NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION

One State Street
New York, NY 10004

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2014

Institution: Fairport Savings Bank
45 South Main Street
Fairport, NY 14450

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Fairport Savings Bank ("FSB") prepared by the New York State Department of Financial Services ("DFS" or the "Department"). This evaluation represents the Department's first assessment of the institution's CRA performance based on an evaluation conducted as of December 31, 2014.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

(1) Outstanding record of meeting community credit needs;

(2) Satisfactory record of meeting community credit needs;

(3) Needs to improve in meeting community credit needs; and

(4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary ("Evaluation") be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated FSB according to the small bank performance criteria pursuant to Part 76.7 and 76.12 of the General Regulations of the Superintendent. This assessment period included calendar years 2007 through 2014. FSB is rated "2," indicating a "Satisfactory**"** record of helping to meet community credit needs.

The rating is based on the following factors:

- **Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities***:* "Outstanding"

FSB's average LTD ratio was reasonable considering its size, business strategy, financial condition and peer group activity. FSB's average LTD ratio for the first five years of the evaluation period was 86.3% which is comparable to its peer group of 85.0%. For the last 12 quarters of the evaluation period ending December 31, 2014, FSB's average LTD ratio was 95.5% which was excellent compared to its peer group's average ratio of 79.9%.

- **Assessment Area Concentration**: "Outstanding"

During the evaluation period, FSB originated 87.9% by number and 85.2% by dollar value of its HMDA-reportable loans within its assessment area. This substantial majority of lending inside the assessment area is an excellent record of lending.

- **Distribution by Borrower Characteristics**: "Satisfactory"

The distribution of loans based on borrower characteristics demonstrated less than reasonable rates of lending during the evaluation period, averaging 24.6% by number and 15.7% by dollar value compared to the aggregate's 33.7% and 22.4%, respectively. However, because of the economic conditions, the family and borrower demographics and other factors discussed further in this report, FSB's rate of lending to LMI borrowers is considered reasonable.

- **Geographic Distribution of Loans**: "Satisfactory"

The distribution of loans based on lending in census tracts of varying income levels demonstrated an overall adequate rate of lending even though FSB's rates were less than reasonable compared to the aggregate's rates of lending. As with the borrower characteristic rates of lending, other factors were taken into consideration. Therefore, FSB's penetration rate of lending in LMI census tracts is considered reasonable.

- **Action Taken in Response to Written Complaints with Respect to CRA**:

Since the last CRA evaluation, as of December 31, 2006, neither the bank nor DFS received any written complaints regarding the bank’s CRA performance.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and Part 76 of the General Regulations of the Superintendent.

PERFORMANCE CONTEXT

Institution Profile

Originally incorporated in 1888 as Fairport Permanent Loan Association, the bank changed its name to Fairport Savings and Loan Association in 1939 and eventually to Fairport Savings Bank ("FSB") in 2000. Previously a federally chartered bank, FSB became a New York State chartered bank in 2012.

In 2005 FSB reorganized its corporate structure from a federal mutual savings bank to a federal mutual holding company. Under this reorganization, FSB Community Bankshares, MHC, was incorporated as a mutual holding company. Also, FSB Community Bankshares, Inc. was incorporated and became a wholly-owned subsidiary of the mutual holding company. The company is publicly, but thinly traded under the stock symbol FSBC. FSB has one wholly-owned subsidiary, Oakleaf Services Corporation, which offers non-deposit investment products, consisting of annuities, insurance products and mutual funds.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2014, filed with the Federal Deposit Insurance Corporation ("FDIC"), FSB reported total assets of $242.9 million, of which $188.8 million were net loans and lease finance receivables. It also reported total deposits of $175.3 million, resulting in a loan-to-deposit ratio of 92.8%. According to the latest available comparative deposit data as of June 30, 2014, FSB had a market share of 1.3%, or $183.0 million in a market of $14.4 billion, ranking it 12th among 20 deposit-taking institutions in the assessment area.

