



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF FIVE STAR BANK**

**March 31, 2022**

New York State Department of Financial Services  
Consumer Protection and Financial Enforcement Division  
One State Street, New York NY 10004

**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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# FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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## I. - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Five Star Bank (“FSB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of March 31, 2022.

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 (“GRS”) 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 institutions’ 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 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 Evaluation.

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### II. - OVERVIEW OF INSTITUTION’S PERFORMANCE

The Department evaluated FSB according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The evaluation period included calendar years 2017, 2018, 2019, 2020 and 2021 for lending activities and the period from October 1, 2017 to March 31, 2022 for the community development activities. FSB is rated “2,” indicating a “Satisfactory” record of helping to meet community credit needs.

This rating is based on the following factors:

#### **Lending Test:** High Satisfactory

FSB’s HMDA-reportable and small business lending activities, as well as community development lending, were highly satisfactory in light of FSB’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

#### **Lending Activity:** High Satisfactory

FSB’s lending levels were highly satisfactory considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

As of December 31, 2021, FSB had an average LTD ratio of 82.3% which was slightly below the peer group’s average LTD ratio of 85.3%.

#### **Assessment Area Concentration:** Outstanding

During the evaluation period, FSB originated 93.6% by number and 89.7% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an outstanding concentration of lending.

#### **Geographic Distribution of Loans:** High Satisfactory

FSB’s origination of loans in census tracts of varying income levels demonstrated a highly satisfactory distribution of lending.

#### **Distribution by Borrower Characteristics:** Outstanding

FSB’s one-to-four HMDA-reportable and small business lending demonstrated an outstanding distribution of loans among individuals of different income levels and businesses of different revenue sizes.

#### **Community Development Lending:** High Satisfactory

During the evaluation period, FSB originated \$176.9 million in new community development loans and had \$10 million outstanding from prior evaluation periods. This demonstrated a highly

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satisfactory level of community development lending over the course of the evaluation period.

### **INVESTMENT TEST:** High Satisfactory

#### Qualified Investments

During the evaluation period, FSB made \$134.5 million in new qualified investments and had \$18.6 million outstanding from prior evaluation periods. In addition, FSB made \$1.8 million in qualified grants. This demonstrated a highly satisfactory level of qualified investments and grants over the course of the evaluation period.

#### Innovativeness of Qualified Investments:

FSB did not utilize innovative investments to support community development.

#### Responsiveness of Qualified Investments to Credit and Community Development Needs:

FSB's community development investments exhibited a highly satisfactory responsiveness to the assessment area's credit and community development needs.

### **SERVICE TEST:** High Satisfactory

#### Retail Banking Services: Low Satisfactory

FSB has a just satisfactory branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

#### Community Development Services: Outstanding

FSB provided an outstanding level of community development services. Bank personnel participated in 177 qualified community development services during the evaluation period.

*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 GRS Part 76.*

**III. - PERFORMANCE CONTEXT**

**A. Institution Profile**

FSB is a commercial bank headquartered in Warsaw, New York. The Bank is a wholly-owned subsidiary of Financial Institutions, Inc. (“FII”), a publicly-traded company that provides diversified financial services through its subsidiaries: Courier Capital, LLC and HNP Capital, LLC offer investment management, investment consulting and retirement plan services to individuals, businesses, institutions, foundations, and retirement plans; and SDN Insurance Agency, LLC provides insurance services to personal and business clients.

FSB operates 49 banking offices throughout Western and Central New York State. The Bank’s branch network is supplemented by an automated teller machine (“ATM”) network of 70 ATMs. Each branch has at least one ATM. FSB also participates in the Allpoint ATM Network which provides customers surcharge-free access to more than 55,000 ATMs worldwide.

The Bank offers various personal banking products and services: checking, savings, money market, certificates of deposit, individual retirement accounts, health savings accounts, safe deposit box and digital remote and online banking. FSB’s lending products include personal loans, residential mortgage loans, home-equity loans, lines-of-credit loans and credit cards. The Bank offers business banking products, such as business checking, savings, and certificates of deposit. The Bank’s business services include deposit cash management, merchant services, and night deposit box services. FSB’s commercial loan products include lines-of-credit, commercial term loans, commercial mortgages, Small Business Administration’s (“SBA”) guaranteed loans and business credit cards.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2021, filed with the Federal Deposit Insurance Corporation (“FDIC”), FSB reported total assets of \$5.5 billion, of which \$3.7 billion were net loans and lease financing receivables. It also reported total deposits of \$4.9 billion, resulting in an LTD of 75.5%. In the latest available comparative deposit data report, as of June 30, 2021, FSB had a market share of 4.5%, or \$4.7 billion in a market of \$104.8 billion, ranking it 4th among 37 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s Call Reports as of December 31, 2017, 2018, 2019, 2020 and 2021:

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<b>TOTAL GROSS LOANS OUTSTANDING</b>										
Loan Type	12/31/2017		12/31/2018		12/31/2019		12/31/2020		12/31/2021	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	611,708	22.3	659,413	21.3	699,055	21.7	712,747	19.8	681,438	18.5
Commercial & Industrial Loans	364,926	13.3	457,245	14.8	457,887	14.2	693,711	19.3	559,709	15.2
Commercial Mortgage Loans	604,017	22.1	669,653	21.7	711,280	22.1	768,890	21.4	842,360	22.9
Multifamily Mortgages	80,952	3.0	102,306	3.3	114,459	3.5	184,922	5.1	287,326	7.8
Consumer Loans	893,502	32.6	936,312	30.3	865,867	26.8	856,928	23.8	972,145	26.4
Agricultural Loans	37,152	1.4	34,771	1.1	29,629	0.9	28,069	0.8	24,358	0.7
Construction Loans	97,774	3.6	173,827	5.6	281,589	8.7	292,042	8.1	262,154	7.1
Obligations of States & Municipalities	35,435	1.3	33,966	1.1	31,495	1.0	27,845	0.8	26,510	0.7
Other Loans	12,268	0.4	21,943	0.7	33,950	1.1	34,289	1.0	29,637	0.8
Loans to Depository Institutions	1	0.0	30	0.0	0	0.0	1	0.0	0	0.0
<b>Total Gross Loans</b>	<b>2,737,735</b>		<b>3,089,466</b>		<b>3,225,211</b>		<b>3,599,444</b>		<b>3,685,637</b>	

As illustrated in the above table, consumer loans (26.4%) are the largest single loan category in the Bank's loan portfolio as of December 31, 2021. The Bank elected not to have its consumer loans evaluated for the current evaluation period. Consumer loans are followed by commercial mortgage loans of 22.9% and residential mortgage loans of 18.5%. The Bank's loan portfolio has grown by 34.6% from year-end 2017 to year-end 2021.

