FSB Community Bankshares Inc
Form SB-2/A
May 01, 2007

As filed with the Securities and Exchange Commission on May 1, 2007
Registration No. 333-141380

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1 TO THE
FORM SB-2
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

FSB COMMUNITY BANKSHARES, INC.
(Name of Small Business Issuer in Its Charter)

Federal	**6712**	**74-3164710**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

45 South Main Street
Fairport, New York 14450
(585) 223-9080
(Address and Telephone Number of Principal Executive Offices)

45 South Main Street
Fairport, New York 14450
(Address of Principal Place of Business)

Dana C. Gavenda
45 South Main Street
Fairport, New York 14450
(585) 223-9080
(Name, Address and Telephone Number of Agent for Service)

Copies to:

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	Washington, DC 20001

Suite 400
Washington,
D.C. 20015

Approximate date of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, $0.10 par value per share	1,305,308 shares	$10.00	$13,053,080 (1)	$401 (2)
Participation Interests	281,276 interests	—	—	(3)

(1) Estimated solely for the purpose of calculating the registration fee.
(2) Previously paid.
(3) The securities of FSB Community Bankshares, Inc. to be purchased by the Fairport Savings Bank 401(k) Plan are included in the amount shown for common stock. However, pursuant to Rule 457(h) of the Securities Act of 1933, as amended, no separate fee is required for the participation interests. Pursuant to such rule, the amount being registered has been calculated on the basis of the number of shares of common stock that may be purchased with the current assets of such plan.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

FSB Community Bankshares, Inc.
Holding Company for Fairport Savings Bank
1,135,050 Shares of Common Stock

FSB Community Bankshares, Inc., a federally chartered corporation, is offering for sale 1,135,050 shares of its common stock, $0.10 par value, on a best efforts basis. The shares being offered represent 47.0% of our shares of common stock that will be outstanding upon completion of the stock offering. Upon completion of the stock offering, 53.0% of our outstanding shares of common stock will be owned by FSB Community Bankshares, MHC, our federally chartered mutual holding company parent. We intend to have our common stock quoted on the OTC Bulletin Board. However, we do not expect an active or liquid trading market to develop due to the small size of the offering.

We must sell a minimum of 838,950 shares in order to complete the stock offering, and we will terminate the stock offering if we do not sell the minimum number of shares. We may sell up to 1,305,308 shares because of changes in market conditions without resoliciting subscribers. The stock offering is scheduled to terminate at ______, Eastern time, on [offering date]. We may extend the termination date without notice to you, until [extension date], unless the Office of Thrift Supervision approves a later date, which may not be beyond [final date].

Depositors of Fairport Savings Bank with aggregate deposit account balances of $50 or more as of December 31, 2005 will have first priority rights to subscribe for our shares of common stock. The minimum purchase is 25 shares of common stock. Generally, the maximum purchase that an individual may make in the subscription offering is 10,000 shares ($100,000), and no person by himself, or with an associate or group of persons acting in concert, may purchase more than 15,000 shares ($150,000) in the entire stock offering. For further information concerning the limitations on purchases of shares of common stock, see "The Stock Offering—Limitations on Purchase of Shares." Once submitted, orders are irrevocable unless the stock offering is terminated or extended beyond [extension date]. If the stock offering is extended beyond [extension date], subscribers will have the right to modify or rescind their purchase orders. Funds received prior to the completion of the stock offering up to the minimum of the offering range will be held by Fairport Savings Bank. Funds received in excess of the minimum of the offering range may be maintained at Fairport Savings Bank or, at our discretion, at another federally insured depository institution. However, in no event will we maintain more than one escrow account. All subscriptions received will bear interest at Fairport Savings Bank's passbook savings rate, which is currently ____________% per annum. If the stock offering is terminated, subscribers will have their funds returned promptly in full without reduction, with interest.

Sandler O'Neill & Partners, L.P. will use its best efforts to assist us in selling our shares of common stock, but is not obligated to purchase any of the shares of common stock that are being offered for sale. Subscribers will not pay any commissions to purchase shares of common stock in the stock offering. There is currently no public market for the shares of common stock. Sandler O'Neill & Partners, L.P. has advised us that it intends to make a market in our shares of common stock, but is under no obligation to do so.

This investment involves risk, including the possible loss of principal.
Please read the "Risk Factors" beginning on page 20.

OFFERING SUMMARY
Price: $10.00 per share

	Minimum	Midpoint	Maximum	Adjusted Maximum
Number of shares	838,950	987,000	1,135,050	1,305,308
Gross proceeds of offering	$ 8,389,500	$ 9,870,000	$ 11,350,500	$ 13,053,075
	$ 644,600	$ 644,600	$ 644,600	$ 644,600

Estimated stock offering expenses excluding selling agent commissions and expenses								
Selling agent commissions and expenses (1)	$	210,000	$	210,000	$	210,000	$	210,000
Net proceeds	$	7,534,900	$	9,015,400	$	10,495,900	$	12,198,475
Net proceeds per share	$	8.98	$	9.13	$	9.25	$	9.35

(1) Fixed fee of $150,000 plus estimated $60,000 of expenses. See "The Stock Offering - Marketing Arrangements" for a discussion of Sandler O'Neill & Partners, L.P.'s compensation for this offering.

These securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, nor any state securities commission has approved or disapproved these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Sandler O'Neill + Partners, L.P.

The date of this prospectus is ______________, 2007

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SUMMARY

The following summarizes material information regarding the offering of shares of common stock by FSB Community Bankshares, Inc. and the business of FSB Community Bankshares, Inc. and Fairport Savings Bank. However, this summary may not contain all the information that may be important to you. For additional information, you should read this entire prospectus carefully, including the consolidated financial statements and the notes to the consolidated financial statements of FSB Community Bankshares, Inc.

Our Companies

In January 2005, Fairport Savings Bank reorganized into the two-tier mutual holding company structure. As part of the reorganization, Fairport Savings Bank formed FSB Community Bankshares, Inc. and FSB Community Bankshares, MHC, a federally chartered mid-tier stock holding company and mutual holding company, respectively. As a result of the reorganization, Fairport Savings Bank became a federally chartered capital stock savings bank and a wholly-owned subsidiary of FSB Community Bankshares, Inc., and FSB Community Bankshares, Inc. became the wholly-owned subsidiary of FSB Community Bankshares, MHC. The same directors and officers who manage Fairport Savings Bank manage FSB Community Bankshares, Inc. and FSB Community Bankshares, MHC. The executive offices of FSB Community Bankshares, MHC, FSB Community Bankshares, Inc. and Fairport Savings Bank are located at 45 South Main Street, Fairport, New York 14450, and their telephone number is (585) 223-9080.

Our website address is www.fairportsavingsbank.com. Information on our website should not be considered a part of this prospectus.

Our current ownership structure is as follows:

FSB Community Bankshares, MHC. FSB Community Bankshares, MHC is a federally chartered mutual holding company and currently owns 100% of the outstanding common stock of FSB Community Bankshares, Inc. FSB Community Bankshares, MHC has not engaged in any significant business activity other than owning the common stock of FSB Community Bankshares, Inc., and does not intend to expand its business activities after the stock offering. Upon completion of the stock offering, FSB Community Bankshares, MHC is expected to own 53.0% of the outstanding shares of common stock of FSB Community Bankshares, Inc. So long as FSB Community Bankshares, MHC exists, it is required to own a majority of the voting stock of FSB Community Bankshares, Inc. FSB Community Bankshares, MHC is subject to regulation and examination by the Office of Thrift Supervision.

FSB Community Bankshares, Inc. FSB Community Bankshares, Inc. was chartered under federal law on January 14, 2005 in connection with the mutual holding company reorganization of Fairport Savings Bank. FSB Community Bankshares, Inc. is a federal mid-tier stock holding company that currently owns 100% of the outstanding common stock of Fairport Savings Bank. At December 31, 2006, FSB Community Bankshares, Inc. had consolidated assets of $152.8 million, deposits of $108.6 million and consolidated stockholder's equity of $13.9 million. Its consolidated net income for the year ended December 31, 2006 was $233,000. The shares being offering in this offering comprise 47.0% of the shares of common stock of FSB Community Bankshares, Inc. that will be outstanding following completion of the offering, with the remaining 53.0% being held by FSB Community Bankshares, MHC. FSB Community Bankshares, Inc. is subject to regulation and examination by the Office of Thrift Supervision.