The following is a summary of FSB's loan portfolio, based on Schedule RC-C of FSB's December 31, 2007 through December 31, 2014's Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
	2007		2008		2009		2010	
Loan Type	$000's	%	$000's	%	$000's	%	$000's	%
1-4 Family Res. Mtges.	120,261	88.3	132,854	97.6	114,135	97.7	111,884	97.1
Commercial Mortgages	2,001	1.5	1,820	1.3	1,615	1.4	1,416	1.2
Multifamily Mortgages	918	0.7	850	0.6	781	0.7	1,177	1.0
Construction Loans	1,114	0.8	316	0.2	170	0.1	652	0.6
Consumer Loans	200	0.1	149	0.1	91	0.1	72	0.1
Commercial & Industrial	151	0.1	151	0.1	0	0.0	0	0.0
Total Gross Loans	124,645		136,140		116,792		115,201	

TOTAL GROSS LOANS OUTSTANDING								
	2011		2012		2013		2014	
Loan Type	$000's	%	$000's	%	$000's	%	$000's	%
1-4 Family Res. Mtges.	124,130	82.5	147,109	97.8	170,859	95.5	185,927	96.6
Multifamily Mortgages	1,333	0.9	453	0.3	3,069	1.7	3,819	2.0
Commercial Mortgages	2,224	1.5	2,085	1.4	2,015	1.1	1,427	0.7
Construction Loans	938	0.6	739	0.5	2,821	1.6	1,106	0.6
Commercial & Industrial	0	0.0	0	0.0	0	0.0	100	0.1
Consumer Loans	64	0.0	86	0.1	72	0.0	65	0.0
Total Gross Loans	128,689		150,472		178,836		192,444	

As illustrated in the above tables, FSB is primarily a residential lender, with a substantial majority, or 98.6% of its loan portfolio, in residential real estate, comprised of 96.6% in 1-4 family residential mortgage loans and 2.0% in multifamily mortgages.

During the first four years of the evaluation period, FSB's gross loans portfolio fluctuated. After a decline of 7.6% from 2007 to 2010, the portfolio grew in size, from $115.2 million in 2010 to $192.4 million or 67.0% in 2014 (16.8% annualized). In comparison, asset size grew by $78.9 million or 48.1% (6.9% annualized), from $164.1 million in 2007 to $243.0 million in 2014.

FSB operates five full service branches located in Monroe County. In addition to these branches, FSB has three loan production offices, two in Monroe County and one in Ontario County. Branch hours are 9:00 AM to 4:00 PM with extended hours on Thursdays to 5:00 PM and Fridays to 6:00 PM. Except for the main office, the other four branches have limited banking hours on Saturdays (9:00 AM to 1:00 PM). Supplementing the banking offices is an automated teller machine ("ATM") network consisting of one machine at each of the branches with deposit-taking capabilities. In addition to FSB's ATM network, FSB's customers can use M&T Bank ATMs (for withdrawals only) without incurring any fees.

FSB offers deposit and loan products in all of its branches. Some of these products are: checking and savings accounts, holiday clubs, certificates of deposit, adjustable-rate mortgages, fixed-rate mortgages, and FSB's equity builder loan programs which are in partnership with a nonprofit organization, and medical resident loans.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on FSB's ability to meet the credit needs of its community.

Assessment Area

FSB's assessment area is comprised of Monroe, Ontario and Wayne counties in their entireties.

There are 240 census tracts in the area, of which 40 are low-income, 37 are moderate-income, 103 are middle-income, 56 are upper-income and four are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Monroe	3	40	30	71	48	192	36.5
Ontario	0	0	3	17	5	25	12.0
Wayne	1	0	4	15	3	23	17.4
Total	4	40	37	103	56	240	32.1

Demographic & Economic Data

The assessment area had a population of 946,047 during the evaluation period. About 13.7% of the population were over the age of 65 and 19.8% were under the age of sixteen.

Of the 237,164 families in the assessment area 20.4% were low-income, 17.0% were moderate-income, 21.9% were middle-income and 40.8% were upper-income families. There were 370,766 households in the assessment area, of which 12.5% had income below the poverty level and 3.6% were on public assistance.

The weighted average median family income in the assessment area was $67,904. Among the counties in the assessment area, Wayne had the lowest median family income of $61,687 followed by Monroe at $68,041. Ontario County had the highest median family income of $72,742.

There were 406,908 housing units within the assessment area, of which 14.8% were multifamily units, and 82.8% were one-to-four family units. A majority of the area’s housing units, 62.6%, were owner-occupied units, while 28.5% were rental-occupied. Of the 254,631 owner-occupied housing units, 13.91% were in low- and moderate-income census tracts, while 86.1% were in middle- and upper-income census tracts. The median age of the housing stock was 53 years and the median home value was $128,833.

Of the 116,135 rental-occupied housing units, 40.6% were in low- and moderate-income census tracts while 59.4% were in middle- and upper-income census tracts. The average rent in the assessment area was $751.00.

General Economic Conditions

The worst of the most recent economic recession and housing market downturn happened during the evaluation period, from 2007 to 2009, and the economy suffered residual impact during the succeeding years of 2010 to 2012, which was evidenced by steadily rising New York State unemployment rates. In 2007 the unemployment rate was 4.6%, but by 2010 it increased to 8.6% and remained in the 8% range in 2011 and 2012 (8.3% in 2011 and 8.5% in 2012).

