borrowers Non-MSA Assessment Area				
Loan Product	Lending to Low-Income Borrowers	Aggregate Comparison	Lending to Moderate- Income Borrowers	Aggregate Comparison
Home Purchase	Adequate	Slightly Above	Good	Slightly Below
Refinance	Adequate	Significantly Above	Excellent	Above
Home Improvement	Excellent	Above	Excellent	Similar To

Lending to Businesses of Different Sizes

The distribution of small business loans to businesses with GAR of \$1 million or less was excellent in comparison to the number of business establishments with GAR of \$1 million or less. Five Star significantly outperformed the aggregate of small business lenders in lending to such businesses.

Of all small business loans reported, 81% were in amounts of \$100,000 or less, with an average loan amount of \$36,000, an amount that would typically meet the needs of smaller businesses. Five Star performed slightly below the aggregate of small business lenders which originated 94% of its loans in amounts of \$100,000 or less.

Lending to Farms of Different Sizes

The distribution of small farm loans to farms with GAR of \$500,000 or less was excellent in comparison to the number of farms with GAR of \$500,000 or less. Five Star's performance was slightly above the aggregate of small farms lenders in lending to such small farms.

Of all small farm loans reported, 90% were in amounts of \$100,000 or less, with an average loan amount of \$31,000, an amount that would typically meet the needs of smaller farms. Five Star's performance was similar to the aggregate of small farm lenders in lending to farms in amounts of \$100,000 or less.

Community Development Lending:

Five Star's level of community development lending activity was excellent, with 87 loans in the non-MSA assessment area totaling \$23 million, or 63% of all community development lending. This conclusion was supported by a comparison to similarly situated large retail banks in the assessment area.

Community development lending was responsive to identified community needs as it targeted economic development activities which included job retention and creation, revitalization of distressed areas and community service activities targeted to low- and moderate-income individuals.

Examples of community development loans included:

- A line of credit to a non-profit organization that provides community development services to LMI individuals with developmental disabilities. Programs include job training, housing assistance, and counseling services.
- A construction and permanent mortgage for construction of a shopping center in a moderate-income area of Olean, NY. The shopping center will bring employment opportunities for low- and moderate-income workers and assist in the revitalization of a moderate-income area.
- A line of credit to a manufacturer of retail store furniture and displays. The business is located in a moderate-income area of Jamestown, NY. The credit line will allow the business to expand and create employment opportunities for unskilled workers.

INVESTMENT TEST

Five Star's investment test performance was outstanding. Qualified investments totaled \$22 million and benefited from \$16 million in municipal bonds that were utilized to revitalize distressed middle-income census tracts in Steuben, Allegany, and Cattaraugus Counties. Examples of qualified investments included municipal bonds of six school districts that supported a largely low- and moderate-income student population.

Other examples included an investment in municipal bonds of the City of Salamanca, a largely LMI community. The bonds were for infrastructure improvements to the sewage system.

Other qualified investment activity located in distressed middle-income census tracts consisted of:

- Municipal bonds of five school districts in distressed middle-income census tracts. The bonds assisted in revitalizing these tracts by helping to attract or retain businesses and residents.

- Municipal bonds of various communities within the three counties that assisted revitalization efforts 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.
- Municipal bonds of various communities that were utilized by the communities for ongoing operations such as the acquisition of trucks, snowplows, construction equipment, repairs to buildings, and public improvements. All were considered responsive to community needs as activities necessary to attract and maintain businesses and residents.

SERVICE TEST

Performance under 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 bank's 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 with the portion of the non-MSA assessment area population residing in LMI areas.

Alternative delivery systems slightly enhanced the bank's performance in the assessment area. Five Star had 17 off-site ATM locations in the non-MSA assessment area; three of the ATMs, or 18%, were located in LMI areas.

Branch hours and services were tailored to the needs and convenience of the assessment area, including LMI areas. Of the 29 branches in the assessment area, all had either early morning or late evening hours and 14 had Saturday hours.

Community Development Services: The bank was a leader in providing community development services in the assessment area. Management and staff served as directors, advisors or committee members to 47 organizations throughout the bank's assessment area. Examples of the bank's efforts in providing community development services include:

- One officer served as Vice President of Finance for an organization dedicated to providing a variety of services to the residents of Cayuga County including low- and moderate-income individuals.
- One officer served as a member of the loan review committee for an economic development agency in Chautauqua County.
- One officer served as Treasurer for an organization that promotes economic development in Wyoming County.

- Two officers served as volunteer tax preparers for an organization that provides services for low- and moderate-income individuals in Steuben County.

Additionally, Five Star participated in 4 homebuyer presentations and training sessions for small businesses throughout the assessment area.

METROPOLITAN AREA

(FULL REVIEW)

MSA 40380 (ROCHESTER, NY)

DESCRIPTION OF INSTITUTION'S OPERATIONS

As of December 31, 2006, Five Star operated 12 branches, or 25% of its branches in MSA 40380. As of June 30, 2006, 30% of the bank's deposits were in the MSA. With a deposit market share of approximately 4%, Five Star ranks 6th in deposit market share in this MSA. The market is highly competitive with large depository institutions such as Manufacturers and Traders Trust Co., HSBC Bank USA 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 196,734. The MSA contains 24% of the bank's combined assessment area population.