Fairport Savings Bank. Fairport Savings Bank is a federally chartered savings bank that conducts business from its main office in Fairport, New York, and two branch offices located in Penfield and Irondequoit, New York. Fairport Savings Bank's principal business consists of originating one- to four-family residential real estate mortgage loans and home equity lines of credit. Fairport Savings Bank also offers commercial real estate, multi-family, construction and other loans (consisting of automobile, passbook, overdraft protection and unsecured loans). To a lesser extent, Fairport Savings Bank also invests in mortgage-backed securities, U.S. Government and federal agency obligations, and state and municipal securities. Deposits are Fairport Savings Bank's primary source of funds for its lending and investing activities. Fairport Savings Bank offers a variety of deposit accounts, including certificates of deposit, individual retirement accounts, NOW accounts, money market accounts and passbook savings accounts. Fairport Savings Bank also may borrow from the Federal Home Loan Bank of New York to fund loan originations and investments. Through its wholly owned subsidiary, Oakleaf Services Corporation, Fairport Savings Bank offers non-deposit investment products, consisting of annuities, insurance products and mutual funds.

Business Strategy

Our business strategy is to:

- Operate as a community-oriented retail financial institution in Monroe County, New York;
- Manage our interest rate risk;
- Continue to emphasize the origination of residential real estate loans; and
- Maintain high asset quality.

See “Business of Fairport Savings Bank” beginning on page ___ of this prospectus for a full description of our products and services. See also “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Strategy” beginning on page ___ of this prospectus for a discussion of our business strategy.

Our Ownership Structure Following The Stock Offering

Federal regulations require that as long as FSB Community Bankshares, MHC exists, it must own a majority of our outstanding shares of common stock. Accordingly, the shares that we are permitted to sell in the stock offering must represent a minority of our outstanding shares of common stock. Based on these restrictions, our board of directors has decided to offer 47.0% of our shares of common stock for sale in the stock offering. Our remaining outstanding shares of common stock will be held by FSB Community Bankshares, MHC.

Our ownership structure after the completion of the stock offering will be as follows:

FSB Community Bankshares, MHC has no plans, understandings or agreements, whether written or oral, to sell or otherwise dispose of its shares of common stock of FSB Community Bankshares, Inc. FSB Community Bankshares, MHC may convert to stock form in the future by offering its interest in FSB Community Bankshares, Inc. for sale to depositors and others in a subscription offering. However, FSB Community Bankshares, MHC has no current plans to convert to stock form.

Reasons for the Stock Offering

The primary reasons for our decision to conduct the stock offering and raise capital are to:

- support our internal growth through lending in the communities we serve or may serve in the future;
- support the expansion of our branch network;

- enable us to compete more effectively in the financial services marketplace; and
- offer our depositors, employees, management and directors an equity ownership interest in FSB Community Bankshares, Inc. and thereby obtain an economic interest in any future success that we may have.

Our board of directors determined to undertake the stock offering at this time because it concluded that additional capital was needed in order to support future growth and increase profitability. The board believes that current market conditions offer an opportunity to raise sufficient capital to support such growth. The flat and inverted yield curve environment of recent years has reduced our interest rate spread and profitability. The proceeds from the stock offering will increase the amount of funds available for lending and investment purposes and, initially, will allow us to invest in shorter-term investments that will help moderate our interest rate risk. Proceeds from the stock offering will also be used to support the additional expense of our Irondequoit branch, which opened in January 2007. Additionally, as select opportunities present themselves, we will consider opening one or two new branches during the next three years, although we have no current plans to open any branches at this time.

The stock offering also will allow us to establish stock benefit plans for management and employees, which will help us to attract and retain qualified personnel.

Terms of the Stock Offering

We are offering between 838,950 and 1,135,050 shares of common stock to qualified depositors and borrowers, our tax-qualified employee plans and to the public, to the extent shares remain available. The maximum number of shares that we sell in the stock offering may increase to up to 1,305,308 shares as a result of positive changes in financial markets in general and with respect to financial institution stocks in particular. Unless our estimated pro forma fully converted market value decreases below $17.9 million or increases above $27.8 million, you will not have the opportunity to change or cancel your stock order. The term “fully converted” means that our independent appraisal firm assumed that 100% of our common stock had been sold to the public, rather than the 47% that will be sold in connection with this offering.

The offering price of the shares of common stock is $10.00 per share. Sandler O’Neill & Partners, L.P., our marketing agent in connection with the stock offering, will use its best efforts to assist us in selling our shares of common stock, but Sandler O’Neill & Partners, L.P. is not obligated to purchase any shares in the stock offering.

Persons Who May Order Stock in the Stock Offering

We are offering the shares of common stock in a subscription offering in the following descending order of priority:

(1) Depositors who had accounts at Fairport Savings Bank with aggregate balances of at least $50 as of the close of business on December 31, 2005;

(2) The tax-qualified employee benefit plans of Fairport Savings Bank (including our employee stock ownership plan);

(3) Depositors who had accounts at Fairport Savings Bank with aggregate balances of at least $50 as of the close of business on March 31, 2007; and

(4) Depositors who had accounts at Fairport Savings Bank with aggregate balances of at least $50 as of the close of business on _____________ and borrowers from Fairport Savings Bank as of January 14, 2005 who maintain such borrowings as of the close of business on __________, 2007.

If any shares of our common stock remain unsold in the subscription offering, we will offer such shares for sale in a community offering. Natural persons residing in the New York counties of Livingston, Monroe, Ontario, Orleans and Wayne will have a purchase preference in any community offering. Shares also may be offered to the general public. The community offering, if any, may commence concurrently with, during or promptly after the subscription offering. We also may offer shares of common stock not purchased in the subscription offering or the community offering through a syndicate of brokers in what is referred to as a syndicated community offering. The syndicated community offering, if necessary, would be managed by Sandler O’Neill & Partners, L.P. We have the right to accept or reject, in our sole discretion, any orders received in the community offering or the syndicated community offering.

To ensure a proper allocation of stock, each eligible account holder must list on his or her stock order form all deposit accounts in which he or she had an ownership interest at December 31, 2005, March 31, 2007 or ___________, 2007, as applicable. Failure to list an account, or providing incorrect information, could result in the loss of all or part of a subscriber’s stock allocation. Our interpretation of the terms and conditions of the stock issuance plan and of the acceptability of the order forms will be final.

How We Determined to Offer Between 838,950 Shares and 1,135,050 Shares and the $10.00 Price Per Share

The decision to offer between 838,950 shares and 1,135,050 shares, subject to adjustment, which is our offering range, is based on an independent appraisal of our pro forma market value prepared by RP Financial, LC, a firm experienced in appraisals of financial institutions. RP Financial, LC is of the opinion that as of February 23, 2007, the estimated pro forma market value of the shares of common stock of FSB Community Bankshares, Inc. on a fully converted basis was between $17.9 million and $24.2 million, with a midpoint of $21.0 million. The term “fully converted” assumes that 100% of our common stock had been sold to the public, as opposed to the 47.0% that will be sold in the stock offering.

Consistent with the Office of Thrift Supervision appraisal guidelines and regulatory guidance, the appraisal applied three primary methodologies: the pro forma price-to-book value approach applied to reported and tangible book value, the pro forma price-to-earnings approach applied to reported and core earnings, and the pro forma price-to-assets approach. The market value ratios applied in the three methodologies were based upon the current market valuations of the peer group companies identified by RP Financial, LC, subject to valuation adjustments applied by RP Financial, LC to account for differences between FSB Community Bankshares, Inc. and the peer group. The peer group was comprised of ten publicly-traded institutions operating as subsidiaries of mutual holding companies. The valuation considered market value ratios for FSB Community Bankshares, Inc. and the peer group on both a fully-converted basis and a non-fully converted basis.

In preparing its appraisal, RP Financial, LC considered the information contained in this prospectus, including our consolidated financial statements. RP Financial, LC also considered the following factors, among others:

- our present and projected operating results and financial condition, including the reductions in earnings we have experienced in recent periods and the anticipated increased costs resulting from opening our new branch office;
- the economic and demographic conditions in our market areas;
- historical financial and other information relating to FSB Community Bankshares, Inc. and Fairport Savings Bank;
- a comparative evaluation of our operating and financial statistics with those of other similarly situated publicly traded thrifts and mutual holding companies;
- the impact of the stock offering on our stockholder's equity and earnings potential;
- our proposed dividend policy; and
- the trading market for securities of comparable institutions and general conditions in the market for such securities.