The three counties recorded similar patterns with slightly higher rates for Wayne and slightly lower for Monroe and Ontario counties. The Office of the New York State Comptroller issued a report noting that Rochester's unemployment rate was 9.8% in November 2012, compared to the statewide rate of 8.5%. According to the Bureau of Labor Statistics, by the end of the recession in June 2009 the U.S. unemployment rate was higher than rates in most other industrialized countries. The employment decline experienced was greater than that of any recession in decades. This period of recession, with high unemployment and poverty rates, covered a majority of the CRA evaluation period.

Family Demographics – Borrower Income

Low-income families made up an average of 20.4% of families in the assessment area during the evaluation period, and moderate-income families made up 17.0%. The poverty rate in the assessment area was 12.5% in 2014. Moreover, the State Comptroller's report cited a statewide poverty rate of 10.8% while Rochester's was 25.8%, the highest of families living in poverty of any city in New York State. Furthermore, in 2011 and 2012, the Rochester City School District reported a substantial majority (88.0%) of its students were eligible for free or subsidized lunches.

Geographic Distribution

A substantial majority (90.9%) of FSB's assessment area's LMI census tracts are located in the City of Rochester, where FSB has one branch. As of 2014 the Rochester area had 199 mortgage lenders. Two large federal credit unions ranked 1 and 2 in mortgage loans, capturing 18.3% of the market, followed by five large national or New York State banks, with mortgage companies capturing another 27.5% of the market. Even with this highly competitive market, FSB improved its ranking from 35th in 2007 to 10th in 2014. DFS determined this record of improvement to indicate that FSB made considerable efforts and commitments to meet the credit needs of its assessment area.

Business Demographics

There were 57,104 non-farm businesses in the assessment area. Of these, 71.3% were businesses with reported revenues of less than or equal to $1 million, 6.1% reported revenues of more than $1 million and 22.6% did not report their revenues.

Of all businesses in the assessment area, 82.4% had less than fifty employees while 88.9% operated from a single location. The largest industries in the area were services (46.3%), followed by retail trade (13.7%) and construction (7.5%), while 9.9% of businesses were not classified.

Unemployment Rates

According to the New York State Department of Labor, the average unemployment rate for New York State in 2014 was 6.3%, decreasing by 24.0% from 8.3% in 2009.

Of the three counties in the assessment area, Wayne County had consistently reported the highest unemployment rates in all years of this evaluation, peaking at 8.9% in 2010. Ontario and Monroe counties fared better overall compared to the state level and Wayne County.

Assessment Area Unemployment Rate				
	NY State	Monroe	Ontario	Wayne
2007	4.6%	4.4%	4.2%	4.7%
2008	5.4%	5.5%	5.2%	5.9%
2009	8.3%	7.8%	7.3%	8.3%
2010	8.6%	8.0%	7.4%	8.9%
2011	8.3%	7.7%	7.1%	8.4%
2012	8.5%	7.9%	7.3%	8.6%
2013	7.7%	6.9%	6.3%	7.6%
2014	6.3%	5.8%	5.3%	6.2%

Community Information

A nonprofit organization whose mission is to “advance the common good of the community” was interviewed for this evaluation. FSB received positive comments as being active in the community. The president of the bank is known to be involved in community organizations in the assessment area.

The community contact cited high unemployment rates, an increase in the LMI population, and high poverty rates in the assessment area that necessitated more people needing social services. They also noted some pockets of improvement observed from various construction projects in the Rochester area.

Some community services that local banks can participate in are in the area of financial literacy programs aimed at small businesses, young adults and senior citizens.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated FSB under the small banking institution's performance standards in accordance with GRS Parts 76.7 and 76.12 consisting of the lending test, which includes (1) loan-to-deposit ratio ("LTD") and other lending-related activities; (2) assessment area concentration; (3) distribution by borrower characteristics; (4) geographic distribution of loans; and (5) action taken in response to written complaints regarding CRA. DFS also considered the following factors in assessing the bank's record of performance: The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; evidence of any practices intended to discourage credit applications or of prohibited discriminatory or other illegal credit practices; the institution's record of opening and closing offices and providing services at offices; and process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. FSB submitted bank-specific information both as part of the evaluation process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council and deposit data were obtained from the FDIC. DFS calculated LTD ratios from information shown in the Bank's Uniform Bank Performance Report submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development. DFS based business demographic data on Dun & Bradstreet reports which Dun and Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The assessment period included calendar years 2007 through 2014. As noted in the Performance Context section of this report, FSB became a New York State chartered institution in 2012. FSB's last CRA evaluation was performed by the bank's prior regulator in 2007 with an evaluation period ending December 31, 2006. Therefore, this report covers the eight-year period starting January 1, 2007 and ending December 31, 2014, and is the first CRA evaluation conducted by DFS.