*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.*

### **B. Assessment Area**

FSB added Wayne County and the remaining census tracts of Cayuga County to its assessment area during the current evaluation period; as a result, the number of census tracts in the assessment area increased to 675 census tracts from the 637 census tracts at the prior evaluation.

The Bank's assessment area includes 16 counties, parts of Chautauqua County and the following 15 counties in their entirety: Allegany, Cattaraugus, Chemung, Cayuga, Erie, Genesee, Livingston, Monroe, Ontario, Orleans, Schuyler, Seneca, Steuben, Wayne, Wyoming, and Yates counties.

The assessment area includes three Metropolitan Statistical Areas (MSAs): Rochester, Buffalo, Elmira and one Non-MSA which includes all or parts of Allegany, Cayuga, Cattaraugus, Chautauqua, Genesee, Schuyler, Seneca, Steuben and Wyoming counties. Allegany, Schuyler, and Wyoming counties, remained designated as rural or underserved by the Consumer Financial Protection Bureau for the evaluation period.

FSB's current assessment area is comprised of 90 low-income census tracts, 100 moderate-income tracts, 328 middle-income tracts, 136 upper-income tracts, and 21 census tracts with no income indicated.

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Assessment Area Census Tracts by Income Level									
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	Distressed & Underserved	LMI & Distressed %
Allegany	1		1	11		13	7.7		8%
Cattaraugus	1	1	2	17		21	14.3		14%
Cayuga	1	1	2	12	4	20	15.0		15%
Chautauqua *		2	3	13	1	19	26.3		26%
Chemung	1	4	3	11	3	22	31.8		32%
Erie	8	38	41	90	60	237	33.3		33%
Genesee			1	13	1	15	6.7		7%
Livingston	2		1	10	2	15	6.7		7%
Monroe	5	44	29	62	53	193	37.8		38%
Ontario			5	16	4	25	20.0		20%
Orleans	1		2	8		11	18.2		18%
Schuyler				5	0	5	0.0	5	100%
Seneca				8	2	10	0.0		0%
Steuben			3	24	3	30	10.0		10%
Wayne	1		7	13	2	23	30.4		30%
Wyoming				10	1	11	0.0		0%
Yates				5		5	0.0		0%
<b>Total</b>	<b>21</b>	<b>90</b>	<b>100</b>	<b>328</b>	<b>136</b>	<b>675</b>	<b>28.1</b>	<b>5</b>	<b>29%</b>

\* Partial county

### **C. Demographic & Economic Data**

The assessment area had a population of 2,625,251 during the evaluation period. About 16% of the population were over the age of 65 and 18.7% were under the age of sixteen.

Of the 657,123 families in the assessment area, 21.7% were low-income, 17.1% were moderate-income, 20.4% were middle-income, and 40.8% were upper-income. There were 994,192 households in the assessment area, of which 14.1% had income below the poverty level and 3.5% were on public assistance.

The weighted average median family income in the assessment area was \$68,250.

There were 1,192,143 housing units within the assessment area, of which 83.7% were one-to-four family units and 11.7% were multifamily units. 60% of the area's housing units were owner-occupied, while 29.0% were rental-occupied. Of the 715,347 owner-occupied housing units, 14.4% were in low- and moderate-income ("LMI") census tracts while 85.6% were in middle- and upper-income census tracts. The median age of the housing stock was 62 years, and the median home value in the assessment area was \$121,690.

There were 199,114 non-farm businesses in the assessment area. Of these, 84.3% were businesses with reported revenues of less than or equal to \$1 million, 4.9% reported revenues of more than \$1 million and 10.8% did not report their revenues. Of all the businesses in the assessment area, 96.3% were businesses with less than fifty employees while 89.5% operated from a single location. The three industries with the largest number of businesses in the area were services (37.9%), retail

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trade (12.6%), and finance, insurance and real estate (8.7%) while 19.0% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average annual unemployment rates for New York State and all counties in the Bank’s assessment area trended downward from 2017 through 2019. However, in 2020, unemployment rates increased significantly due to the outbreak of the COVID-19 pandemic slowing economic activities nationwide. In 2021, the unemployment rates improved as the COVID-19 transmission rates went down initiating gradual business operations. Cattaraugus County had the highest average unemployment rate (6.2%), while Yates County (4.4%) had the lowest rate during the five-year evaluation period.

Assessment Area Unemployment Rate						
	2017	2018	2019	2020	2021	5-year Avg
New York State	4.6	4.1	3.8	9.9	6.9	5.9
Allegany	6.6	5.6	5.3	7.7	5.0	6.0
Cattaraugus	6.2	5.3	4.9	9.1	5.3	6.2
Cayuga	5.0	4.4	4.1	7.6	4.7	5.2
Chautauqua	6.0	5.0	4.5	8.5	5.6	5.9
Chemung	5.5	4.6	4.0	8.4	5.3	5.6
Erie	5.1	4.4	4.1	9.1	5.5	5.6
Genesee	4.7	4.1	3.8	7.1	4.3	4.8
Livingston	5.0	4.3	4.1	6.8	4.3	4.9
Monroe	4.9	4.2	4.0	8.2	5.2	5.3
Ontario	4.5	3.9	3.7	6.9	4.3	4.7
Orleans	5.9	4.9	4.5	8.1	5.2	5.7
Schuyler	5.8	5.1	4.4	8.3	4.9	5.7
Seneca	4.5	3.8	3.7	7.8	4.7	4.9
Steuben	5.7	4.9	4.4	7.9	5.0	5.6
Wayne	4.9	4.1	3.9	7.1	4.5	4.9
Wyoming	5.6	4.6	4.2	7.2	4.5	5.2
Yates	4.4	3.7	3.6	6.3	3.8	4.4

### **D. Community Information**

As part of the evaluation, examiners conducted two community contact interviews to identify the credit needs of the communities and opportunities within the Bank’s assessment area.

An interview was conducted with the CEO of a nonprofit community organization that provides various services including family development, youth and childcare program, family literacy program and career centers for the residents of two counties within the Bank’s assessment area. The CEO stated the need for financial literacy, credit counseling programs for individuals, families and entrepreneurs, as well as ongoing communication and support from financial institutions in the area.