In preparing the valuation, RP Financial, LC applied downward valuation adjustments relative to the peer group for financial condition, profitability, growth and viability of earnings, dividends, and liquidity of the shares. The primary factors leading to the adjustments were the lower historical earnings of Fairport Savings Bank as compared to the peer group, recent reductions in net interest income and increased branching-related expenses, and the anticipated lower level of liquidity in the common stock relative to the peer group companies. In reviewing the appraisal prepared by RP Financial, LC, the board of directors considered the methodologies and the appropriateness of the assumptions used by RP Financial, LC in addition to the factors listed above, and the board of directors believes that these assumptions are reasonable.

The board of directors determined that the common stock should be sold at $10.00 per share, that 47.0% of the shares of common stock should be offered for sale in the stock offering and 53.0% should be held by FSB Community Bankshares, MHC. Based on the estimated valuation range and the purchase price, the number of shares of common stock that will be outstanding upon completion of the stock offering will range from 1,785,000 to 2,415,000 (subject to adjustment to 2,777,250 shares), and the number of shares of common stock that will be sold in the stock offering will range from 838,950 shares to 1,135,050 shares (subject to adjustment up to 1,305,308 shares), with a midpoint of 987,000 shares. The number of shares that FSB Community Bankshares, MHC will own after the stock offering will range from 946,050 to 1,279,950 (subject to adjustment to 1,471,942 shares). The estimated valuation range may be amended with the approval of the Office of Thrift Supervision, or if necessitated by subsequent developments in the financial condition of Fairport Savings Bank or market conditions generally.

The appraisal will be updated before we complete the stock offering. If the estimated pro forma fully converted market value of the shares of common stock at that time is either below $17.9 million or above $27.8 million, then we may, after consulting with the Office of Thrift Supervision:

- terminate the stock offering and return all funds promptly;
- establish a new offering range and commence a resolicitation of subscribers; or
- take such other actions as may be permitted by the Office of Thrift Supervision.

Under such circumstances, we will notify you, and you will have the opportunity to change or cancel your order within a specified time period. In any event, the stock offering must be completed by no later than [final date].

Two measures investors use to evaluate an issuer's stock are the market value ratios of pro forma price-to-book value and pro forma price-to-earnings. RP Financial, LC considered these ratios, among other factors, in preparing its appraisal. Book value is the same as total equity, and represents the difference between the issuer's assets and liabilities. The following table presents the pro forma non fully converted price-to-book value ratios and the pro forma non fully converted price-to-earnings ratios for the period indicated. See "Pro Forma Data" for a description of the assumptions used in making these calculations.

	At and For the Year Ended December 31, 2006			
	838,950 Shares Sold at $10.00 Per Share	**987,000 Shares Sold at $10.00 Per Share**	**1,135,050 Shares Sold at $10.00 Per Share**	**1,305,308 Shares Sold at $10.00 Per Share**
Pro forma price-to- book value ratio	87.72%	96.99%	105.26%	113.64%
Pro forma price-to-earnings ratio	55.56x	62.50x	66.67x	71.43x

The following table compares our pricing ratios to the pricing ratios of our peer group companies on a non-fully converted basis, each at or for the twelve months ended December 31, 2006. Compared to the median pricing ratios of the peer group, our pro forma pricing ratios at the maximum of the offering range indicated a premium of 174% on a price-to-core earnings basis and a discount of 39% on a price-to-tangible book basis. The pricing ratios result from our generally having higher levels of equity and lower earnings on a pro forma basis than the companies in our peer group. The appraisal did not consider just one valuation approach in reaching the valuation conclusion. Instead, the appraisal concluded that the ranges of values presented in the tables below represented the appropriate balance of the approaches to valuing FSB Community Bankshares, Inc. and the number of shares to be sold, in comparison to the identified peer group institutions. Specifically, in approving the valuation, the board believed that FSB Community Bankshares, Inc. would not be able to sell its shares at a price-to-book value ratio that was in line with the peer group without unreasonably exceeding the peer group on a price-to earnings basis.

	Non-Fully Converted Pro Forma Price-to-Core Earnings Multiple	Non-Fully Converted Pro Forma Price-to-Tangible Book Value Ratio
FSB Community Bankshares, Inc.		
Maximum	66.67x	105.26%
Minimum	55.56x	87.72%
Valuation of peer group companies as of February 23, 2007		
Averages	24.31x	176.48%
Medians	24.32x	173.59%

The following table presents a summary of selected pricing ratios for the peer group companies and for us, each at or for the twelve months ended December 31, 2006, with the ratios adjusted to the hypothetical case of our being a fully converted stock holding company. Compared to the median fully converted pricing ratios of the peer group, our pro forma fully converted pricing ratios at the maximum of the offering range indicated a premium of 78.7% on a price-to-core earnings basis and a discount of 25.2% on a price-to-tangible book basis.

	Fully Converted Equivalent Pro Forma Price-to-Core Earnings Multiple	Fully Converted Equivalent Pro Forma Price-to-Tangible Book Value Ratio
FSB Community Bankshares, Inc.		
Maximum	44.86x	70.48%
Minimum	39.54x	62.14%
Valuation of peer group companies as of February 23, 2007		
Averages	25.26x	94.48%
Medians	25.10x	94.28%

The pro forma fully converted calculations for the peer group companies include the following assumptions:

- 8.0% of the shares sold in a second-step stock offering would be purchased by an employee stock ownership plan, with the expense to be amortized over 30 years;

- 4.0% of the shares sold in a second-step stock offering would be purchased by a stock-based benefit plan, with the expense to be amortized over five years;

- Options equal to 10% of the shares sold in a second-step stock offering would be granted under a stock-based benefit plan, with expense of $3.81 per option to be amortized over five years; and

- stock offering expenses would equal approximately 4.0% of the stock offering amount at the midpoint valuation.

With respect to FSB Community Bankshares, Inc., the pro forma fully converted calculations use the same assumptions as applied to the peer group companies, except that the expense of the employee stock ownership plan will be amortized over 20 years.

The independent appraisal does not indicate after-market trading value. Do not assume or expect that the valuation as indicated above means that our shares of common stock will trade at or above the $10.00 purchase price after the stock offering.

After-Market Performance Information

The following table presents stock price performance information for all mutual holding company initial public offerings completed between January 1, 2006 and February 23, 2007, with the most recent offerings appearing first.

			Price Performance from Initial Trading Date			
Transaction	**Offering Size (In Millions)**	**Date of IPO**	**One Day Percentage Change**	**One Week Percentage Change**	**One Month Percentage Change**	**Percentage Change Through 2/23/07**
Oritani Financial Corp. (NADSAQ: ORIT)	$ 121.7	1/24/07	59.7%	53.5%	54.8%	55.0%
Polonia Bancorp (OTCBB: PBCP)	14.9	1/16/07	1.0	0.1	1.0	2.0
MSB Financial Corp. (NASDAQ: MSBF)	25.3	1/5/07	23.0	21.0	19.3	17.5
Mainstreet Financial Corp. (OTCBB: MSFN)	3.6	12/27/06	10.0	10.0	(2.5)	(1.5)
Ben Franklin Financial, Inc. (OTCBB: BFFI)	8.9	10/19/06	7.0	5.7	6.5	10.0
ViewPoint Financial Group (NASDAQ: VPFG)	116.0	10/3/06	49.9	50.7	54.0	72.3
Fox Chase Bancorp, Inc. (NASDAQ: FXCB)	64.0	10/2/06	29.5	28.1	29.4	42.6
Roma Financial Corp. (NASDAQ: ROMA)	98.2	7/12/06	41.0	42.4	44.5	53.5
Seneca-Cayuga Bancorp, Inc. (OTCBB: SCAY)	10.7	7/12/06	0.0	(4.0)	(7.0)	(6.5)
Northeast Community Bancorp, Inc. (NASDAQ: NECB)	59.5	7/6/06	10.0	12.8	11.5	23.9
Mutual Federal Bancorp, Inc. (OTCBB: MFDB)	10.9	4/6/06	11.3	10.0	14.0	44.1
	29.8	4/4/06	7.0	4.8	2.8	24.5

Lake Shore Bancorp, Inc. (NASDAQ: LSBK)						
United Community Bancorp (NASDAQ: UCBA)	36.5	3/31/06	8.0	7.0	5.5	21.5
Magyar Bancorp, Inc. (NASDAQ: MGYR)	26.2	1/24/06	6.5	5.5	6.0	47.5
Greenville Federal Financial Corporation (OTCBB: GVFF)	10.3	1/10/06	2.5	0.0	0.0	4.5
Average			17.8	16.5	16.0	27.4
Median			10.0	10.0	6.5	23.9

The table above presents only short-term historical information on stock price performance, which may not be indicative of the longer-term performance of such stock prices. The data presented in the table are not intended to predict how our shares of common stock may perform following the stock offering. The historical information in the table may not be meaningful to you because the data were calculated using a small sample.