Examiners considered FSB's HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted above.

DFS did not analyze FSB's small business lending since FSB made very few of those loans.

For years 2007, 2008 and 2009, HMDA-reportable loan data results were extrapolated from a random sample of 89 loans. Loan data for the remainder of the evaluation period, 2010 through 2014, represented actual HMDA-reportable originations.

Current CRA Rating: “Satisfactory”

Lending Test: “Satisfactory”

FSB’s HMDA-reportable activities are reasonable in light of its size, aggregate and peer group activity and demographics.

While FSB’s total average rates of lending for both borrower characteristics and geographic distribution reflected less than reasonable lending rates, DFS took the following factors into consideration: the general economic conditions in the assessment area during the evaluation period, the family demographics of the assessment area, and the locations of the LMI geographies of the assessment area.

Loan-to-Deposit (“LTD”) Ratio and Other Lending-Related Activities: “Outstanding”

FSB”s average LTD ratio was excellent considering its size, business strategy, financial condition, and the activity of its peer group.

Since the quarterly LTD data for the first five years of the evaluation period were not available, the LTD ratios are shown on an annual basis for comparative purposes only. FSB’s yearly LTD average ratio during this period was comparable to its peer group even though FSB’s ratios fluctuated more, ranging from a high of 108.5% in 2008 to a low of 70.9% in 2010. Its peer group’s ratios were more stable ranging from 89.1% to 82.2% for the same periods.

The succeeding 12 quarters rose nearly every quarter from a low of 75.7% in the first quarter of 2012 to a high of 109.4% for the final quarter of 2014. The total average for these 12 quarters was 95.5%, which is excellent compared to its peer group’s average ratio of 79.9%.

Loan-to-Deposit Ratios						
Year	2007	2008	2009	2010	2011	Avg.
FSB	104.3	108.5	74.6	70.9	73.4	86.3
Peer	87.0	89.1	85.6	82.2	81.1	85.0

Loan-to-Deposit Ratios													
Year	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Avg.
FSB	75.7	82.0	88.4	91.7	94.2	96.0	101.1	99.1	101.2	100.3	106.7	109.4	95.5
Peer	78.9	78.9	80.2	79.8	78.4	79.3	78.9	80.2	79.4	80.6	81.9	81.9	79.9

Assessment Area Concentration: **"**Outstanding"

During the evaluation period, FSB originated 84.5% by number, and 85.2% by dollar value of its loans within its assessment area. This substantial majority of lending inside of its assessment area was an excellent record of lending. In 2008 a sample of 30 HMDA-reportable loans reflected that 100.0% were made inside the assessment area.

The following table shows the percentages of FSB's HMDA-reportable loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		$	%	$	%	
HMDA-Reportable										
2007*	130	96.3%	5	3.7%	135	16,551	97.5%	431	2.5%	16,982
2008*	209	100.0%	-	0.0%	209	28,512	100.0%	-	0.0%	28,512
2009*	183	90.1%	20	9.9%	203	26,104	92.4%	2,133	7.6%	28,237
2010	240	90.2%	26	9.8%	266	34,335	90.2%	3,716	9.8%	38,051
2011	204	81.6%	46	18.4%	250	28,951	83.0%	5,918	17.0%	34,869
2012	347	80.5%	84	19.5%	431	50,601	83.4%	10,059	16.6%	60,660
2013	407	78.9%	109	21.1%	516	60,571	78.6%	16,540	21.4%	77,111
2014	428	80.3%	105	19.7%	533	58,853	80.7%	14,100	19.3%	72,953
Total	2,148	84.5%	395	15.5%	2,543	304,478	85.2%	52,897	14.8%	357,375

*For HMDA-reportable data, analysis was performed on a sample of 29 loans in 2007, 30 loans in 2008 and 30 loans in 2009 loans. The number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results. HMDA-reportable data for years 2010 through 2014 were based on actual lending.

Distribution by Borrower Characteristics: "Satisfactory"

The distribution of HMDA-reportable loans based on borrower characteristics demonstrated a reasonable rate of lending among individuals of different income levels.

FSB's average rates of lending to LMI borrowers during the evaluation period were 24.6% by number and 15.7% by dollar value, which compared unfavorably with the aggregate's average rates of 33.7% and 22.4%, respectively.