Income Characteristics

The HUD-adjusted median family income for MSA 40380 was \$62,600 in 2005 and \$64,100 in 2006. Of the 44 census tracts included in the assessment area, one, or 2%, is low-income, and six, or 14%, are moderate-income. Five percent of all families within the assessment area have incomes below the poverty level.

Housing Characteristics

The assessment area contains 78,728 housing units, of which 69% are owner-occupied. Nine percent of owner-occupied housing units are in low and moderate-income census tracts and

represent 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 37 years. According to the New York Association of Realtors the median sales price of homes in 2006 was \$119,900 in Livingston County, \$128,000 in Ontario County and \$118,000 in Monroe County. In 2006, housing costs in the three counties were respectively, 3.7, 4.0, and 3.7 times the median family income of a low-income borrower. Housing affordability therefore may be difficult for low-income individuals.

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 down sizing 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 decreased slightly from 4.6% in 2005 to 4.4% in 2006.

EXHIBIT 4								
Assessment Area Demographics								
Assessment Area : MSA 40380								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	2.3	574	1.1	186	32.4	8,511	16.7
Moderate-income	6	13.6	4,944	9.7	548	11.1	9,707	19.1
Middle-income	28	63.6	33,677	66.1	1,383	4.1	12,783	25.1
Upper-income	7	15.9	11,733	23.0	262	2.2	19,927	39.1
Unknown-income	2	4.5	0	0.0	0	0.0	0	0.0
Total Assessment Area	44	100.0	50,928	100.0	2,379	4.7	50,928	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,402	406	0.7	29.0	773	55.1	223	15.9
Moderate-income	8,270	4,725	8.7	57.1	2,795	33.8	750	9.1
Middle-income	52,445	36,187	66.7	69.0	11,547	22.0	4,711	9.0
Upper-income	16,610	12,952	23.9	78.0	2,874	17.3	784	4.7
Unknown-income	1	0	0.0	0.0	1	100.0	0	0.0
Total Assessment Area	78,728	54,270	100.0	68.9	17,990	22.9	6,468	8.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	197	2.9	173	2.9	16	2.6	8	4.6
Moderate-income	810	12.0	727	12.2	61	10.0	22	12.6
Middle-income	3,895	57.8	3,455	57.9	331	54.5	109	62.6
Upper-income	1,832	27.2	1,601	26.8	196	32.3	35	20.1
Unknown-income	10	0.1	7	0.1	3	0.5	0	0.0
Total Assessment Area	6,744	100.0	5,963	100.0	607	100.0	174	100.0
	Percentage of Total Businesses:			88.4		9.0		2.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	22	4.8	22	5.1	0	0.0	0	0.0
Middle-income	372	81.9	355	81.6	17	100.0	0	0.0
Upper-income	60	13.2	58	13.3	0	0.0	2	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	454	100.0	435	100.0	17	100.0	2	100.0
	Percentage of Total Farms:			95.8		3.7		.4

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 40380 (ROCHESTER N.Y.)

LENDING TEST

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

Lending Activity:

Five Star's lending activity in MSA 40380 was excellent based on market share activity and comparison to similarly situated banks. Five Star ranks sixth in deposit market share, with 4% of deposits, compared to a ranking of 13th in home purchase lending (2% market share), sixth in refinance lending (3% market share), first in home improvement lending (14% market share), sixth in small business lending (8% market share) and first in small farm lending (48% market share).

Comparison of Five Star's HMDA and small business lending with similarly situated banks supports a conclusion of outstanding activity. Among nine similarly situated banks, Five Star ranks third in combined HMDA and small business loans, and second in HMDA lending and third in small business lending based on the number of loan originations per billion dollars of deposits.

Geographic Distribution:

The overall geographic distribution of HMDA-related, small business and small farm lending across geographies of different income levels reflected excellent loan penetration within MSA 40380. Performance in all HMDA-related categories was excellent. Small business penetration was also excellent while small farm penetration was good. HMDA performance in low-income geographies was not evaluated as less than 1% of owner-occupied housing units are located there, indicating limited lending opportunities. Small business performance in low-income census tracts was excellent as 3% of all business establishments within the MSA are located in low-income census tracts and Five Star made 2% of its small business lending in low-income census tracts.

Home Purchase Loans

The distribution of home purchase loans in moderate-income geographies was excellent when compared with both the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. The bank's percentage of lending in moderate-income census tracts exceeded both the percentage of owner-occupied housing units in moderate-income census tracts as well as the percentage of lending in moderate-income census tracts by the aggregate of HMDA-reporting lenders.

Refinance Loans

The distribution of refinancings in moderate-income geographies was excellent when compared with both the level of owner-occupied housing units and the aggregate of HMDA-reporting lenders. The percentage of lending in moderate-income geographies exceeded both the percentage of owner-occupied housing units in moderate-income census tracts as well as the percentage of lending in moderate-income census tracts by the aggregate of HMDA-reporting lenders.

Home Improvement Loans

The distribution of home improvement loans in moderate-income geographies was excellent compared with both the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. The percentage of lending in moderate-income census tracts exceeded both the percentage of owner-occupied housing units in moderate-income census tracts as well as the aggregate of HMDA-reporting lenders.