The market price of any particular company’s stock is subject to various factors, including the amount of proceeds a company raises and management’s ability to deploy proceeds (such as through investments, the acquisition of other financial institutions or other businesses, the payment of dividends and common stock repurchases). In addition, stock prices may be affected by general market conditions, market interest rates, the market for financial institutions, merger or takeover transactions, the presence of professional and other investors who purchase stock on speculation, as well as other unforeseeable events not necessarily within the control of management or the board of directors.

RP Financial, LC advised the board of directors that the appraisal was prepared in conformance with the regulatory appraisal methodology. That methodology requires a valuation based on an analysis of the trading prices of comparable public companies whose stocks have traded for at least one year prior to the valuation date. RP Financial, LC also advised the board of directors that the aftermarket trading experience of recent transactions was considered in the appraisal as a general indicator of current market conditions, but was not relied upon as a primary valuation methodology.

Our board of directors carefully reviewed the information provided by RP Financial, LC in its appraisal, but did not make any determination regarding whether prior mutual holding company stock offerings have been valued fairly, nor did the board draw any conclusions regarding how the historical data reflected above may affect the appraisal. Instead, the board of directors engaged RP Financial, LC to help it understand the regulatory process as it applies to the appraisal and to advise the board of directors how much capital would need to be raised under the regulatory appraisal guidelines.

There can be no assurance that our stock price will not trade below $10.00 per share. As noted in the above table, two of the 15 initial public mutual holding company stock offerings since January 1, 2006 referenced in the table traded below their initial offering price at the dates indicated. Before you make an investment decision, we urge you to carefully read this prospectus, including the section entitled "Risk Factors."

Our Officers, Directors and Employees Will Receive Additional Compensation and Benefit Plans After the Stock Offering

Fairport Savings Bank has established an employee stock ownership plan, and we intend to implement one or more stock-based benefit plans that will provide for grants of stock options and shares of common stock. Our tax-qualified employee benefit plans, including our employee stock ownership plan and our 401(k) savings plan, may purchase in the stock offering up to 4.9% of our outstanding shares of common stock upon completion of the stock offering. However, it is expected that our employee stock ownership plan will purchase 3.92% of our outstanding shares of common stock upon completion of the stock offering (including shares issued to FSB Community Bankshares, MHC).

The employee stock ownership plan and the stock-based benefit plan will increase our future compensation costs, thereby reducing our earnings. Public companies are required to expense the grant-date fair value of stock options and other stock awards granted to officers, directors and employees. Any additional compensation expense due to variances in actual vesting or stock price experience compared to assumptions in the table below will increase our compensation costs over the vesting period of the options. Additionally, shareholders will experience a reduction in their ownership interest if newly issued shares of common stock are used to fund stock options and stock awards. See "Risk Factors—Our Stock-Based Benefit Plans Will Increase Our Costs, Which Will Reduce Our Income," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Anticipated Increase in Non-Interest Expense" and "Management—Stock Benefit Plans."

The following three tables summarize the stock benefits that our officers, directors and employees may receive following the stock offering at the maximum of the offering range, assuming that we initially implement a stock-based benefit plan granting options to purchase 4.90% of the shares outstanding at the completion of the stock offering and awarding shares of common stock equal to 1.96% of the shares outstanding at the completion of the stock offering. Proposed Office of Thrift Supervision regulations would clarify that the amount of stock options and stock awards available for grant under one or more stock-based benefit plans may be greater than the amounts set forth in the following three tables, provided shares used to fund the stock-based benefit plans in excess of these amounts are obtained through stock repurchases.

In the table below, it is assumed that at the maximum of the offering range, a total of 1,135,050 shares will be sold to the public, and a total of 1,279,950 shares will be issued to FSB Community Bankshares, MHC. This table assumes that Fairport Savings Bank's tangible capital ratio is 10% or more following the stock offering.

Plan/Awards	Individuals Eligible to Receive Awards	Number of Shares	Percent of Outstanding Shares (1)	Percent of Shares Sold	Value of Benefits Based on Maximum of Offering Range (2)
Employee stock ownership plan	All officers and employees	94,668	3.92%	8.34%	$ 946,680
Stock awards	Directors, officers and employees	47,334	1.96	4.17	473,340
Stock options	Directors, officers and employees	118,335	4.90	10.43	450,856
		260,337	10.78%	22.94%	$ 1,870,876

(1) Amounts are based on current Office of Thrift Supervision regulations and policy, exclusive of shares acquired in the secondary market to fund stock awards and stock options. Proposed Office of Thrift Supervision regulations would clarify that the amount of stock options and stock awards available for grant under the stock-based benefit plans may be greater than the amounts set forth in the following table, provided shares used to fund the stock-based benefit plans in excess of these amounts are obtained through stock repurchases.

(2) The actual value of the stock awards will be determined based on their fair value as of the date the grants are made. For purposes of this table, fair value is assumed to be the offering price of $10.00 per share. The fair value of stock options has been estimated at $3.81 per option using the Black-Scholes option pricing model with the following assumptions: a grant-date share price and option exercise price of $10.00; dividend yield of 0%; expected option life of 10 years; risk-free interest rate of 4.71%; and a volatility rate of 9.39% based on an index of publicly traded mutual holding company institutions. The actual expense of the stock options will be determined by the grant-date fair value of the options, which will depend on a number of factors, including the valuation assumptions used in the option pricing model ultimately adopted.

The value of the shares of common stock will be based on the price per share of our common stock at the time those shares are granted, which cannot occur until at least six months after the stock offering. The following table presents the total value of all shares of common stock to be available for award and issuance under the stock-based benefit plan, assuming the stock-based benefit plan awards shares of common stock equal to 1.96% of the outstanding shares after the stock offering and the shares for the plan are purchased or issued in a range of market prices from $8.00 per share to $16.00 per share.

Share Price	34,986 Shares Awarded at Minimum of Offering Range	41,160 Shares Awarded at Midpoint of Offering Range	47,334 Shares Awarded at Maximum of Offering Range	54,434 Shares Awarded at Maximum of Offering Range, As Adjusted
$ 8.00	$279,888	$329,280	$378,672	$435,473
$10.00	$349,860	$411,600	$473,340	$544,341
$12.00	$419,832	$493,920	$568,008	$653,209
$14.00	$489,804	$576,240	$662,676	$762,077
$16.00	$559,776	$658,560	$757,344	$870,946

The grant-date fair value of the options granted under the stock-based benefit plan will be based in part on the price per share of our common stock at the time the options are granted, which cannot occur until at least six months after the stock offering. The value will also depend on the various assumptions used in the option pricing model ultimately adopted. The following table presents the total estimated value of the options to be available for grant under the stock-based benefit plan, assuming the stock-based benefit plan awards options equal to 4.9% of the outstanding shares after the stock offering, the market price and exercise price for the stock options are equal and the range of market prices for the shares are $8.00 per share to $16.00 per share.

Market/Exercise Price	Grant-Date Fair Value Per Option	87,465 Options at Minimum of Offering Range	102,900 Options at Midpoint of Offering Range	118,335 Options at Maximum of Offering Range	136,085 Options at Maximum of Offering Range, As Adjusted
$ 8.00	$3.05	$266,768	$313,845	$360,922	$415,060
$10.00	$3.81	$333,242	$392,049	$450,856	$518,485
$12.00	$4.57	$399,715	$470,253	$540,791	$621,910
$14.00	$5.34	$467,063	$549,486	$631,909	$726,695
$16.00	$6.10	$533,537	$627,690	$721,844	$830,120

Under current Office of Thrift Supervision regulations, the number of options granted or shares of common stock awarded under a stock-based benefit plan may not exceed 4.90% and 1.96%, respectively, of our total outstanding shares, including shares issued to FSB Community Bankshares, MHC. The number of options granted or shares awarded under the stock-based benefit plan, when aggregated with any subsequently adopted stock-based benefit plans (exclusive of any shares held by any employee stock ownership plan), may not exceed 25% of the shares of common stock held by persons other than FSB Community Bankshares, MHC.