FSB did not lend to low-income borrowers in years 2007 or 2009, and it originated only 1.4% of its loans by dollar value to low-income borrowers in 2008. FSB's aggregate's rates of lending to low-income borrowers were between 4.9% and 5.3% by dollar value. However, from 2012 to 2014 FSB's rates of lending to LMI individuals improved and were only slightly lower than its aggregate's lending to LMI borrowers. FSB's rates of lending to low-income individuals were highest in 2012 at 9.8% by number and 5.3% by dollar value of loans, which compared favorably to the aggregate's rates of 9.4% and 5.1%, respectively.

The following tables summarize HMDA-reportable lending distribution among borrowers in different income levels.

Distribution of 1-4 Family Loans by Borrower Income									
2007*									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	0	0.0%	0	0.0%	2,114	8.9%	110,274	4.9%	19.5%
Moderate	9	6.9%	368	2.2%	5,880	24.8%	423,207	18.7%	17.7%
LMI	9	6.9%	368	2.2%	7,994	33.7%	533,481	23.5%	37.3%
Middle	19	14.6%	1,712	10.3%	6,332	26.7%	553,714	24.4%	22.6%
Upper	102	78.5%	14,471	87.4%	8,847	37.3%	1,124,280	49.6%	40.2%
Unknown	0	0.0%	0	0.0%	515	2.2%	56,511	2.5%	
Total	**130**		**16,551**		**23,688**		**2,267,986**		
2008*									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	7	3.3%	393	1.4%	1,730	9.9%	93,982	5.1%	19.5%
Moderate	42	20.0%	4,121	14.5%	4,444	25.3%	347,089	18.7%	17.7%
LMI	49	23.3%	4,514	15.8%	6,174	35.2%	441,071	23.8%	37.3%
Middle	70	33.3%	7,803	27.4%	4,694	26.8%	452,646	24.4%	22.6%
Upper	91	43.4%	16,195	56.8%	6,377	36.3%	926,578	50.0%	40.2%
Unknown	0	0.0%	0	0.0%	299	1.7%	34,225	1.8%	
Total	**209**		**28,512**		**17,544**		**1,854,520**		
2009*									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	0	0.0%	0	0.0%	2,186	10.1%	133,729	5.3%	19.5%
Moderate	14	7.7%	789	3.0%	5,301	24.4%	452,074	17.9%	17.7%
LMI	14	7.7%	789	3.0%	7,487	34.4%	585,803	23.2%	37.3%
Middle	40	21.9%	4,600	17.6%	5,407	24.9%	565,538	22.4%	22.6%
Upper	122	66.7%	19,966	76.5%	8,257	38.0%	1,302,154	51.5%	40.2%
Unknown	7	3.8%	749	2.9%	600	2.8%	76,223	3.0%	
Total	**183**		**26,104**		**21,751**		**2,529,718**		
2010									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	16	6.7%	1,175	3.4%	1,864	9.8%	111,026	5.0%	19.5%
Moderate	45	18.8%	4,283	12.5%	4,542	23.8%	364,989	16.6%	17.7%
LMI	61	25.4%	5,458	15.9%	6,406	33.5%	476,015	21.6%	37.3%
Middle	43	17.9%	5,725	16.7%	4,736	24.8%	484,544	22.0%	22.6%
Upper	136	56.7%	23,152	67.4%	7,558	39.6%	1,189,656	54.1%	40.2%
Unknown	0	0.0%	0	0.0%	394	2.1%	50,572	2.3%	
Total	**240**		**34,335**		**19,094**		**2,200,787**		
2011									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	7	3.5%	512	1.8%	1,822	9.7%	110,378	5.2%	19.5%
Moderate	40	19.8%	3,980	14.0%	4,551	24.3%	368,790	17.3%	17.7%
LMI	47	23.3%	4,492	15.8%	6,373	34.0%	479,168	22.5%	37.3%
Middle	56	27.7%	6,817	23.9%	4,670	24.9%	470,312	22.1%	22.6%
Upper	99	49.0%	17,197	60.3%	7,263	38.8%	1,124,737	52.9%	40.2%
Unknown	0	0.0%	0	0.0%	419	2.2%	52,655	2.5%	
Total	**202**		**28,506**		**18,725**		**2,126,872**		