Small Business Loans

The overall distribution of small business loans across moderate-income geographies was excellent compared with both the level of businesses and the aggregate of all small business lending reporters. The percentage of lending in moderate-income geographies exceeded the percentage of business establishments in moderate-income census tracts and was significantly above the percentage of lending in moderate-income census tracts by the aggregate of small business reporters. Five Star ranks first of all small business reporters in lending within moderate-income census tracts.

The distribution of small business loans across low-income geographies was adequate compared to the percentage of business establishments in low-income census tracts and was slightly above the percentage of lending in low-income census tracts by the aggregate of small business reporters.

Small Farm Loans

The overall distribution of small farm loans across moderate-income geographies was good compared with both the level of farms and the aggregate of all small farm lending reporters. The percentage of lending in moderate-income geographies was slightly below the percentage of farms in moderate-income census tracts and was below the percentage of lending in moderate-income census tracts by the aggregate of small farm reporters. The geographic distribution of lending in low-income geographies was not evaluated as there are no small farms located in low-income geographies.

Distribution by Borrower Income and Revenue Size of the Business:

The overall distribution of loans among borrowers of different income levels and businesses and farms of different sizes was excellent based on excellent distribution of HMDA-related loans, good distribution of loans to small businesses and excellent distribution of loans to small farms.

Lending to Borrowers of Different Incomes

Five Star’s lending to low-income borrowers was considered good in relation to the housing costs in the assessment area as detailed in the performance context section of this report. The performance of the aggregate of lenders in the market also reflected the difficulties of home mortgage lending to low-income borrowers in the assessment area.

Performance in lending to low- and moderate-income borrowers was enhanced through the use of flexible lending programs from SONYMA and Freddie Mac. Additionally, a bank sponsored no closing cost loan program also enhanced performance in lending to borrowers of different income levels. Small business and small farm lending was enhanced through the use of SBA 7A loans and loans from the Farm Service Administration.

The following table summarizes the bank’s performance in lending to low- and moderate-income borrowers within each HMDA product:

HMDA Lending to Low and Moderate-Income Borrowers MSA 40380 (Rochester, NY)				
Loan Product	Lending to Low-Income Borrowers	Aggregate Comparison	Lending to Moderate-Income Borrowers	Aggregate Comparison
Home Purchase	Adequate	Similar To	Excellent	Slightly Above
Refinance	Good	Significantly Above	Excellent	Slightly Below
Home Improvement	Excellent	Above	Excellent	Similar To

Lending to Businesses of Different Sizes

Overall the distribution of small business loans to businesses with GAR of \$1 million or less was excellent in comparison to the number of business establishments with GAR of \$1 million or less. Five Star significantly outperformed the aggregate of small business lenders in lending to such businesses.

Of all small business loans reported, 83% were in amounts of \$100,000 or less, with an average loan amount of \$36,000, an amount that would typically meet the needs of smaller businesses. Five Star performed slightly below the aggregate of small business lenders which had 89% of its loans to small businesses in amounts of \$100,000 or less.

Lending to Farms of Different Sizes

The distribution of small farm loans to farms with GAR of \$500,000 or less was excellent in comparison to the number of farms with GAR of \$500,000 or less. Five Star's performance was slightly above the aggregate of small farms lenders, in lending to such small farms.

Of all small farm loans reported, 85% were in amounts of \$100,000 or less, with an average loan amount of \$33,000, an amount that would typically meet the needs of smaller farms. Five Star's performance was similar to the aggregate of small farm lenders in lending to farms in amounts of \$100,000 or less.

Community Development Lending:

The level of community development lending activity in MSA 40380 was excellent, with 30 loans totaling \$12 million, or 34% of the total community development lending.

Community development lending was responsive to the identified assessment area needs as it targeted economic development activities which included job retention and creation, revitalization of distressed neighborhoods and community service activities for low- and moderate-income individuals.

Examples of community development loans included:

- A construction/permanent mortgage loan to a developer of affordable housing for seniors, low-income individuals, and the disabled.
- A loan to a non-profit school that creates permanent residences for the developmentally disabled. Most students are of low- or moderate-income.

INVESTMENT TEST

The investment test performance was outstanding. Qualified investments totaled \$8 million and were largely municipal bonds that assisted in revitalizing moderate-income areas of Geneva, New York as well as the Village of Dansville, New York. Examples of revitalization efforts included municipal bonds for infrastructure repairs such as the construction of water and sewage lines, and the construction of a waste water plant. Also included were municipal bonds for the construction of a fire station in moderate-income area of the City of Geneva.

SERVICE TEST

In MSA 40380, Five Star's service test performance was excellent based on its excellent branch distribution and its leadership role in providing community development services within the assessment area.

Retail Services: The bank's delivery systems were readily accessible to all portions of the bank's assessment area, including LMI areas. Overall, Five Star has 12 branches in the assessment area, of which 4, or 33%, are located in LMI areas. This compares favorably with the 11% of the MSA population residing in LMI areas.

No branches were opened or closed in this assessment area during the evaluation period. Alternative delivery systems slightly enhanced the bank's performance in the assessment area. Five Star had 11 off-site ATM locations of which 2 or 18%, were located in LMI areas.

The branch's hours and services were tailored to the needs and convenience of the assessment area, including LMI areas. Of the 12 branches in the assessment area, all had either early morning or late evening hours and 8 had Saturday hours.