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The other interview was conducted with the senior attorney and a policy analyst from a nonprofit law firm that operates across New York State and whose mission is to protect and strengthen the legal rights of people in New York State who are poor, disabled or disenfranchised. The organization provides free legal services for LMI New Yorkers and provides various trainings including foreclosure prevention for homeowners and student loans products. The contact identified the need for first-time homebuyer and predatory lending counseling for LMI individuals and families. The interviewee also stated that the financial institutions need to find ways to increase their level of mortgage lending especially in the historically underserved communities in the Rochester metropolitan area. The contact further stated that more flexible and affordable loan programs are needed for small businesses including sole proprietorships, and minority-owned businesses in order to create jobs and build wealth in the Rochester community.

FSB received positive comments from both organizations as relatively helpful in extending loans and grants.

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### IV. - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated FSB under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment and service tests. DFS also considered the following factors in assessing the Bank's record of performance:

1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;
2. Any practices intended to discourage credit applications;
3. Evidence of prohibited discriminatory or other illegal credit practices;
4. Record of opening and closing offices and providing services at offices; and
5. 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 FSB helps 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 in its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2017, 2018, 2019, 2020 and 2021 for lending activities and October 1, 2017 through March 31, 2022 for community development activities.

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

HMDA-reportable and small business loan data evaluated in this performance evaluation represented actual originations.

At its prior Performance Evaluation as of September 30, 2017, DFS assigned FSB a rating of "2," reflecting a "Satisfactory" record of helping to meet the credit needs of FSB's community.

**Current CRA Rating: Satisfactory**

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### **A. Lending Test:** High Satisfactory

The Bank’s lending performance was evaluated pursuant to the following criteria:

- (1) Lending Activity;
- (2) Assessment Area Concentration;
- (3) Geographic Distribution of Loans;
- (4) Borrower Characteristics;
- (5) Community Development Lending; and
- (6) Flexible and/or Innovative Lending Practices.

FSB’s HMDA-reportable and small business lending activities, as well as community development lending were highly satisfactory in light of FSB’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

#### **1. Lending Activity:** High Satisfactory

FSB’s lending levels were highly satisfactory considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

As of December 31, 2021, FSB had an average LTD ratio of 82.3% which slightly trailed the peer group’s LTD ratio of 85.3%. Nevertheless, FSB’s current average LTD ratio was well above its prior evaluation period’s average ratio of 73.8%.

FSB’s quarterly LTD ratio ranged from a low of 72.2% to a high of 90.5% during the evaluation period, while its peer’s ratios ranged from a low of 72.4% to a high of 89.9%.

The table below shows FSB’s LTD ratios in comparison with the peer group’s ratios for the 20 quarters of this evaluation period.

<b>Loan-to-Deposit Ratios</b>																					
	2017	2017	2017	2017	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021	2021	2021	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	74.5	79.0	78.5	83.9	81.4	87.7	84.6	90.5	87.4	89.5	87.0	89.6	84.1	86.1	80.6	82.2	76.1	76.6	72.2	75.1	82.3
Peer	87.7	88.9	88.7	89.4	88.8	89.9	89.3	89.6	88.5	89.8	88.9	87.9	87.9	85.1	84.7	81.1	76.8	76.1	74.2	72.4	85.3

#### **2. Assessment Area Concentration:** Outstanding

During the evaluation period, FSB originated 93.6% by number and 89.7% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an outstanding concentration of lending.

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### a. HMDA-Reportable Loans:

During the evaluation period, FSB originated 93% by number and 89.9% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an outstanding concentration of lending.

### b. Small Business Loans:

FSB originated 94.6% by number and 89.1% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an outstanding concentration of lending.

The following table shows the percentages of FSB’s HMDA-reportable and small business 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
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2017	1,131	97.5%	29	2.5%	1,160	127,690	96.7%	4,367	3.3%	132,057
2018	1,156	94.1%	72	5.9%	1,228	170,228	89.8%	19,409	10.2%	189,637
2019	1,240	90.5%	130	9.5%	1,370	231,399	88.8%	29,113	11.2%	260,512
2020	1,664	91.7%	150	8.3%	1,814	349,990	88.5%	45,483	11.5%	395,473
2021	1,391	92.5%	113	7.5%	1,504	339,013	89.9%	37,958	10.1%	376,971
Subtotal	6,582	93.0%	494	7.0%	7,076	1,218,320	89.9%	136,330	10.1%	1,354,650
<b>Small Business/Small Farms</b>										
2017	334	94.4%	20	5.6%	354	46,040	88.6%	5,949	11.4%	51,989
2018	540	97.1%	16	2.9%	556	108,632	93.4%	7,670	6.6%	116,302
2019	436	92.6%	35	7.4%	471	67,786	85.0%	11,945	15.0%	79,731
2020	1,732	94.4%	103	5.6%	1,835	159,952	88.8%	20,218	11.2%	180,170
2021	1,391	94.5%	81	5.5%	1,472	118,225	88.5%	15,291	11.5%	133,516
Subtotal	4,433	94.6%	255	5.4%	4,688	500,635	89.1%	61,073	10.9%	561,708
Grand Total	11,015	93.6%	749	6.4%	11,764	1,718,955	89.7%	197,403	10.3%	1,916,358

### 3. Geographic Distribution of Loans: High Satisfactory

FSB’s origination of loans in census tracts of varying income levels demonstrated a highly satisfactory distribution of lending.

#### a. HMDA-Reportable Loans:

The distribution of FSB’s HMDA-reportable loans by the income level of the geography was outstanding.

During the evaluation period, the Bank’s average lending rates in LMI census tracts of 19.6% by number and 17.1% by dollar value of HMDA-reportable loans were well above the aggregate’s 11.9% and 9.1%, respectively. FSB’s current average rates of lending in LMI census tracts are a

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significant improvement from the 8.1% and 6.2% recorded at the prior evaluation period. In addition, FSB's performance compared favorably to the 14.4% of owner-occupied housing located in LMI geographies.

The following table provides a summary of the distribution of FSB's HMDA-reportable loans by the income level of the geography where the property was located.