The stock-based benefit plan would comply with all applicable regulations of the Office of Thrift Supervision in effect at the time such plan is adopted. The stock-based benefit plan cannot be established sooner than six months after the stock offering under Office of Thrift Supervision regulations and would require the approval of a majority of the total votes eligible to be cast (excluding votes eligible to be cast by FSB Community Bankshares, MHC) under Office of Thrift Supervision regulations, unless we obtain a waiver from the Office of Thrift Supervision that would allow the stock-based benefit plan to be approved by a majority of votes cast by our shareholders (excluding shares voted by FSB Community Bankshares, MHC). We currently intend to seek such a waiver from the Office of Thrift Supervision. Unless a waiver is obtained from the Office of Thrift Supervision, the following additional Office of Thrift Supervision restrictions would apply to our stock-based benefit plan:

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- non-employee directors in the aggregate may not receive more than 30% of the options and stock awards authorized under the plan;

- any one non-employee director may not receive more than 5% of the options and stock awards authorized under the plan;

- any officer or employee may not receive more than 25% of the options or stock awards authorized under the plan;

- the options and stock awards may not vest more rapidly than 20% per year, beginning on the first anniversary of shareholder approval of the plan; and

- accelerated vesting of awards is not permitted except for death, disability or upon a change in control of Fairport Savings Bank or FSB Community Bankshares, Inc.

We may obtain the shares needed for this plan by issuing additional shares of common stock from authorized but unissued shares or through stock repurchases.

The Office of Thrift Supervision has proposed amendments to its existing regulations regarding stock-based benefit plans that are intended to clarify and simplify such regulations. Specifically, the amendments would clarify that we may grant options and award shares of common stock under one or more stock-based benefit plans in excess of 4.90% and 1.96%, respectively, of our total outstanding shares if the stock-based benefit plans are adopted more than one year following the stock offering, provided shares used to fund the plans in excess of these amounts are obtained through stock repurchases. The proposed amendments would also require that, if the stock-based benefit plans are adopted less than one year following the stock offering, the stock-based benefit plans must be approved by a majority of the votes of FSB Community Bankshares, Inc. shareholders cast at an annual or special meeting of shareholders, excluding votes eligible to be cast by FSB Community Bankshares, MHC. Under the proposed amendments, there would be no separate vote required of minority shareholders if the stock-based benefit plans are adopted more than one year following the stock offering. The proposed amendments would further clarify that the current regulatory restrictions set forth above regarding the amount of individual and group awards, and restrictions on accelerated vesting of awards, would not apply if the stock-based benefit plans are adopted more than one year following the stock offering.

In the event the Office of Thrift Supervision adopts these regulations as proposed, or otherwise changes its existing regulations or policies, we may implement stock-based benefit plans that exceed the current limits applicable to the overall size of such plans and individual awards thereunder, and otherwise grant awards with terms that are different than those required by current Office of Thrift Supervision regulations and policy. Moreover, to the extent that any new regulations or policies contain a more flexible voting standard for shareholder approval than that currently required, we intend to use the more flexible voting standard, which could result in the vote of FSB Community Bankshares, MHC controlling the outcome of a shareholder vote on stock-based benefit plans.

Our Policy Regarding Dividends

Following completion of the stock offering, our board of directors will have the authority to declare dividends on our common stock, subject to statutory and regulatory requirements. Our board of directors currently does not intend to declare dividends initially following completion of the stock offering. The payment and amount of any future dividend payments will depend upon a number of factors, including the following:

- regulatory capital requirements;
- our financial condition and results of operations;
- tax considerations;
- statutory and regulatory limitations; and
- general economic conditions.

If we pay dividends to our shareholders, we also will be required to pay dividends to FSB Community Bankshares, MHC, unless FSB Community Bankshares, MHC elects to waive the receipt of dividends. We anticipate that FSB Community Bankshares, MHC will waive any dividends we declare. Any decision to waive dividends will be subject to the non-objection of the Office of Thrift Supervision.

Market for the Shares of Common Stock

We anticipate that our common stock will be quoted on the OTC Bulletin Board. However, we do not expect an active and liquid trading market to develop due to the small size of the stock offering. Sandler O'Neill & Partners, L.P. currently intends to become a market maker in the common stock, but it is under no obligation to do so. We cannot assure you that other market makers will be obtained or, if obtained, will be maintained. After shares of the common stock begin trading, you may contact a stock broker to buy or sell shares. There can be no assurance that persons purchasing the common stock in the offering will be able to sell their shares at or above the $10.00 offering price, and brokerage firms typically charge commissions related to the purchase or sale of securities.

How We Intend to Use the Proceeds We Raise from the Stock Offering

Assuming we sell 1,135,050 shares of common stock in the stock offering, and we have net proceeds of $10.5 million, we intend to distribute the net proceeds as follows:

- $5.3 million (50.0% of the net proceeds) will be contributed to Fairport Savings Bank;
- $900,000 (9.0% of the net proceeds) will be loaned to our employee stock ownership plan to fund its purchase of our shares of common stock; and
- $4.3 million (41.0% of the net proceeds) will be retained by us.

We intend to contribute more than 50% of the net proceeds from the stock offering to Fairport Savings Bank to the extent that such additional capital would be required in order for Fairport Savings Bank to have tangible capital of at least 10% immediately following completion of the stock offering. We may use the net proceeds of the stock offering to invest in securities, to deposit funds in Fairport Savings Bank, to finance the possible acquisition of other financial institutions or financial service businesses, to pay dividends or for other general corporate purposes, including repurchasing shares of our common stock. Fairport Savings Bank may use the proceeds it receives to make loans, to purchase securities, to expand its banking franchise internally through branching or through acquisitions, although we have no specific plans to do so at the present time, and for general corporate purposes. To the extent that Fairport Savings Bank uses the proceeds to fund new loans, we have not allocated specific dollar amounts to any particular area of our portfolio. The amount of time it will take to deploy the proceeds of the offering into loans will depend primarily on the level of loan demand. Initially Fairport Savings Bank intends to invest a substantial portion of the net proceeds it receives in short-term investments, agency securities, collateralized mortgage obligations and mortgage-backed securities. See “How We Intend to Use the Proceeds from the Stock Offering.” Neither Fairport Savings Bank nor FSB Community Bankshares, Inc. has any current agreement or understanding to enter into an acquisition transaction.

Tax Consequences of the Stock Offering

The stock offering will not result in taxable gain or loss to FSB Community Bankshares, MHC, FSB Community Bankshares, Inc. or Fairport Savings Bank, or to depositors or borrowers who have a priority right to subscribe for shares of common stock in the stock offering, or to our employees, officers or directors, except to the extent that the nontransferable subscription rights to purchase shares of common stock in the stock offering may be determined to have value. Luse Gorman Pomerenk & Schick, P.C. has opined as to federal law that it is more likely than not that the fair market value of such subscription rights is zero. In that case, no taxable gain or loss will need to be recognized by depositors or eligible borrowers who receive nontransferable subscription rights. See “The Stock Offering—Tax Effects of the Stock Offering.”

Limits on Your Purchase of Shares of Common Stock

The minimum purchase is 25 shares of common stock. Generally, no individual may purchase more than $100,000 (10,000 shares) of common stock through one or more individual and/or joint deposit accounts, and no individuals acting through a single account may purchase more than $100,000 (10,000 shares) of common stock. If any of the following persons purchase shares of common stock, their purchases, when combined with your purchases, cannot exceed $150,000 (15,000 shares of common stock):

- your spouse, or relatives of you or your spouse living in your house;
- companies or other entities in which you have a 10% or greater equity or substantial beneficial interest or in which you serve as a senior officer or partner;
- a trust or other estate if you have a substantial beneficial interest in the trust or estate or you are a trustee or fiduciary for the trust or estate; or

· other persons who may be acting together with you (including, but not limited to, persons who file jointly a Schedule 13G or Schedule 13D Beneficial Ownership Report with the Securities and Exchange Commission).

A detailed discussion of the limitations on purchases of common stock by an individual and persons acting together is set forth under the caption "The Stock Offering—Limitations on Purchase of Shares."