Community Development Services: The bank was a leader in providing community development services in the assessment area. Management and staff served as directors, advisors or committee members to 19 organizations throughout the bank's assessment area. Five Star's community development services efforts include:

- One officer served as treasurer for a non-profit organization assisting disabled persons.
- One officer served as a member of the finance committee of a non-profit organization that provides a variety of financial services to low- and moderate-income individuals.
- One officer serves a member of the board of directors of an organization which provides community development services to low- and moderate-income families.

Additionally, Five Star participated in 4 homebuyer presentations, and other types of events directly attributable to helping LMI individuals and families throughout the assessment area. These events can be categorized as providing direct information, technical assistance, and training sessions to LMI individuals, and community organizations.

METROPOLITAN AREAS

(LIMITED REVIEW)

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

The data reviewed, including performance and demographic information, can be found in the Appendix C. 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	Consistent	Consistent
MSA 15380	Consistent	Below	Consistent

CRA APPENDIX A
SCOPE OF EXAMINATION

FIVE STAR BANK		
TIME PERIOD REVIEWED		
January 1, 2005 - December 31, 2006		
FINANCIAL INSTITUTION		
Five Star Bank 55 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.

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-scope review: Performance is analyzed considering performance context, quantitative factors and qualitative factors.

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.

**CRA APPENDIX C
FFIEC INTERAGENCY CORE TABLES CRA**

Table 1: LENDING VOLUME		State: New York		Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006							
MA/Assessment Area	% of Rated Area Loans (#) in MA/AA**	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans*		Total Reported Loans	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Full-Review:											
MSA 40380	28.28	241	14,577	387	35,463	88	5,455	30	12,293	746	67,788
Non-MSA Assessment Area	66.19	668	35,614	696	79,491	295	19,359	87	23,003	1,746	157,467
Limited-Review:											
MSA 15380	3.87	16	1,998	77	15,389	8	335	1	856	102	18,578
MSA 21300	1.63	22	1,143	17	1,317	0	0	4	431	43	2,891
Statewide	0	0	0	0	0	0	0	1	16	1	16

(*) The evaluation period for Community Development Loans is JANUARY 01, 2005 TO DECEMBER 31, 2006.

(**) Loan data as of 2006. Rated area refers to either the state or multi-state MSA ratings area.

Table 2. Geographic Distribution: HOME PURCHASE		State: New York		Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006										
MA/Assessment Area	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total **	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
MSA 40380	58	21.25	0.75	0.00	8.71	12.07	66.68	72.41	23.87	15.52	0.78	7.59	62.52	29.11
Non-MSA Assessment Area	199	72.89	0.00	0.00	3.88	2.51	82.47	88.44	13.65	9.05	0.00	3.42	81.14	15.43
Limited-Review:														
MSA 15380	5	1.83	0.00	0.00	0.00	0.00	34.92	40.00	65.08	60.00	0.00	0.00	28.25	71.75
MSA 21300	11	4.03	0.53	0.00	11.75	0.00	55.79	81.82	31.93	18.18	0.38	11.72	51.78	36.13

(*) Based on 2005 Aggregate HMDA Data only.

(**) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

(***) Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 census information.

Table 3. Geographic Distribution: HOME IMPROVEMENT State: New York Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total **	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
MSA 40380	107	26.10	0.75	0.00	8.71	20.56	66.68	72.90	23.87	6.54	0.95	11.56	70.75	16.74
Non-MSA Assessment Area	293	71.46	0.00	0.00	3.88	2.39	82.47	90.44	13.65	7.17	0.00	4.63	84.80	10.57
Limited-Review:														
MSA 15380	3	0.73	0.00	0.00	0.00	0.00	34.92	50.00	65.08	50.00	0.00	0.00	42.39	57.61
MSA 21300	7	1.71	0.53	0.00	11.75	0.00	55.79	57.14	31.93	42.86	1.30	10.43	60.89	27.37

(*) Based on 2005 Aggregate HMDA Data only.

(**) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(***) Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 census information.

Table 4. Geographic Distribution: HOME MORTGAGE REFINANCE State: New York Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total **	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
MSA 40380	74	28.46	0.75	1.35	8.71	10.81	66.68	78.38	23.87	9.46	0.45	8.02	65.41	26.12
Non-MSA Assessment Area	175	67.31	0.00	0.00	3.88	1.14	82.47	85.71	13.65	13.14	0.00	3.06	82.68	14.26
Limited-Review:														
MSA 15380	7	2.69	0.00	0.00	0.00	0.00	34.92	42.86	65.08	57.14	0.00	0.00	37.49	62.51
MSA 21300	4	1.54	0.53	0.00	11.75	25.00	55.79	50.00	31.93	25.00	0.89	12.13	57.59	29.29

(*) Based on 2005 Aggregate HMDA Data only.

(**) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

(***) Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 census information.

Table 5. Geographic Distribution: SMALL LOANS TO BUSINESSES State: New York Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total **	% Businesses ***	% BANK Loans	% Businesses ***	% BANK Loans	% Businesses ***	% BANK Loans	% Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
MSA 40380	387	32.88	2.92	1.81	12.01	16.28	57.76	63.05	27.16	18.35	1.49	10.03	55.57	29.30
Non-MSA Assessment Area	696	59.13	0.00	0.00	8.01	5.60	77.48	80.17	14.08	13.85	0.00	6.73	75.93	14.74
Limited-Review:														
MSA 15380	77	6.54	0.00	0.00	0.00	0.00	21.60	18.18	78.40	81.82	0.00	0.00	19.83	80.17
MSA 21300	17	1.44	14.69	17.65	19.30	29.41	42.14	35.29	23.83	17.65	9.81	21.66	41.42	27.11

(*) Based on 2005 Aggregate Small Business Data only.