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<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2017</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	53	4.7%	5,176	4.1%	1,337	3.0%	188,030	3.0%	4.2%
Moderate	133	11.8%	17,683	13.8%	4,454	9.9%	416,277	6.6%	10.1%
LMI	186	16.4%	22,859	17.9%	5,791	12.8%	604,307	9.6%	14.4%
Middle	770	68.1%	70,580	55.3%	25,214	55.8%	2,984,798	47.6%	55.7%
Upper	173	15.3%	33,838	26.5%	14,169	31.4%	2,681,415	42.7%	29.9%
Unknown	2	0.2%	413	0.3%	13	0.0%	3,173	0.1%	0.0%
<b>Total</b>	<b>1,131</b>		<b>127,690</b>		<b>45,187</b>		<b>6,273,693</b>		
<b>2018</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	95	8.2%	16,360	9.6%	1,697	3.2%	189,305	2.6%	4.2%
Moderate	156	13.5%	19,258	11.3%	4,849	9.0%	501,995	6.8%	10.1%
LMI	251	21.7%	35,618	20.9%	6,546	12.2%	691,300	9.3%	14.4%
Middle	677	58.6%	83,593	49.1%	28,370	52.9%	3,427,130	46.3%	55.7%
Upper	226	19.6%	50,449	29.6%	18,697	34.9%	3,132,235	42.3%	29.9%
Unknown	2	0.2%	568	0.3%	18	0.0%	157,710	2.1%	0.0%
<b>Total</b>	<b>1,156</b>		<b>170,228</b>		<b>53,631</b>		<b>7,408,375</b>		
<b>2019</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	104	8.4%	11,876	5.1%	1,820	3.2%	220,270	2.6%	4.2%
Moderate	191	15.4%	31,218	13.5%	5,208	9.3%	550,590	6.4%	10.1%
LMI	295	23.8%	43,094	18.6%	7,028	12.5%	770,860	8.9%	14.4%
Middle	715	57.7%	102,635	44.4%	29,467	52.3%	4,110,165	47.7%	55.7%
Upper	229	18.5%	85,210	36.8%	19,783	35.1%	3,728,305	43.2%	29.9%
Unknown	1	0.1%	460	0.2%	18	0.0%	15,570	0.2%	0.0%
<b>Total</b>	<b>1,240</b>		<b>231,399</b>		<b>56,296</b>		<b>8,624,900</b>		
<b>2020</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	94	5.6%	18,458	5.3%	1,851	2.7%	289,145	2.4%	4.2%
Moderate	171	10.3%	30,424	8.7%	5,320	7.7%	749,170	6.2%	10.1%
LMI	265	15.9%	48,882	14.0%	7,171	10.4%	1,038,315	8.6%	14.4%
Middle	1,006	60.5%	135,368	38.7%	34,617	50.3%	5,193,005	42.8%	55.7%
Upper	391	23.5%	146,105	41.7%	26,984	39.2%	5,877,250	48.4%	29.9%
Unknown	2	0.1%	19,635	5.6%	21	0.0%	33,315	0.3%	0.0%
<b>Total</b>	<b>1,664</b>		<b>349,990</b>		<b>68,793</b>		<b>12,141,885</b>		
<b>2021</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	112	8.1%	32,335	9.5%	2,301	3.0%	441,395	3.2%	4.2%
Moderate	184	13.2%	25,498	7.5%	6,837	8.9%	871,525	6.3%	10.1%
LMI	296	21.3%	57,833	17.1%	9,138	11.9%	1,312,920	9.5%	14.4%
Middle	853	61.3%	167,563	49.4%	40,258	52.3%	6,409,210	46.2%	55.7%
Upper	238	17.1%	100,790	29.7%	27,595	35.8%	6,088,845	43.9%	29.9%
Unknown	4	0.3%	12,827	3.8%	29	0.0%	68,805	0.5%	0.0%
<b>Total</b>	<b>1,391</b>		<b>339,013</b>		<b>77,020</b>		<b>13,879,780</b>		
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	458	7.0%	84,205	6.9%	9,006	3.0%	1,328,145	2.7%	4.2%
Moderate	835	12.7%	124,081	10.2%	26,668	8.9%	3,089,557	6.4%	10.1%
LMI	1,293	19.6%	208,286	17.1%	35,674	11.9%	4,417,702	9.1%	14.4%
Middle	4,021	61.1%	559,739	45.9%	157,926	52.5%	22,124,308	45.8%	55.7%
Upper	1,257	19.1%	416,392	34.2%	107,228	35.6%	21,508,050	44.5%	29.9%
Unknown	11	0.2%	33,903	2.8%	99	0.0%	278,573	0.6%	0.0%
<b>Total</b>	<b>6,582</b>		<b>1,218,320</b>		<b>300,927</b>		<b>48,328,633</b>		

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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### b. Small Business Loans:

The distribution of FSB's small business loans among census tracts of varying income levels was just satisfactory.

FSB's average lending rates of 15.9% by number and 20.5% by dollar value of loans to LMI tracts for the evaluation period were comparable to the aggregate's rates of 17.8% and 20.5%, respectively. In addition, FSB's average rate of lending by dollar value of loans was comparable to the business demographics of 20.5% of small businesses located in LMI geographies.

The following table provides a summary of the distribution of FSB's small business loans by the income level of the geography where the business was located.