Subject to Office of Thrift Supervision approval, we may increase or decrease the purchase limitations in the stock offering at any time. In addition, in any community offering or syndicated community offering, we will first fill orders for our shares of common stock up to a maximum of 1,000 shares. Thereafter, we will allocate any remaining shares of common stock on an equal number of shares per order basis, until we fill all orders. Our tax-qualified benefit plans, including our employee stock ownership plan, are authorized to purchase up to 4.9% of the shares to be outstanding immediately following the stock offering without regard to these purchase limitations. The employee stock ownership plan may purchase shares of common stock in the stock offering, in the open market following consummation of the stock offering, from authorized but unissued shares of common stock, or from treasury shares following consummation of the stock offering.

How You May Pay for Your Shares

In the subscription offering and the community offering you may pay for your shares only by:

(1) personal check, bank check or money order; or

(2) authorizing us to withdraw money from your deposit account(s) maintained with Fairport Savings Bank.

If you wish to use your Fairport Savings Bank individual retirement account to pay for your shares, please be aware that federal law requires that such funds first be transferred to a self-directed retirement account with a trustee other than Fairport Savings Bank. The transfer of such funds to a new trustee takes time, so please make arrangements as soon as possible or contact the Stock Information Center for further information. Also, please be aware that Fairport Savings Bank is not permitted to lend funds to anyone for the purpose of purchasing shares of common stock in the stock offering.

You can subscribe for shares of common stock in the stock offering by delivering to the Stock Information Center a signed and completed original stock order form, together with full payment, provided we receive the stock order form before the end of the stock offering. Funds received prior to the completion of the stock offering up to the minimum of the offering range will be held by Fairport Savings Bank. Funds received in excess of the minimum of the offering range may be maintained at Fairport Savings Bank, or, at our discretion, at another federally insured depository institution. However, in no event will we maintain more than one escrow account. We will pay interest at Fairport Savings Bank's passbook rate, currently _______% per annum, from the date funds are received until completion or termination of the stock offering. Withdrawals from certificates of deposit at Fairport Savings Bank for the purpose of purchasing shares of common stock in the stock offering may be made without incurring an early withdrawal penalty. All funds authorized for withdrawal from deposit accounts with Fairport Savings Bank must be in the deposit accounts at the time the stock order form is received. However, funds will not be withdrawn from the accounts until the stock offering is completed and will continue to earn interest at the applicable deposit account rate until the completion of the stock offering. A hold will be placed on those funds when your stock order is received, making the designated funds unavailable to you. After we receive an order, the order cannot be revoked or changed, except with our consent. Payment may not be made by wire transfer or any other electronic transfer of funds. In addition, we are not required to accept copies or facsimiles of order forms.

For a further discussion regarding the stock ordering procedures, see “The Stock Offering—Prospectus Delivery and Procedure for Purchasing Shares.”

You May Not Sell or Transfer Your Subscription Rights

Federal law prohibits the transfer or sale of subscription rights. If you order shares of common stock in the subscription offering, you will be required to state that you are purchasing the shares of common stock for yourself and that you have no agreement or understanding to sell or transfer your subscription rights. We intend to take legal action, including reporting persons to federal or state regulatory agencies, against anyone who we believe sells or in any way transfers his or her subscription rights. We will not accept your stock order if we have reason to believe that you sold or transferred your subscription rights. In addition, joint stock registration will only be allowed if the qualified account is so registered.

Deadline for Orders of Common Stock

If you wish to purchase shares of common stock, we must receive at the Stock Information Center, not simply have post-marked, your properly completed stock order form, together with payment for the shares, no later than _________, Eastern time, on [offering date], unless we extend this deadline. You may submit your stock order form either by mail using the return envelope provided or by overnight courier to the indicated address on the stock order form. A postmark prior to [offering date] will not entitle you to purchase shares of common stock unless we receive the envelope by [offering date].

Although we will make reasonable efforts to provide a prospectus and stock offering materials to holders of subscription rights, the subscription offering and all subscription rights will expire at _________, Eastern time, on [offering date], regardless of whether we have been able to locate each person entitled to subscription rights.

Termination of the Stock Offering

The subscription offering will terminate at 12:00 noon, Eastern time, on [offering date]. We may extend this expiration date without notice to you, until [extension date], unless the Office of Thrift Supervision approves a later date. If the subscription offering and/or community offerings extend beyond [extension date], we will be required to resolicit subscriptions before proceeding with the stock offering. In such event, if you choose not to subscribe for the shares of common stock, your funds will be promptly returned to you with interest. All further extensions, in the aggregate, may not last beyond [final date].

Steps We May Take If We Do Not Receive Orders for the Minimum Number of Shares

If we do not receive orders for at least 838,950 shares of common stock, we may take several steps in order to sell the minimum number of shares of common stock in the stock offering range. Specifically, we may:

(i) increase the maximum number of shares that may be purchased by any subscriber (including our subscribing directors and officers); and/or

(ii) seek regulatory approval to extend the stock offering beyond the [extension date] expiration date, provided that any such extension will require us to resolicit subscriptions received in the stock offering.

Once Submitted, Your Purchase Order May Not Be Revoked Unless the Stock Offering is Terminated or Extended Beyond [extension date].

Funds that you use to purchase shares of our common stock in the stock offering will be held in an interest-bearing account until the termination or completion of the stock offering, including any extension of the expiration date. The Office of Thrift Supervision approved the stock offering on ____________, 2007; however, because completion of the stock offering will be subject to an update of the independent appraisal, among other factors, there may be delays in the completion of the stock offering. Any orders that you submit to purchase shares of our common stock in the stock offering are irrevocable, and you will not have access to subscription funds unless the stock offering is terminated, or extended beyond [extension date].

Restrictions on the Acquisition of FSB Community Bankshares, Inc. and Fairport Savings Bank

Federal regulations, as well as provisions contained in the charter and bylaws of Fairport Savings Bank and FSB Community Bankshares, Inc., restrict the ability of any person, firm or entity to acquire FSB Community Bankshares, Inc., Fairport Savings Bank, or their respective capital stock. These restrictions include the requirement that a potential acquirer obtain the prior approval of the Office of Thrift Supervision before acquiring in excess of 10% of the stock of FSB Community Bankshares, Inc. or Fairport Savings Bank. Because a majority of the outstanding shares of common stock of FSB Community Bankshares, Inc. must be owned by FSB Community Bankshares, MHC, any acquisition of FSB Community Bankshares, Inc. must be approved by FSB Community Bankshares, MHC, and FSB Community Bankshares, MHC would not be required to pursue or approve a sale of FSB Community Bankshares, Inc. even if such a sale were favored by a majority of FSB Community Bankshares, Inc.’s public shareholders.

Possible Conversion of FSB Community Bankshares, MHC to Stock Form

In the future, FSB Community Bankshares, MHC may convert from the mutual to capital stock form of organization in a transaction commonly known as a “second-step conversion.” In a second-step conversion, eligible depositors and borrowers of Fairport Savings Bank would have subscription rights to purchase shares of common stock of FSB Community Bankshares, Inc. or its successor, and our public shareholders would be entitled to exchange their shares of common stock for an equal percentage of shares of the stock holding company resulting from the conversion. This percentage may be adjusted to reflect any assets owned by FSB Community Bankshares, MHC.

Our board of directors has no current plan to undertake a second-step conversion transaction. Any second-step conversion transaction would require the approval of our shareholders, including, under current regulations of the OTS, the approval of a majority of the shareholders other than FSB Community Bankshares, MHC, and depositor and borrower members of FSB Community Bankshares, MHC.

Proposed Stock Orders by Management

Our directors and executive officers and their associates are expected to subscribe for approximately 29,500 shares of common stock in the stock offering, which represents 3.0% of the shares to be sold to the public and 1.4% of the total shares to be outstanding after the stock offering at the midpoint of the offering range. Directors and executive officers will pay the same $10.00 per share price paid by all other persons who purchase shares in the stock offering. These shares will be counted in determining whether the minimum of the range of the stock offering is reached.

How You May Obtain Additional Information Regarding the Stock Offering

If you have any questions regarding the stock offering, please call the Stock Information Center at (_______) _______-___________, Monday through Friday between 10:00 a.m. and 4:00 p.m., Eastern time.

RISK FACTORS

You should consider carefully the following risk factors in evaluating an investment in our shares of common stock.

Risks Related to Our Business

Higher Costs Of Operations And Lower Interest Rate Margins Have Reduced Our Profitability. If These Conditions Continue, We May Not Be Able To Earn A Profit Following Completion Of The Stock Offering.