(**) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(***) Source of data - DUN & BRADSTREET 2005.

Table 6. Geographic Distribution: SMALL LOANS TO FARMS State: New York Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total **	% Businesses ***	% BANK Loans	% Businesses ***	% BANK Loans	% Businesses ***	% BANK Loans	% Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
MSA 40380	88	22.50	0.00	0.00	4.85	4.55	81.94	86.36	13.22	9.09	0.00	6.11	81.66	11.35
Non-MSA Assessment Area	295	75.45	0.00	0.00	2.12	0.00	88.05	88.47	9.83	11.53	0.00	1.34	84.35	13.45
Limited-Review:														
MSA 15380	8	2.05	0.00	0.00	0.00	0.00	71.70	50.00	28.30	50.00	0.00	0.00	64.52	35.48
MSA 21300	0	0.00	0.00	0.00	10.53	0.00	57.89	0.00	31.58	0.00	0.00	0.00	50.00	50.00

(*) Based on 2005 Aggregate Small Farm Data only.

(**) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

(***) Source of data - DUN & BRADSTREET 2005.

Table 7. Borrower Distribution: HOME PURCHASE														State: New York		Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006	
MA/Assessment Area	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) **						
	#	% of Total *	% Families ***	% BANK Loans *	% Families ***	% BANK Loans *	% Families ***	% BANK Loans *	% Families ***	% BANK Loans *	Low	Mod	Mid	Upp			
Full-Review:																	
MSA 40380	58	21.25	16.71	8.62	19.06	29.31	25.10	29.31	39.13	31.03	8.75	25.70	22.67	30.73			
Non-MSA Assessment Area	199	72.89	17.65	7.04	18.83	17.08	23.41	33.13	40.11	36.18	6.07	21.00	24.55	34.91			
Limited-Review:																	
MSA 15380	5	1.83	8.97	0.00	14.77	40.00	21.55	20.00	54.70	40.00	3.56	14.40	20.19	46.76			
MSA 21300	11	4.03	19.08	18.18	18.39	9.09	22.94	36.36	39.59	36.36	9.52	24.79	24.34	32.20			

(*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

(**) Based on 2005 Aggregate HMDA DATA only.

(***) Percentage of Families is based on the 2000 Census information.

Table 8. Borrower Distribution: HOME IMPROVEMENT														State: New York		Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006	
MA/Assessment Area	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) **						
	#	% of Total *	% Families ***	% BANK Loans *	% Families ***	% BANK Loans *	% Families ***	% BANK Loans *	% Families ***	% BANK Loans *	Low	Mod	Mid	Upp			
Full-Review:																	
MSA 40380	107	26.10	16.71	22.43	19.06	27.10	25.10	28.04	39.13	22.43	15.10	27.78	28.47	26.92			
Non-MSA Assessment Area	293	71.46	17.65	17.75	18.83	23.55	23.41	26.62	40.11	31.40	13.09	23.25	31.03	30.40			
Limited-Review:																	
MSA 15380	4	0.73	8.97	0.00	14.77	50.00	21.55	25.00	54.70	25.00	8.41	17.48	28.16	40.13			
MSA 21300	7	1.71	19.08	0.00	18.39	42.86	22.94	28.57	39.59	28.57	10.80	25.70	28.12	31.47			

(*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(**) Based on 2005 Aggregate HMDA DATA only.

(***) Percentage of Families is based on the 2000 Census information.

Table 9. Borrower Distribution: HOME MORTGAGE REFINANCE State: New York Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) **			
	#	% of Total *	% Families ***	% BANK Loans *	% Families ***	% BANK Loans *	% Families ***	% BANK Loans *	% Families ***	% BANK Loans *	Low	Mod	Mid	Upp
Full-Review:														
MSA 40380	74	28.46	16.71	14.96	19.06	18.92	25.10	29.73	39.13	33.78	9.20	21.86	27.11	28.47
Non-MSA Assessment Area	175	67.31	17.65	10.29	18.83	23.43	23.41	28.00	40.11	33.14	5.88	18.27	26.29	36.87
Limited-Review:														
MSA 15380	7	2.69	8.97	14.29	14.77	14.29	21.55	14.29	54.70	57.14	3.92	14.55	24.70	43.09
MSA 21300	4	1.54	19.08	25.00	18.39	0.00	22.94	50.00	39.59	25.00	7.30	19.23	29.09	31.46

(*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.
 (**) Based on 2005 Aggregate HMDA DATA only.
 (***) Percentage of Families is based on the 2000 Census information.