**FIVE STAR BANK – CRA PERFORMANCE EVALUATION**

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2017</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	11	3.3%	2,739	5.9%	2,717	7.2%	156,149	8.9%	8.7%
Moderate	33	9.9%	4,591	10.0%	3,740	9.9%	196,776	11.2%	11.9%
LMI	44	13.2%	7,330	15.9%	6,457	17.1%	352,925	20.1%	20.5%
Middle	214	64.1%	26,325	57.2%	18,771	49.8%	834,820	47.6%	47.7%
Upper	76	22.8%	12,385	26.9%	12,103	32.1%	537,089	30.6%	30.1%
Unknown		0.0%		0.0%	362	1.0%	27,699	1.6%	1.8%
<b>Total</b>	<b>334</b>		<b>46,040</b>		<b>37,693</b>		<b>1,752,533</b>		
<b>2018</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	24	4.4%	7,856	7.2%	2,823	7.3%	155,346	9.0%	8.6%
Moderate	50	9.3%	11,712	10.8%	4,041	10.4%	185,371	10.7%	11.8%
LMI	74	13.7%	19,568	18.0%	6,864	17.7%	340,717	19.6%	20.4%
Middle	345	63.9%	60,455	55.7%	18,632	48.0%	799,827	46.1%	47.4%
Upper	119	22.0%	28,209	26.0%	13,002	33.5%	570,041	32.9%	30.4%
Unknown	2	0.4%	400	0.4%	355	0.9%	23,668	1.4%	1.7%
<b>Total</b>	<b>540</b>		<b>108,632</b>		<b>38,853</b>		<b>1,734,253</b>		
<b>2019</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	16	3.7%	3,801	5.6%	3,121	7.4%	141,115	8.3%	8.7%
Moderate	56	12.8%	9,067	13.4%	4,121	9.8%	199,115	11.7%	11.8%
LMI	72	16.5%	12,868	19.0%	7,242	17.3%	340,230	20.1%	20.5%
Middle	270	61.9%	31,776	46.9%	20,082	47.9%	791,765	46.7%	47.0%
Upper	93	21.3%	22,792	33.6%	14,191	33.8%	533,972	31.5%	30.9%
Unknown	1	0.2%	350	0.5%	449	1.1%	30,585	1.8%	1.7%
<b>Total</b>	<b>436</b>		<b>67,786</b>		<b>41,964</b>		<b>1,696,552</b>		
<b>2020</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	92	5.3%	12,688	7.9%	4,107	7.8%	318,900	9.6%	8.8%
Moderate	207	12.0%	20,336	12.7%	5,199	9.9%	375,594	11.3%	11.4%
LMI	299	17.3%	33,024	20.6%	9,306	17.7%	694,494	20.9%	20.3%
Middle	1,073	62.0%	91,537	57.2%	24,217	46.1%	1,483,370	44.7%	46.2%
Upper	356	20.6%	34,726	21.7%	18,285	34.8%	1,053,489	31.7%	31.8%
Unknown	4	0.2%	665	0.4%	712	1.4%	86,936	2.6%	1.8%
<b>Total</b>	<b>1,732</b>		<b>159,952</b>		<b>52,520</b>		<b>3,318,289</b>		
<b>2021</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	76	5.5%	11,227	9.5%	4,387	8.3%	230,793	9.5%	9.4%
Moderate	139	10.0%	18,857	16.0%	5,474	10.4%	286,906	11.8%	11.6%
LMI	215	15.5%	30,084	25.4%	9,861	18.7%	517,699	21.2%	20.9%
Middle	900	64.7%	59,146	50.0%	24,181	45.9%	1,089,343	44.6%	45.0%
Upper	272	19.6%	27,894	23.6%	17,945	34.1%	767,436	31.5%	32.2%
Unknown	4	0.3%	1,101	0.9%	659	1.3%	65,620	2.7%	1.9%
<b>Total</b>	<b>1,391</b>		<b>118,225</b>		<b>52,646</b>		<b>2,440,098</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	219	4.9%	38,311	7.7%	17,155	7.7%	1,002,303	9.2%	
Moderate	485	10.9%	64,563	12.9%	22,575	10.1%	1,243,762	11.4%	
LMI	704	15.9%	102,874	20.5%	39,730	17.8%	2,246,065	20.5%	
Middle	2,802	63.2%	269,239	53.8%	105,883	47.3%	4,999,125	45.7%	
Upper	916	20.7%	126,006	25.2%	75,526	33.8%	3,462,027	31.6%	
Unknown	11	0.2%	2,516	0.5%	2,537	1.1%	234,508	2.1%	
<b>Total</b>	<b>4,433</b>		<b>500,635</b>		<b>223,676</b>		<b>10,941,725</b>		

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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### 4. Distribution by Borrower Characteristics: Outstanding

FSB's one-to-four HMDA-reportable and small business lending demonstrated an outstanding distribution of loans among individuals of different income levels and businesses of different revenue sizes.

#### a. One-to-four Family HMDA-Reportable Loans:

FSB's one-to-four family HMDA-reportable lending demonstrated an outstanding distribution of loans among individuals of different income levels.

During the evaluation period, FSB's average rates of lending to LMI borrowers were 47.7% by number and 36.3% by dollar value of loans which was well above the aggregate's rates of 31.7% and 21.8%, respectively. FSB's current average lending rates also represented a significant increase from 32.7% and 19.9% recorded at the prior evaluation. Furthermore, FSB's average lending rate by number of loans was well above the 38.9% of LMI families (family demographics) living in the assessment area.

The following table provides a summary of the distribution of FSB's one-to-four family loans by borrower income.

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

<b>Distribution of One-to-Four Family Loans by Borrower Income</b>									
<b>2017</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	152	13.8%	7,254	6.5%	3,996	9.1%	246,582	4.5%	21.7%
Moderate	285	25.9%	19,743	17.6%	10,045	22.8%	868,822	15.8%	17.1%
LMI	437	39.7%	26,997	24.1%	14,041	31.9%	1,115,404	20.3%	38.9%
Middle	239	21.7%	19,667	17.5%	11,464	26.0%	1,239,704	22.6%	20.4%
Upper	375	34.1%	57,571	51.3%	16,869	38.3%	2,756,639	50.3%	40.8%
Unknown	50	4.5%	7,972	7.1%	1,670	3.8%	373,600	6.8%	
<b>Total</b>	<b>1,101</b>		<b>112,207</b>		<b>44,044</b>		<b>5,485,347</b>		
<b>2018</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	221	19.4%	17,198	11.7%	5,186	9.7%	376,580	5.7%	21.7%
Moderate	364	32.0%	37,467	25.4%	12,648	23.7%	1,193,720	18.2%	17.1%
LMI	585	51.4%	54,665	37.1%	17,834	33.4%	1,570,300	23.9%	38.9%
Middle	199	17.5%	23,839	16.2%	13,148	24.7%	1,477,820	22.5%	20.4%
Upper	323	28.4%	63,895	43.4%	19,517	36.6%	3,143,155	47.9%	40.8%
Unknown	32	2.8%	4,912	3.3%	2,825	5.3%	376,525	5.7%	
<b>Total</b>	<b>1,139</b>		<b>147,311</b>		<b>53,324</b>		<b>6,567,800</b>		
<b>2019</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	247	20.2%	20,579	13.1%	5,652	10.1%	428,310	5.8%	21.7%
Moderate	427	34.9%	46,871	29.9%	13,263	23.7%	1,338,705	18.1%	17.1%
LMI	674	55.2%	67,450	43.1%	18,915	33.8%	1,767,015	23.9%	38.9%
Middle	219	17.9%	28,236	18.0%	13,910	24.9%	1,672,860	22.6%	20.4%
Upper	284	23.2%	54,060	34.5%	20,691	37.0%	3,605,525	48.7%	40.8%
Unknown	45	3.7%	6,860	4.4%	2,434	4.4%	350,570	4.7%	
<b>Total</b>	<b>1,222</b>		<b>156,606</b>		<b>55,950</b>		<b>7,395,970</b>		
<b>2020</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	257	15.7%	23,342	10.1%	5,055	7.4%	439,535	4.1%	21.7%
Moderate	489	29.8%	59,326	25.7%	13,898	20.3%	1,596,380	14.8%	17.1%
LMI	746	45.5%	82,668	35.8%	18,953	27.7%	2,035,915	18.9%	38.9%
Middle	325	19.8%	41,723	18.1%	17,114	25.0%	2,349,670	21.8%	20.4%
Upper	486	29.6%	93,402	40.5%	28,781	42.1%	5,814,915	53.9%	40.8%
Unknown	84	5.1%	12,982	5.6%	3,525	5.2%	586,275	5.4%	
<b>Total</b>	<b>1,641</b>		<b>230,775</b>		<b>68,373</b>		<b>10,786,775</b>		
<b>2021</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	221	16.4%	20,972	11.2%	7,076	9.2%	665,720	5.4%	21.7%
Moderate	410	30.5%	50,135	26.8%	17,694	23.1%	2,137,850	17.3%	17.1%
LMI	631	46.9%	71,107	38.0%	24,770	32.3%	2,803,570	22.8%	38.9%
Middle	292	21.7%	36,682	19.6%	19,323	25.2%	2,814,315	22.8%	20.4%
Upper	362	26.9%	69,461	37.1%	28,752	37.5%	6,055,860	49.1%	40.8%
Unknown	60	4.5%	9,912	5.3%	3,731	4.9%	649,115	5.3%	
<b>Total</b>	<b>1,345</b>		<b>187,162</b>		<b>76,576</b>		<b>12,322,860</b>		
<b>GRAND TOTAL</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1,098	17.0%	89,345	10.7%	26,965	9.0%	2,156,727	5.1%	
Moderate	1,975	30.6%	213,542	25.6%	67,548	22.6%	7,135,477	16.8%	
LMI	3,073	47.7%	302,887	36.3%	94,513	31.7%	9,292,204	21.8%	
Middle	1,274	19.8%	150,147	18.0%	74,959	25.1%	9,554,369	22.4%	
Upper	1,830	28.4%	338,389	40.6%	114,610	38.4%	21,376,094	50.2%	
Unknown	271	4.2%	42,638	5.1%	14,185	4.8%	2,336,085	5.5%	
<b>Total</b>	<b>6,448</b>		<b>834,061</b>		<b>298,267</b>		<b>42,558,752</b>		