Distribution of 1-4 Family Loans by Borrower Income									
2012									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	34	9.8%	2,681	5.3%	2,073	9.4%	134,375	5.1%	20.7%
Moderate	67	19.4%	6,653	13.2%	4,906	22.3%	410,649	15.7%	17.3%
LMI	101	29.2%	9,334	18.5%	6,979	31.7%	545,024	20.8%	38.0%
Middle	74	21.4%	9,784	19.4%	5,733	26.0%	595,024	22.7%	21.9%
Upper	169	48.8%	31,120	61.7%	8,694	39.5%	1,382,924	52.8%	40.2%
Unknown	2	0.6%	211	0.4%	619	2.8%	94,957	3.6%	
Total	**346**		**50,449**		**22,025**		**2,617,929**		
2013									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	18	4.5%	1,228	2.1%	1,943	9.3%	116,471	4.8%	20.7%
Moderate	93	23.1%	9,777	16.6%	4,745	22.8%	387,122	16.0%	17.3%
LMI	111	27.5%	11,005	18.7%	6,688	32.2%	503,593	20.9%	38.0%
Middle	108	26.8%	12,876	21.9%	5,276	25.4%	537,382	22.3%	21.9%
Upper	183	45.4%	34,910	59.3%	8,220	39.5%	1,279,591	53.0%	40.2%
Unknown	1	0.2%	85	0.1%	600	2.9%	92,273	3.8%	
Total	**403**		**58,876**		**20,784**		**2,412,839**		
2014									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	28	6.6%	2,019	3.5%	1,547	9.4%	91,026	4.9%	20.4%
Moderate	106	24.9%	9,342	16.1%	4,150	25.2%	330,184	17.9%	17.0%
LMI	134	31.5%	11,361	19.6%	5,697	34.6%	421,210	22.9%	37.4%
Middle	109	25.6%	12,872	22.2%	4,204	25.5%	415,189	22.5%	21.9%
Upper	179	42.1%	33,462	57.7%	6,176	37.5%	953,095	51.7%	40.8%
Unknown	3	0.7%	270	0.5%	391	2.4%	53,788	2.9%	
Total	**425**		**57,965**		**16,468**		**1,843,282**		
GRAND TOTAL									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	110	5.1%	8,008	2.7%	15,279	9.5%	901,261	5.0%	19.9%
Moderate	416	19.4%	39,313	13.0%	38,519	24.1%	3,084,104	17.3%	17.5%
LMI	526	24.6%	47,321	15.7%	53,798	33.6%	3,985,365	22.3%	37.5%
Middle	519	24.3%	62,189	20.6%	41,052	25.6%	4,074,349	22.8%	22.3%
Upper	1,081	50.5%	190,473	63.2%	61,392	38.4%	9,283,015	52.0%	40.2%
Unknown	13	0.6%	1,315	0.4%	3,837	2.4%	511,205	2.9%	0.0%
Total	2,138		301,298		160,079		17,853,934		

*For HMDA-reportable data, analysis was performed on a sample of 29 in 2007, 30 loans in 2008 and 30 loans in 2009 loans. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results. HMDA-reportable data for years 2010 to 2014 were based on actual lending.

Geographic Distribution of Loans: "Satisfactory"

The distribution of FSB's loans demonstrated reasonable rates of lending in census tracts of varying income levels.

As with borrower characteristics, FSB's rates of lending in LMI geographies compared poorly to its aggregate's rates of lending. FSB's average rates of lending in LMI geographies of 9.0% by number and 5.6% by dollar value of loans, were less than the aggregate's rates of 11.5% and 7.7%, respectively. However, as noted in the performance context previously, 90.9% of FSB's LMI census tracts are in the Rochester area, where FSB has only one branch. In addition, the Rochester area is a highly competitive market where FSB as a small bank competes with much larger credit unions, banks and mortgage companies with a national presence. For these reasons DFS considered FSB's rates of lending in LMI geographies to be reasonable.