We had a net loss of $135,000 for the three months ended March 31, 2007 and we may continue to have net losses during the periods immediately following completion of the stock offering. Our net loss was primarily attributable to a decrease in our net interest income as a result of a reduction of our net interest rate spread and margin and an increase in our non-interest expense. We do not expect our non-interest expense to decrease significantly in the near term due to ongoing costs associated with our recently opened Irondequoit branch. Additionally, we expect our cost of funds to increase during the second quarter of 2007, as we have $13.9 million of certificates of deposit at March 31, 2007 that are scheduled to mature during the three months ended June 30, 2007 that, based on current market rates, could reprice at higher rates. If long-term interest rates do not increase in the future to alleviate the reduction in our net interest rate spread and margin that we are experiencing, we may not be able to achieve profitability from our core operations in the near term.

Our Lending Activities And Pricing Strategies For Loans And Deposits Provide Us Lower Rates Of Return Than Financial Institutions That Originate More Commercial Loans Or Who Are Less Aggressive In Pricing Loan And Deposit Products.

Our principal business consists of originating one- to four-family residential real estate mortgage loans and home equity lines of credit. As of December 31, 2006, these loans and lines of credit totaled $116.7 million, or 96.4% of our total loans as of that date.

Residential real estate loans generally have lower interest rates than commercial business loans and commercial real estate loans. As a result, we may generate lower interest rate spreads and rates of return compared to our competitors who originate more commercial loans, or who originate residential real estate loans at higher interest rates than we do or who offer deposit products with lower interest rates than we do. We believe that within our market area we price our loan and deposit products more aggressively than many of our competitors. For the year ended December 31, 2006, our return on average equity (net income divided by average equity) was 1.69%, compared to a median return on average equity of 3.66% for a peer group of publicly traded savings institutions. In addition, our interest rate spread and net interest margin were 2.21% and 2.57%, respectively, compared to a median of 3.03% and 2.97%, respectively, for a peer group of publicly traded savings institutions during that time period. Each of these factors may reduce the value of our shares of common stock.

The Current Interest Rate Environment Has Had and Will Have An Adverse Effect On Our Net Interest Income.

Our net income largely depends on our net interest income, which may be negatively affected by changes in interest rates. Net interest income is the difference between:

- the interest income we earn on our interest-earning assets, such as loans and securities; and
- the interest we pay on our interest-bearing liabilities, such as deposits and borrowings.

We primarily originate fixed-rate mortgage loans with terms of up to 30 years. Consequently, a substantial percentage of our interest-earning assets have longer maturities than our interest-bearing liabilities which consist primarily of certificates of deposit. As a result, our net interest income is adversely affected if the average cost of our interest-bearing liabilities increases more rapidly than the average yield on our interest-earning assets.

Long-term interest rates are normally higher than short-term interest rates. An “inverted yield curve” occurs when short-term interest rates are higher than long-term interest rates.

The current inverted yield curve interest rate environment has had a negative impact on our net interest rate spread and net interest margin resulting in lower net interest income. A continuation of an inverted yield curve will continue to reduce our profitability. Our net interest rate spread decreased to 2.21% for the year ended December 31, 2006 from 2.68% for the year ended December 31, 2005, and our net interest margin decreased to 2.57% for the year ended December 31, 2006 from 3.01% for the year ended December 31, 2005. During 2006, our net interest income was less than our non-interest expense. For the quarter ended December 31, 2006, our net interest rate spread and net interest margin were 1.98% and 2.38%, respectively. We expect our net interest rate spread and net interest margin will continue to shrink in the current interest rate environment, which will have a negative effect on our profitability in 2007. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Strategy—Managing Our Interest Rate Risk” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Management of Market Risk.”

Our Operating Expenses are High as a Percentage of our Net Interest Income, Making It More Difficult to Maintain Profitability.

Like many smaller financial institutions, our non-interest expense, which consists primarily of the costs associated with operating our business, represents a high percentage of the income we generate. The cost of generating our income is measured by our efficiency ratio, which represents non-interest expense divided by the sum of our net interest income and our non-interest income. The lower our efficiency ratio, the more effective our ability to generate income from our operations. For the years ended December 31, 2006 and 2005, our efficiency ratios were 91.5% and 82.9%, respectively. Generally, this means that we spent 91.5 cents and 82.9 cents during 2006 and 2005 to generate $1.00 of income. As a result of becoming a public company and implementing stock benefit plans, our efficiency ratio will be adversely affected. Additionally, the expense of operating our new Irondequoit branch will increase our operating expense and thereby adversely affect our efficiency ratio. We anticipate that the net proceeds from the stock offering will allow us to increase our interest earning assets (such as loans and investments) and our interest income, which should improve our efficiency ratio.

Our Growth Strategy Will Increase Our Expenses and May Not Be Successful.

Following the completion of the stock offering, we may attempt to increase the size of our franchise by establishing one or more new branch offices, although we have made no specific commitments to do so as of this date. Building branch offices and hiring new employees to staff these offices would significantly increase our non-interest expense. Moreover, new branch offices are generally unprofitable for a number of years until they generate sufficient levels of deposit and loan growth to offset their cost of operations. For all these reasons, our branching strategy may have an adverse effect on our earnings.

The Federal Deposit Insurance Corporation has Issued New Rules that Will Increase Our Deposit Insurance Assessments and Reduce Our Net Income.

Under prior rules, the Federal Deposit Insurance Corporation did not assess deposit insurance premiums on financial institutions, such as Fairport Savings Bank, that were, among other criteria, well-capitalized. On November 2, 2006, the Federal Deposit Insurance Corporation adopted final regulations that assess deposit insurance premiums based on risk. As a result, the new regulation will enable the Federal Deposit Insurance Corporation to more closely tie each financial institution’s deposit insurance premiums to the risk it poses to the deposit insurance fund. Under the new rules, the Federal Deposit Insurance Corporation will evaluate the risk of each financial institution based on its supervisory rating and its financial ratios, or its long-term debt issuer rating. The new rates for nearly all financial institutions will vary between five and seven cents for every $100 of domestic deposits. If this rule were in effect during 2006, we would have paid an annual deposit insurance assessment to the Federal Deposit Insurance Corporation of approximately $59,000, which would have reduced our pre-tax net income by that amount.

Because Most of Our Borrowers are Located in the Rochester, New York Metropolitan Area, a Downturn in the Local Economy or a Decline in Local Real Estate Values Could Cause an Increase in Nonperforming Loans, Which Could Reduce Our Profits.

Substantially all of the loans in our loan portfolio are secured by real estate located in our primary market area. Therefore, to a large extent, our success will reflect general economic conditions in the Rochester, New York area. Negative conditions in the local economy or in the real estate markets where collateral for our mortgage loans are located could adversely affect the ability of our borrowers to repay their loans and the value of the collateral securing the loans. Real estate values are affected by various factors, including supply and demand, changes in general or regional economic conditions, interest rates, governmental rules or policies and natural disasters.

The Stock Offering Will Reduce Our Return on Average Equity.

Following the stock offering and after giving effect to the stock-based benefit plans that we expect to implement after the stock offering, we expect our consolidated equity to increase from $13.9 million to between $20.4 million at the minimum of the offering range and $24.4 million at the adjusted maximum of the offering range. Even though our equity will increase as a result of the stock offering, we expect that our return on equity will decrease since we do not expect that we will be able to reinvest and leverage the net proceeds of the stock offering immediately following completion of the stock offering. If our return on equity remains below the industry average following the offering, this may reduce the value of our common stock. Our return on equity will be further reduced by the higher expenses of being a public company and added expenses associated with our employee stock ownership plan.

Strong Competition Within Our Market Areas May Limit Our Growth and Profitability.

Competition in the banking and financial services industry is intense. In our market areas, we compete with commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, money market funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Some of our competitors have greater name recognition and market presence that benefit them in attracting business, and offer certain services that we do not or cannot provide. In addition, larger competitors may be able to price loans and deposits more aggressively than we do. Our profitability depends upon our continued ability to successfully compete in our market areas. For additional information see “Business of Fairport Savings Bank—Competition.”

If Our Allowance for Loan Losses is Not Sufficient to Cover Actual Loan Losses, Our Earnings Will Decrease.

We make various assumptions and judgments about the collectibility of our loan portfolio, including the creditworthiness of our borrowers and the value of any real estate and other assets serving as collateral for the repayment of our loans. In determining the amount of the allowance for loan losses, we review our loans and our loss and delinquency experience, and we evaluate economic conditions. If our assumptions are incorrect, our allowance for loan losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in additions to our allowance. Our allowance for loan losses was 0.27% of total loans and 188.3% of non-performing loans at December 31, 2006, each of which is lower than the average for our peer group of financial institutions. Material additions to our allowance could materially decrease our net income.