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

### b. Small Business Loans:

FSB’s small business lending demonstrated an outstanding distribution of loans among businesses of different revenue sizes.

During the evaluation period, FSB originated 77.4% by number and 47% by dollar value of loans to businesses with gross annual revenue of \$1 million or less, significantly outperforming the aggregate’s rates of 45.2% and 28.9%, respectively. The Bank’s lending rates by number of loans were also comparable to the 80.1% of all small businesses located within the Bank’s assessment area that have revenue equal or less than \$1 million.

The following table provides a summary of the distribution of FSB’s small business loans by the revenue size of the business.

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2017</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	213	63.8%	16,850	36.6%	19,465	51.6%	609,337	34.8%	80.0%
Rev. > \$1MM	121	36.2%	29,190	63.4%					7.2%
Rev. Unknown		0.0%		0.0%					12.9%
<b>Total</b>	<b>334</b>		<b>46,040</b>		<b>37,693</b>		<b>1,752,533</b>		
<b>2018</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	304	56.3%	24,541	22.6%	18,200	46.8%	578,551	33.4%	80.1%
Rev. > \$1MM	236	43.7%	84,091	77.4%					7.1%
Rev. Unknown		0.0%		0.0%					12.8%
<b>Total</b>	<b>540</b>		<b>108,632</b>		<b>38,853</b>		<b>1,734,253</b>		
<b>2019</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	305	70.0%	25,314	37.3%	19,917	47.5%	584,463	34.5%	81.3%
Rev. > \$1MM	131	30.0%	42,472	62.7%					6.5%
Rev. Unknown		0.0%		0.0%					12.2%
<b>Total</b>	<b>436</b>		<b>67,786</b>		<b>41,964</b>		<b>1,696,552</b>		
<b>2020</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,449	83.7%	107,370	67.1%	19,214	36.6%	723,717	21.8%	83.6%
Rev. > \$1MM	283	16.3%	52,582	32.9%					5.6%
Rev. Unknown		0.0%		0.0%					10.9%
<b>Total</b>	<b>1,732</b>		<b>159,952</b>		<b>52,520</b>		<b>3,318,289</b>		
<b>2021</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,158	83.2%	61,013	51.6%	24,198	46.0%	670,258	27.5%	84.7%
Rev. > \$1MM	233	16.8%	57,212	48.4%					4.8%
Rev. Unknown		0.0%		0.0%					10.4%
<b>Total</b>	<b>1,391</b>		<b>118,225</b>		<b>52,646</b>		<b>2,440,098</b>		
<b>GRAND TOTAL</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	3,429	77.4%	235,088	47.0%	100,994	45.2%	3,166,326	28.9%	
Rev. > \$1MM	1,004	22.6%	265,547	53.0%	-		-		
Rev. Unknown	-	0.0%	-	0.0%	-		-		
<b>Total</b>	<b>4,433</b>		<b>500,635</b>		<b>223,676</b>		<b>10,941,725</b>		

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

### 5. Community Development Lending: High Satisfactory

During the evaluation period, FSB originated \$176.9 million in new community development loans and had \$10 million outstanding from prior evaluation periods. This is an increase from the \$149.7 million in community development loans reported for the prior evaluation period. This demonstrated a highly satisfactory level of community development lending over the course of the evaluation period.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	15	83,863	1	300
Economic Development	1	8,200	1	1,077
Community Services	5	11,846	3	4,202
Revitalization & Stabilization	23	73,028	1	4,500
<b>Total</b>	<b>44</b>	<b>176,937</b>	<b>6</b>	<b>10,079</b>

Below are highlights of FSB’s community development lending.

- FSB financed a total of \$63.2 million in Low-Income Housing Tax Credit (“LIHTC”) construction loan projects in various locations within the assessment area. These construction projects are estimated to create 384 affordable housing units for LMI individuals and families within the Bank’s assessment area.
- The Bank originated a \$9.4 million construction loan for the rehabilitation and adaptive re-use of a historical former city hall building located in low-income tract in Monroe County. The project converted the old building into mixed-use property with 30 apartment units and commercial space.
- FSB financed an \$8.2 million construction loan for phase I of redevelopment and repurpose of an existing mall into a new mixed-use which will offer office, community, commercial, medical and retail venues. The property is located in an Opportunity Zone<sup>1</sup> in the City of Rochester.
- The Bank originated an \$8.5 million construction loan to finance the construction of a four-story mixed-use property with 51 apartment units and commercial space. The construction project assisted in revitalization and stabilization of a low-income tract in the City of Elmira.

<sup>1</sup> New York State participates in Opportunity Zone community development program offered by the federal government. The program provides tax incentives to encourage private investments in low-income urban and rural communities to boost economic development and job opportunities.