Table 10: Borrower Distribution: SMALL LOANS TO BUSINESSES State: New York Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006									
MA/Assessment Area	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Data ***	
	#	% of Total ****	% of Businesses *	% BANK Loans **	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
MSA 40380	387	33.45	88.42	80.87	322	37	26	5,024	2,472
Non-MSA Assessment Area	696	59.60	87.31	77.87	560	71	55	8,637	4,407
Limited-Review:									
MSA 15380	77	5.47	86.63	67.53	55	6	4	3,208	1,541
MSA 21300	17	1.48	87.29	70.59	14	2	1	1,468	599

(*) Businesses with revenues of \$1 million or less as a percentage of all businesses. Data - DUN & BRADSTREET 2005.
 (**) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.
 (***) Based on 2005 Aggregate Small Business data only.
 (****) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 11. Borrower Distribution: SMALL LOANS TO FARMS State: New York Evaluation Period: JANUARY 01, 2006 TO DECEMBER 31, 2006									
MA/Assessment Area	Total Small Loans to Farms		Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Data ***	
	#	% of Total ****	% of Farms *	% BANK Loans **	% \$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	% All	Rev \$1 million or less
Full-Review:									
MSA 40380	88	22.74	95.81	90.91	75	8	5	229	188
Non-MSA Assessment Area	295	75.19	96.46	92.88	266	19	6	818	719
Limited-Review:									
MSA 15380	8	2.07	97.17	100.00	7	1	0	31	23
MSA 21300	0	0.00	100.00	0.00	0	0	0	6	4

(*) Farms with revenues of \$1 million or less as a percentage of all farms. Data - DUN & BRADSTREET 2005.

(**) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.

(***) Based on 2005 Aggregate Small Farm data only.

(****) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

Table 12. QUALIFIED INVESTMENTS State: New York Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006									
MA/Assessment Area	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Investments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total \$'s	#	\$(000's)
Full-Review:									
MSA 40380	19	1,116	58	6,964	77	8,080	22	0	0
Non-MSA Assessment Area	61	1,279	286	21,035	347	22,314	61	0	0
Limited-Review:									
MSA 15380	0	0	5	2	5	2	0	0	0
MSA 21300	0	0	20	4,627	20	4,627	13	0	0
Statewide	0	0	3	1,342	3	1,342	4	0	0

(*) A Prior Period Investment means an investment made in a previous evaluation period that is outstanding as of the examination date.

(**) Unfunded Commitments mean legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Table 13. DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										State: New York Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006							
MA/Assessment Area	Branches						Branch Opening / Closings						Population				
	# of Bank Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full-Review:																	
MSA 40380	12	25.00	1	3	5	3	0	0	0	0	0	0	0	1.38	9.89	66.54	22.19
Non-MSA Assessment Area	29	60.42	0	3	22	4	0	0	0	0	0	0	0	0.00	5.05	81.25	13.70
Limited-Review:																	
MSA 15380	4	8.33	0	0	0	4	0	1	0	0	0	1	0.00	0.00	26.43	73.57	
MSA 21300	3	6.25	1	1	1	0	0	0	0	0	0	0	3.58	18.82	51.31	26.28	

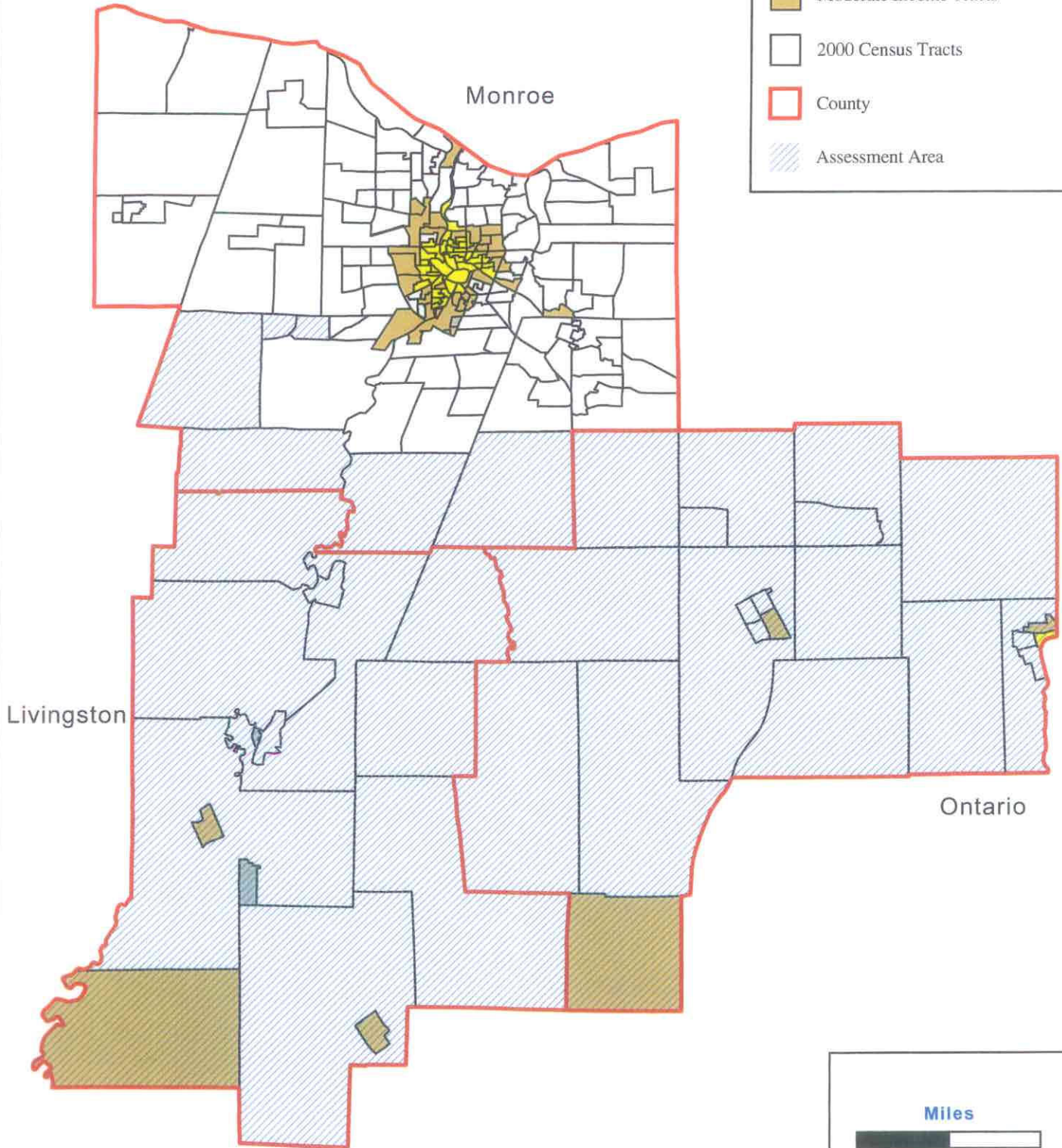
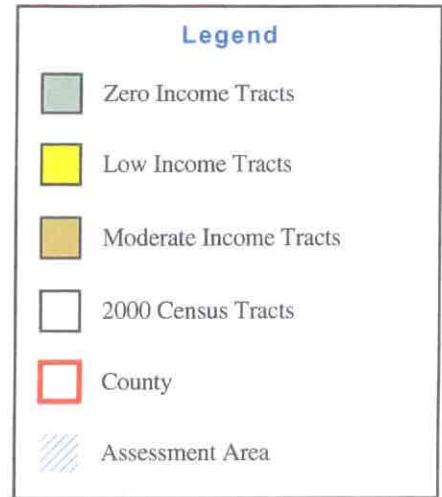
(*) A Prior Period Investment means an investment made in a previous evaluation period that is outstanding as of the examination date.