The following tables provide a summary of FSB's distribution of HMDA-reportable lending by geographic income of the census tract.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2007*									
Borrower	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	5	3.7%	521	3.1%	919	3.8%	47,109	1.9%	4.0%
Moderate	23	17.7%	1,410	8.5%	2,628	11.0%	195,683	8.0%	10.2%
LMI	28	21.4%	1,931	11.7%	3,547	14.8%	242,792	9.9%	14.2%
Middle	28	21.6%	1,539	9.3%	11,961	49.8%	1,111,940	45.3%	49.6%
Upper	74	57.0%	13,081	79.0%	8,486	35.4%	1,099,263	44.8%	36.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	**130**		**16,551**		**23,994**		**2,453,995**		
2008*									
Borrower	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	7	3.3%	518	1.8%	529	3.0%	31,081	1.6%	4.0%
Moderate	21	10.0%	1,114	3.9%	1,890	10.6%	134,864	6.9%	10.2%
LMI	28	13.3%	1,631	5.7%	2,419	13.6%	165,945	8.5%	14.2%
Middle	63	30.0%	7,259	25.5%	8,922	50.2%	842,276	43.3%	49.6%
Upper	118	56.7%	19,622	68.8%	6,434	36.2%	937,561	48.2%	36.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	**209**		**28,512**		**17,775**		**1,945,782**		
2009*									
Borrower	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	0	0.0%	0	0.0%	326	1.5%	22,879	0.9%	4.0%
Moderate	7	3.8%	388	1.5%	1,826	8.3%	128,792	5.0%	10.2%
LMI	7	3.8%	388	1.5%	2,152	9.8%	151,671	5.9%	14.2%
Middle	54	29.5%	7,181	27.5%	10,508	47.9%	1,027,444	40.1%	49.6%
Upper	122	66.7%	18,535	71.0%	9,275	42.3%	1,385,730	54.0%	36.3%
Unknown	0	0.0%	0	0.0%	2	0.0%	143	0.0%	
Total	**183**		**26,104**		**21,937**		**2,564,988**		
2010									
Borrower	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	0.8%	193	0.6%	317	1.6%	17,114	0.7%	4.0%
Moderate	6	2.5%	397	1.2%	1,534	8.0%	110,447	4.7%	10.2%
LMI	8	3.3%	590	1.7%	1,851	9.6%	127,561	5.4%	14.2%
Middle	64	26.7%	7,358	21.4%	9,202	47.8%	984,210	41.5%	49.6%
Upper	168	70.0%	26,387	76.9%	8,202	42.6%	1,262,095	53.2%	36.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	**240**		**34,335**		**19,255**		**2,373,866**		

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2011									
Borrower	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	1.0%	223	0.8%	338	1.8%	29,483	1.3%	4.0%
Moderate	10	4.9%	1,168	4.0%	1,428	7.5%	113,281	5.0%	10.2%
LMI	12	5.9%	1,391	4.8%	1,766	9.3%	142,764	6.3%	14.2%
Middle	74	36.3%	9,433	32.6%	9,105	48.1%	944,176	41.6%	49.6%
Upper	118	57.8%	18,127	62.6%	8,055	42.6%	1,185,141	52.2%	36.3%
Unknown	0	0.0%	0	0.0%	1	0.0%	83	0.0%	
Total	**204**		**28,951**		**18,927**		**2,272,164**		
2012									
Borrower	**Bank**				**Aggregate**				OO Hus
Income	#	%	$000's	%	#	%	$000's	%	%
Low	4	1.2%	517	1.0%	391	1.8%	38,586	1.4%	3.5%
Moderate	22	6.3%	2,131	4.2%	2,048	9.2%	175,419	6.4%	12.7%
LMI	26	7.5%	2,648	5.2%	2,439	11.0%	214,005	7.8%	16.2%
Middle	142	40.9%	17,810	35.2%	11,590	52.1%	1,218,371	44.7%	53.0%
Upper	179	51.6%	30,143	59.6%	8,207	36.9%	1,294,322	47.5%	30.9%
Unknown	0	0.0%	0	0.0%	2	0.0%	101	0.0%	
Total	**347**		**50,601**		**22,238**		**2,726,799**		
2013									
Borrower	**Bank**				**Aggregate**				OO Hus
Income	#	%	$000's	%	#	%	$000's	%	%
Low	9	2.2%	883	1.5%	406	1.9%	48,704	1.8%	3.5%
Moderate	32	7.9%	4,038	6.7%	2,126	10.1%	190,767	6.9%	12.7%
LMI	41	10.1%	4,921	8.1%	2,532	12.0%	239,471	8.6%	16.2%
Middle	189	46.4%	24,315	40.1%	11,339	53.9%	1,309,271	47.3%	53.0%
Upper	177	43.5%	31,335	51.7%	7,163	34.1%	1,220,259	44.1%	30.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	**407**		**60,571**		**21,034**		**2,769,001**		
2014									
Borrower	**Bank**				**Aggregate**				OO Hus
Income	#	%	$000's	%	#	%	$000's	%	%
Low	10	2.3%	925	1.6%	377	2.3%	73,162	3.6%	3.5%
Moderate	34	7.9%	2,587	4.4%	1,551	9.3%	122,368	6.0%	10.4%
LMI	44	10.3%	3,512	6.0%	1,928	11.6%	195,530	9.5%	13.9%
Middle	213	49.8%	25,513	43.4%	9,079	54.4%	964,492	47.0%	52.9%
Upper	171	40.0%	29,828	50.7%	5,675	34.0%	893,213	43.5%	33.2%
Unknown	0	0.0%	0	0.0%	1	0.0%	396	0.0%	
Total	**428**		**58,853**		**16,683**		**2,053,631**		
GRAND TOTAL									
Borrower	**Bank**				**Aggregate**				OO Hus
Income	#	%	$000's	%	#	%	$000's	%	%
Low	39	1.8%	3,780	1.2%	3,603	2.2%	308,118	1.6%	3.8%
Moderate	155	7.2%	13,233	4.3%	15,031	9.3%	1,171,621	6.1%	10.8%
LMI	194	9.0%	17,013	5.6%	18,634	11.5%	1,479,739	7.7%	14.6%
Middle	827	38.5%	100,408	33.0%	81,706	50.5%	8,402,180	43.9%	50.9%
Upper	1,127	52.5%	187,058	61.4%	61,497	38.0%	9,277,584	48.4%	34.5%
Unknown	0	0.0%	0	0.0%	6	0.0%	723	0.0%	0
Total	2,148		304,479		161,843		19,160,226		