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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### a. Flexible and/or Innovative Lending Practices

FSB made use of flexible lending practices designed to provide and address the needs of small businesses and LMI borrowers through the following special loan programs:

- FSB offers Small Business Administration (“SBA”) loans. The loan programs offered include the SBA 7(a) loan program with a maximum loan amount of \$5 million with flexible use of funds and the 504 program which offers long-term fixed rate financing for the purchase of major assets, such as land, equipment and building. In addition, FSB provided Paycheck Protection Program<sup>2</sup> (“PPP”) loans in 2020 and 2021 to businesses affected by COVID-19 pandemic. During the evaluation period, FSB extended 3,331 SBA loans (including PPP loans) totaling \$297.7 million.
- State of New York Mortgage Agency (“SONYMA”) provides mortgage programs to assist first-time homebuyers with the purchase of a home in New York State. SONYMA offers different mortgage loan programs with competitive interest rates, flexible underwriting guidelines, low down-payment requirements and down-payment assistance. FSB originated 132 SONYMA loans totaling \$11 million during the evaluation period.
- Federal Housing Administration (“FHA”) loans are insured by the FHA which is part of the United States Department of Housing and Urban Development (“HUD”). FHA loans offer low down-payments and closing costs. FSB extended 199 FHA loans totaling \$27.6 million during the evaluation period.

### **B. Investment Test:** High Satisfactory

The Department evaluated FSB investment performance pursuant to the following criteria:

- (1) The dollar amount of qualified investments;
- (2) The innovativeness or complexity of qualified investments; and
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.

#### 1. Qualified Investments

During the evaluation period, FSB made \$134.5 million in new qualified investments and had \$18.6 million outstanding from prior evaluation periods. In addition, FSB made \$1.8 million in qualified grants. FSB’s current total qualified investments is an increase from \$94.5 million at the prior evaluation period. This demonstrated a highly satisfactory level of qualified investments and grants over the course of the evaluation period.

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<sup>2</sup> For more information on PPP loans, refer to the Glossary Section of this report.

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	25	105,117	24	18,597
Economic Development	1	12,500		
Community Services	48	3,553		
Revitalization/Stabilization	110	13,321		
<b>Total</b>	<b>184</b>	<b>134,491</b>	<b>24</b>	<b>18,597</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	32	217		
Economic Development	31	174		
Community Services	211	1,435		
Revitalization/Stabilization	3	14		
<b>Total</b>	<b>277</b>	<b>1,840</b>		

Below are highlights of FSB’s qualified investments and grants.

### Investments

- FSB invested in LIHTC investment projects for a total of \$72.6 million during the evaluation period. The projects included a 48-housing unit project, of which 34 units were for persons at-risk of homelessness. Another project contains 44 affordable apartments for seniors with rents below 60% of the area median income.
- The Bank invested in mortgage-back securities totaling \$32.5 million issued by Government National Mortgage Association. The underlying mortgages on these investments were secured by properties to LMI borrowers located within the Bank’s assessment area.
- FSB purchased a total of \$16.9 million in municipal bonds issued by local towns, villages, municipalities, and school districts. These investments primarily financed community infrastructure projects, as well as the purchase of school buses for school districts where 50% or more of the students qualify for free or reduced-fee lunches.
- The Bank made a \$12.5 million investment in a Small Business Investment Company (“SBIC”). The funds were used to support the in-going operation of a manufacturing company located in Monroe County.

### Grants

- FSB donated \$86,000 to an organization whose primary focus is to provide financing to small businesses that are primarily minority-owned businesses and currently considered un-bankable.

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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- The Bank made grants of \$75,000 to an organization that assists youth in poverty by providing the critical support, consistency, and accountability necessary to overcome barriers and allow them to reach their full potential. The grants supported financial literacy trainings for graduating high school seniors and their families.
- FSB donated \$52,000 to a nonprofit organization whose purpose is to provide supportive care services including financial literacy, afterschool services, family supportive services to homeless veterans and LMI tenants.
- The Bank awarded \$52,000 to an organization that provides economically-disadvantaged students the tools they need for academic success. The organization annually distributes \$6 million in school supplies, books, and resources to 6,000 teachers working in schools located in economically- disadvantaged neighborhoods.
- FSB donated \$50,000 to a nonprofit organization whose mission is to empower minorities and disadvantaged individuals through services in family preservation and support, education and employment services, housing and community development. This organization also has a first-time homebuyer program which provides financial education and counseling, primarily to LMI individuals and families.

### 2. Innovativeness of Qualified Investments

FSB did not utilize innovative investments to support community development.

### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs

FSB's community development investments exhibited highly satisfactory responsiveness to the assessment area's credit and community development needs.

Responding to the community development needs of its assessment area, 80% of FSB's qualified investments made during the evaluation period supported affordable housing in the Bank's assessment area.

### C. Service Test: High Satisfactory

The Department evaluated FSB's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;
- (2) The institution's record of opening and closing branches;
- (3) The availability and effectiveness of alternative systems for delivering retail services; and
- (4) The range of services provided.

The Department evaluated FSB's community development service performance pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services; and
- (2) The innovativeness and responsiveness of community development services.

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

### 1. Retail Banking Services: Low Satisfactory

FSB has a just satisfactory branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

#### a. Current distribution of the banking institution's branches:

FSB has a just satisfactory distribution of branches within its assessment area.

FSB operates 49 branches within their assessment area of which 10 (20%) are located in LMI census tracts compared to 21% in the prior evaluation. 13 branches are located adjacent to LMI tracts, and 20 branches are in non-MSA or rural areas.

Distribution of Branches within the Assessment Area								
County	N/A	Low	Moderate	Middle	Upper	Total	LMI	LMI and
	#	#	#	#	#	#	%	Distressed or Underserved
Allegany**			1	1		2	50%	50%
Cattaraugus**			1	3		4	25%	25%
Cayuga**		1				1	100%	100%
Chemung		1		1		2	50%	50%
Erie	1		1		4	6	17%	17%
Genesee**				2		2	0%	0%
Livingston			1	4		5	20%	20%
Monroe		1	1	3	3	8	25%	25%
Ontario			1	2	1	4	25%	25%
Orleans			1	1		2	50%	50%
Seneca**				2		2	0%	0%
Steuben**				4	1	5	0%	0%
Wyoming**				4		4	0%	0%
Yates				2		2	0%	0%
<b>Total</b>	<b>1</b>	<b>3</b>	<b>7</b>	<b>29</b>	<b>9</b>	<b>49</b>	<b>20%</b>	<b>20%</b>

\*Partial County

\*\*Non-MSA

#### b. Record of opening and closing branches:

FSB's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, including LMI geographies and/or LMI individuals.