(**) Unfunded Commitments mean legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Five Star Bank

MSA 40380 Assessment Area

January 1, 2005 through December 31, 2006



Five Star Bank

MSA 21300 Assessment Area

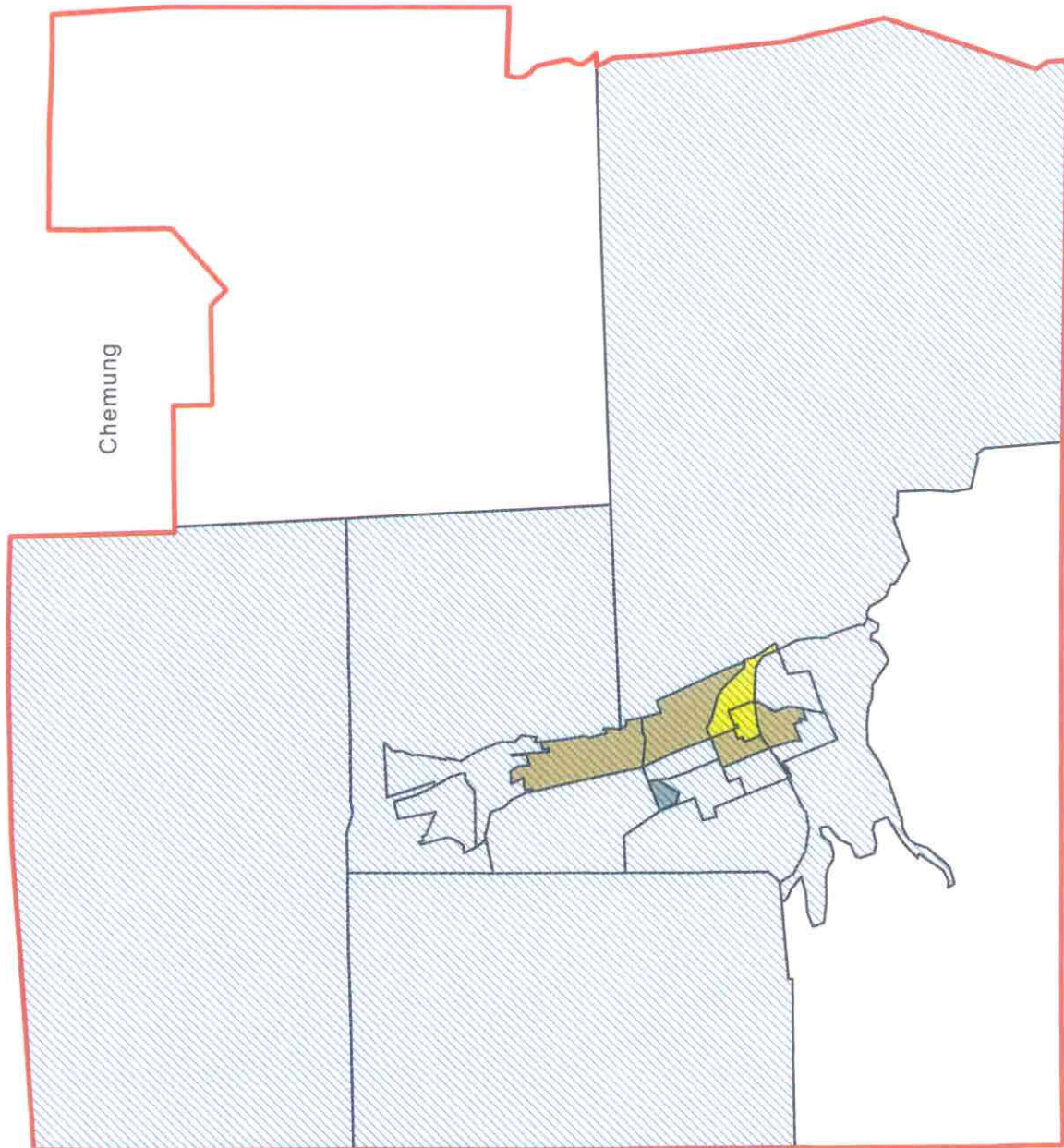
January 1 2005 through December 31, 2006