*For HMDA-reportable data, analysis was performed on a sample of 29 in 2007, 30 loans in 2008 and 30 loans in 2009 loans. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results. HMDA-reportable data for years 2010 to 2014 were based on actual lending.

Action Taken in Response to Written Complaints with Respect to CRA: “Satisfactory”

Since 2006 neither FSB nor DFS has received any written complaints regarding FSB’s CRA performance.

Additional Factors

The extent of participation by the banking institution’s board of directors or board of trustees in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

FSB conducts informal senior management meetings once a week to discuss FSB’s lending activities and lending pipelines, including FSB’s CRA activities, such as lending inside and outside of the assessment area. In addition, an annual self-assessment test is conducted and is reported to the audit committee, including a summary of the geographic locations, which the audit committee submits to the board of directors. Through these reports, the board is able to review and formulate FSB’s policy with respect to the purposes of CRA.

Discrimination and other illegal practices

DFS examiners did not note evidence that FSB used any practices intended to discourage applications for the types of credit offered by FSB.

DFS examiners did not note evidence of prohibited, discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

FSB operates five full service offices which are located in Monroe County. Three of the branches are located in the Village of Fairport, which is about nine miles east of Rochester. During the evaluation period FSB opened the following three of their five branches: the Irondequoit branch (middle-income tract) in the City of Rochester, opened in 2007; the Webster branch (middle-income tract) in 2009; and the Perinton branch (upper-income tract) in 2011.

Distribution of Branches Within the Assessment Area						
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #
Monroe				3	2	5
Total	-	-	-	3	2	5

Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution*.

  Various members of the board of directors are active in local and regional nonprofit organizations and community groups in the assessment area. Examples include: The president and CEO is a board member of a local home-care nonprofit organization and is also active in the local sports team; a board member is involved with a local community organization providing assistance to needy community members; and a board member provides leadership as chairman of a local community partnership providing professional services, and this board member was also a longtime local public official until 2013.

  Through these memberships and participation in local activities, FSB is able to ascertain the credit needs of its community, and communicate its banking and credit services to the community.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.*

  FSB markets its banking products and services via local and regional newspapers, radio and television commercials. FSB also uses its internet website and mobile banking to advertise its products and services and has found those provide an effective way to reach customers for affordable lending programs, Federal Home Loan Bank's ("FHLB") First Home Club for first-time homebuyers. In addition, FSB participates in local neighborhood events in conjunction with other community groups.

Other factors that in the judgment of the Superintendent bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

Prior to 2010, FSB as a small bank had only one full and one part-time loan originator. By April 2010 they increased this to six, and currently have 11 loan originators to help meet the credit needs of its community.

FSB's lending product lines prior to 2010 consisted only of conventional offerings. In 2010, FSB added FHA, VA and USDA mortgage products to further meet the credit needs of the assessment area. FSB has also become an active participant in the First Home Club. In 2014, FSB funded 14 loans through this program. Additionally, FSB participates in Freddie Mac's Home Possible and Home Possible Advantage programs. FSB recently partnered with a local nonprofit organization that offers affordable housing programs to LMI individuals and families.

FSB furthers its commitment to its assessment area by supporting community development activities such as an affordable housing program. In this effort FSB has contributed a total of $32,794 of their FHLB earnings which then supported the FHLB affordable housing program.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

"Community development":

1. Affordable housing (including multifamily housing) for low- or moderate-income ("LMI") individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration ("SBA") Development Company or Small Business Investment Company programs, or have gross annual incomes of $1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

Community Development Loan

A loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income ("LMI") persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

Service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;
  - ❖ Developing secondary market vehicles or programs;
  - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
  - ❖ Furnishing financial services training for staff and management;
  - ❖ Contributing accounting/bookkeeping services; and
  - ❖ Assisting in fund raising, including soliciting or arranging investments.

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 Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of $1 million or less.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that represents the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified Investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.