FSB operates 49 full-service branches. During the evaluation period, the Bank made the following branch activities:

- In 2021, the Bank opened two branches in Erie County, one in upper-income tract and one in moderate-income tract.
- In years 2020 and 2021, the Bank closed six branches for consolidation purposes and/or due to geographical barriers:

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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- Two branches in Steuben County closed, both in middle-income tracts.
- Three branches located each in Chemung, Ontario and Cattaraugus counties closed, all within moderate-income tracts.
- One branch in Chautauqua County closed due to geographic barriers, located in middle-income tract.

### c. Availability and effectiveness of alternative systems for delivering retail services:

FSB's delivery systems are reasonably accessible to portions of the Bank's assessment area, including LMI geographies and individuals.

- 24-Hour Touch Tone Banking – allows users to call a toll-free number to manage existing accounts, place stop payments on checks, activate Debit or ATM cards, etc. There is no fee for this service.
- Website – The bank's website provides information on products and services as well as 24-hour access to digital banking.
- Five Star Bank Mobile App – Similar to the website, the app requires a smart device and allows customers 24-hour access to digital banking.
- Night drop facility – Available at most FSB branches. Consumers and businesses have access to FSB's night drop services. Businesses with large volume of deposits may be charged a fee for night drop, rental and locked bag service.

### d. Range of services provided:

FSB's services meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals.

- ATM network consists of 70 machines throughout the FSB's assessment area, of which 15 ATMs are located off-site at hospitals, colleges and retail centers or stores, including one at the FSB service center (non-branch). Each of the 49 branches has at least one automated teller machine ("ATM"). All branch ATMs have deposit-taking capabilities except the ATM at the Ellicottville branch located in a middle-income census tract. FSB also participates in the Allpoint Network which provides customers surcharge-free access to more than 55,000 ATMs worldwide.
- Branch hours are generally Monday through Thursday from 9:00AM to 4:00PM and Friday 9:00AM to 6:00PM. 24 branches offer extended Saturday hours from 9:00AM to 12:00PM, of which four branches are within LMI census tracts and six are adjacent to LMI census tracts.

## 2. Community Development Services: Outstanding

FSB provided an excellent level of community development services. Bank personnel participated in 177 qualified community development services during the evaluation period.

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	123
Technical Assistance	7
Seminars	37
Credit Counseling	3
Other Services	7
<b>Total Community Development Services</b>	<b>177</b>

Below are highlights of FSB’s community development services.

- The Bank’s main form of providing community development services was through memberships of FSB’s employees on the board or committees of nonprofit organizations and community-based charitable organizations. During the evaluation period 42 bank employees volunteered on the board or committees of 62 such organizations providing their financial expertise and technical expertise.
- A total of 25 FSB’s employees provided approximately 54 community development activities during the evaluation period. These community development activities included the following:
  - A personal banker provided financial literacy classes to members of the Boys & Girls Club of Buffalo.
  - A mortgage loan officer provided 13 first-time homebuyer classes at two community organizations in 2018.
  - Two FSB employees conducted budgeting workshops to community members with Down Syndrome.
  - A branch manager provided a seminar to small businesses and would-be entrepreneurs about start-up micro businesses.
  - A marketing manager of the Bank provided guidance on a local college’s digital media and animation program and its courses in order to help the college maintain relevant and meaningful educational experiences for its students.

### **D. Additional Factors**

The following factors were also considered in assessing FSB’s record of performance.

1. 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 CRA.

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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The board of directors oversees the Bank’s CRA program and assess its CRA efforts. The CRA Policy is reviewed annually by the Company Risk Committee and changes are approved by the Risk Oversight Committee and board of directors. The CRA Self-Assessment is completed annually by the CRA officer to evaluate the Bank’s performance and potential CRA initiatives. The Self-Assessment is then submitted to the Bank Compliance Committee for review, comments and approval, and the Risk Oversight Committee of the board of directors for acceptance.

### 2. Discrimination and other illegal practices

As part of the evaluation, DFS examiners sought to identify any practices intended to discourage applications for types of credit set forth in the banking institution’s CRA statements, and any evidence of prohibited discriminatory or other illegal credit practices.

DFS examiners did not note any evidence that FSB engaged in prohibited discriminatory or other illegal practices.

### 3. 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.*

FSB ascertains the credit needs of the community through employee membership on boards and committees of various nonprofit organizations, as well as participation at neighborhood forums and meetings. In 2020, FSB’s board of directors approved the “Marketing and Outreach Plan” to further address potential needs and ensure that the Bank markets and promotes its products throughout its assessment areas, including low-income and majority-minority communities.

- *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 utilizes various marketing channels to advertise its products and services. These include television, radio, billboards, websites, newspaper ads, brochures and social media.

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

Neither FSB nor DFS received any written complaints regarding FSB’s CRA performance during the evaluation period.

### 4. Other factors that in the judgment of the Superintendent bear upon the extent to which FSB is helping to meet the credit needs of its entire community

During the evaluation period, FSB also originated nine community development loans totaling \$38.8 million outside its assessment area but within New York State. These loans primarily supported revitalization and/or stabilization of low- and moderate-income areas.

## V - GLOSSARY

### Aggregate Lending

“Aggregate lending” means 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.

### Banking Development District (“BDD”) Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

### Community Development

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- 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;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

### Community Development Loan

“Community development loan” means 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 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

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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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**

“Community development service” means a 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.

### **Community Development Financial Institution (“CDFI”)**

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

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### **Fair Market Rents (“FMRs”)**

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to [www.huduser.gov/portal/datasets/fmr.html](http://www.huduser.gov/portal/datasets/fmr.html)

### **Geography**

“Geography” means 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 Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
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

### **LMI Geographies**

“LMI geographies” means those census tracts or block numbering areas where, according to the most current 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 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 Block Numbering Areas (“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**

“LMI borrowers” means 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

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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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 Federal Financial Institutions Examination Council (“FFIEC”).

### **LMI Individuals/Persons**

“LMI individuals” or “LMI persons” means 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 the FFIEC.

### **LMI Penetration Rate**

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

### **Low-Income Housing Tax Credit (“LIHTC”)**

LIHTC were 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. The tax credits 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.

### **Minority Depository Institutions (“MDIs”)**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

### **New Markets Tax Credit (“NMTC”)**

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits 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 CDFI Fund, an agency of the United States Department of the Treasury.

### **Paycheck Protection Program (“PPP”) Loans**

## FIVE STAR BANK – CRA PERFORMANCE EVALUATION

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The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

### **Qualified Investment**

“Qualified investment” means 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.

### **Small Business Loan**

A small business loan is a loan less than or equal to \$1 million.