Chemung

Legend

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

Miles



Five Star Bank

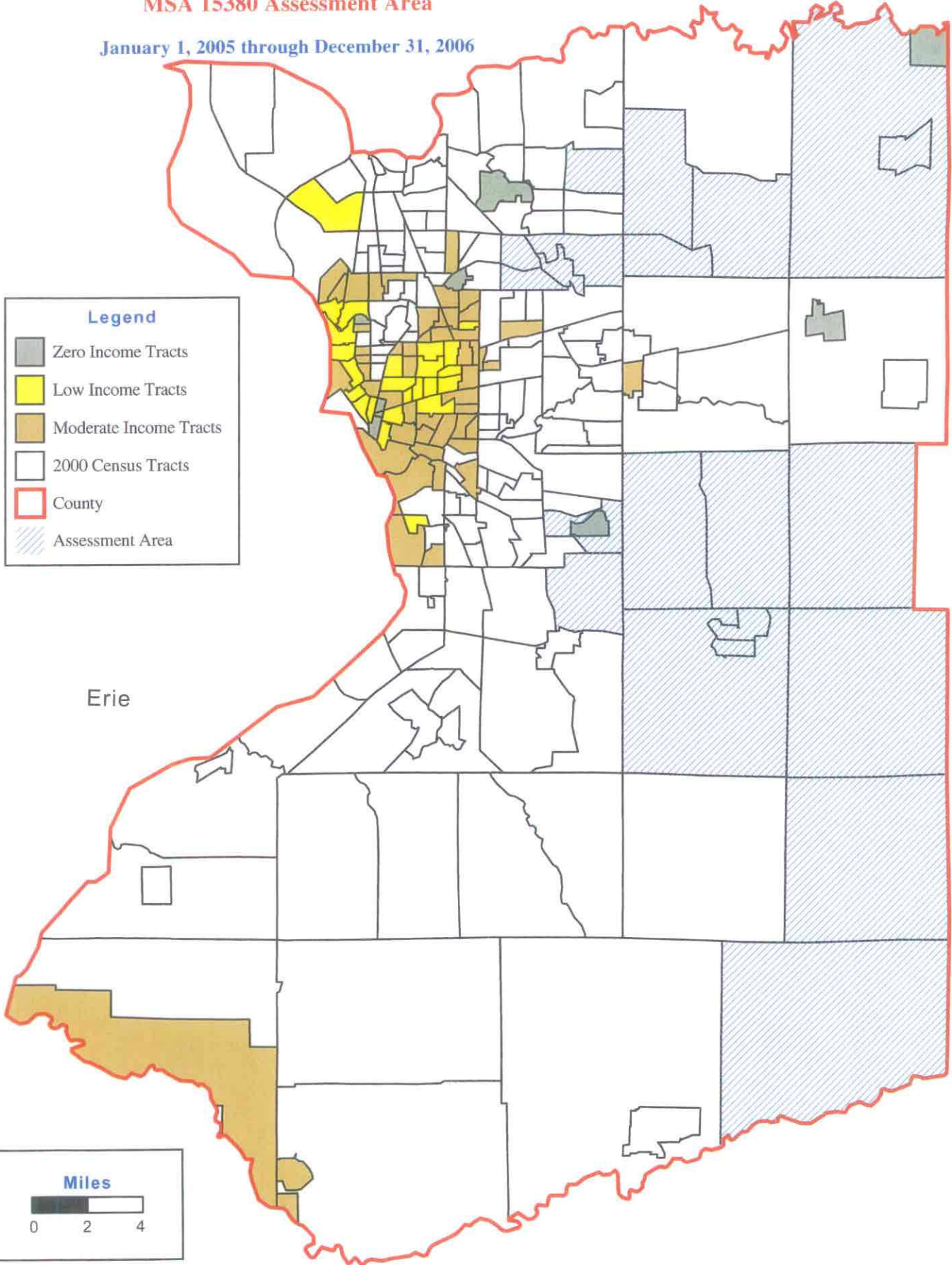
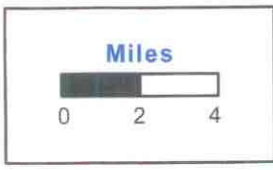
MSA 15380 Assessment Area

January 1, 2005 through December 31, 2006

Legend

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

Erie



Five Star Bank

Non-MSA Assessment Area

January 1, 2005 through December 31, 2006