In addition, bank regulators periodically review our allowance for loan losses and may require us to increase our provision for loan losses or recognize additional loan charge-offs. Any increase in our allowance for loan losses or loan charge-offs as required by these regulatory authorities may have a material adverse effect on our financial condition and results of operations.

Risks Related to the Stock Offering

The Future Price of the Shares of Our Common Stock May Be Less Than the Purchase Price in the Stock Offering.

We cannot assure you that if you purchase shares of common stock in the stock offering you will later be able to sell them at or above the purchase price. The purchase price in the stock offering is determined by an independent, third-party appraisal, pursuant to federal banking regulations and subject to review and approval by the Office of Thrift Supervision as part of that agency's review and approval of our application to conduct the stock offering. The appraisal is not intended, and should not be construed, as a recommendation of any kind as to the advisability of purchasing shares of our common stock. In recent years, the final independent valuation as approved by the Office of Thrift Supervision typically has been at the adjusted maximum of the offering range as long as total subscriptions have exceed the adjusted maximum of the offering range. However, the adjusted maximum of the offering range is approximately 32% higher than the fair market value of a company as determined by the independent appraisal. Accordingly, our aggregate pro forma market value as reflected in the final independent appraisal may exceed the market price of our shares of common stock after the completion of the offering. After completion of the stock offering, buyers and sellers in the marketplace will determine the price of the common stock, which may result in our stock trading below the initial offering price of $10.00 per share.

Based on market trading data, two of the fifteen mutual holding company initial public offerings that initiated trading between January 1, 2006 and February 23, 2007 traded below their initial offering price.

There Will Be a Limited Trading Market in Our Shares of Common Stock, Which Will Hinder Your Ability to Sell Our Shares of Common Stock and May Adversely Affect the Market Price of the Stock.

We expect that our common stock will be quoted on the OTC Bulletin Board. It is highly unlikely that an active and liquid trading market in shares of our common stock will develop due to the small size of the offering. Persons purchasing shares may not be able to sell their shares when they desire if a liquid trading market does not develop or sell them at a price equal to or above the initial purchase price of $10.00 per share even if a liquid trading market develops. This limited trading market for our common stock may reduce the market value of our common stock and make it difficult to buy or sell our shares on short notice. For additional information see "Market for the Common Stock."

We Will Need to Implement Additional Finance and Accounting Systems, Procedures and Controls in Order to Satisfy Our New Public Company Reporting Requirements, Which Will Increase our Operating Expenses.

Upon completion of the stock offering, we will become a public reporting company. Federal securities laws and regulations require that we file annual, quarterly and current reports with the Securities and Exchange Commission and that we maintain effective disclosure controls and procedures and internal control over financial reporting. We expect that the obligations of being a public company, including substantial public reporting obligations, will require significant expenditures and place additional demands on our management team. These obligations will increase our operating expenses and could divert our management's attention from our operations. In addition, compliance with the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the Securities and Exchange Commission will require us to certify as to the adequacy of our internal controls and procedures, which may require us to upgrade our accounting systems, which would also increase our operating costs.

Our Stock-Based Benefit Plans Will Increase Our Costs, Which Will Reduce Our Income.

We have established an employee stock ownership plan in connection with the stock offering, and we intend to implement one or more stock-based benefit plans that will provide for grants of stock options and shares of common stock. In addition, as discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and based on certain assumptions discussed therein, we estimate the annual expense associated with the grant of shares of common stock and stock options under the stock-based benefit plan would be approximately $109,000 and $104,000, respectively, on a pre-tax basis, assuming the adjusted maximum number of shares is sold in the stock offering.

We anticipate that our employee stock ownership plan will borrow funds from FSB Community Bankshares, Inc. to purchase 3.92% of our outstanding shares of common stock immediately following the stock offering. Only employees, including our officers, are eligible to participate in the employee stock ownership plan. The cost of acquiring the shares of common stock for the employee stock ownership plan will be between $700,000 at the minimum of the offering range and $1.1 million at the adjusted maximum of the offering range. We will record an annual employee stock ownership plan expense in an amount equal to the fair value of shares of common stock committed to be released to employees as a result of repayment of the loan. As a result, if our common stock appreciates in value over time, compensation expense relating to the employee stock ownership plan will increase.

We also intend to adopt a stock-based benefit plan after the stock offering that would award participants shares of our common stock (at no cost to them) and/or options to purchase shares of our common stock. Our directors, officers and employees will be eligible to receive awards under this plan. Under current Office of Thrift Supervision regulations, we may grant shares of common stock or stock options under one or more stock-based benefit plans for up to 1.96% and 4.90%, respectively, of our total outstanding shares, provided such grants do not exceed 25% of the shares held by persons other than FSB Community Bankshares, MHC. Proposed Office of Thrift Supervision regulations would clarify that the amount of stock options and stock awards available for grant under such stock-based benefit plans may be greater than these amounts, provided shares used to fund the stock-based benefit plans in excess of these amounts are obtained through stock repurchases, which would further increase our costs.

The shares of common stock granted under the stock-based benefit plan will be expensed by us over their vesting period at the fair market value of the shares on the date they are awarded. As discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and based on certain assumptions discussed therein, we estimate this annual expense would be approximately $109,000 on a pre-tax basis, assuming the adjusted maximum number of shares is sold in the stock offering. If the shares of common stock to be granted under the stock-based benefit plan are repurchased in the open market (rather than issued directly from authorized but unissued shares by FSB Community Bankshares, Inc.) and cost the same as the purchase price in the stock offering, the reduction to shareholders' equity due to the plan would be between $400,000 at the minimum of the offering range and $500,000 at the adjusted maximum of the offering range. To the extent we repurchase shares of common stock in the open market to fund the grants of shares under the plan, and the price of such shares exceeds the offering price of $10.00 per share, the reduction to shareholders' equity would exceed the range described above. Conversely, to the extent the price of such shares is below the offering price of $10.00 per share, the reduction to shareholders' equity would be less than the range described above.

Public companies must expense the grant-date fair value of stock options. In addition, public companies must revalue their estimated compensation costs at each subsequent reporting period and may be required to recognize additional compensation expense at these dates. When we record an expense for the grant of options and other stock awards using the fair value method as described in the applicable accounting rules, we will incur significant compensation and benefits expense.

Proposed Office of Thrift Supervision Regulations May Permit Us to Adopt Stock-Based Benefit Plans that Exceed Limits Applicable Under Current Regulations, and May Permit us to Approve Stock Benefit Plans Without a Separate Vote of Minority Shareholders.

The Office of Thrift Supervision has proposed amendments to its existing regulations regarding stock-based benefit plans that are intended to clarify or simplify such regulations. Specifically, the amendments would clarify that we may grant options and award shares of common stock under one or more stock-based benefit plans in excess of 4.90% and 1.96%, respectively, of our total outstanding shares if the stock-based benefit plans are adopted more than one year following the stock offering, provided shares used to fund the plans in excess of these amounts are obtained through stock repurchases. The proposed amendments would also require that, if the stock-based benefit plans are adopted less than one year following the stock offering, the stock-based benefit plans must be approved by a majority of the votes of FSB Community Bankshares, Inc. shareholders, excluding votes eligible to be cast by FSB Community Bankshares, MHC. Under the proposed amendments, there would be no separate vote required of minority shareholders if the stock-based benefit plans are adopted more than one year following the stock offering. The proposed amendments would further provide that the restrictions set forth above regarding the amount of individual and group awards, and restrictions on accelerated vesting of awards, would not apply if the stock-based benefit plans are adopted more than one year following the stock offering.

In the event the Office of Thrift Supervision adopts these regulations as proposed, or otherwise changes its existing regulations or policies, we may implement stock-based benefit plans that exceed the current limits applicable to the overall size of such plans and individual awards thereunder, and otherwise grant awards with terms that are different than those required by current Office of Thrift Supervision regulations and policy. Implementing stock-based benefit plans that exceed current limits could result in expense that exceeds the amounts estimated in "—Our Stock-Based Benefit Plans Will Increase Our Costs, Which Will Reduce Our Income. Our Directors, Officers and Employees are Eligible to Participate in These Stock-Based Benefit Plans.'However, until we implement our stock-based benefit-plans, and until the proposed Office of Thrift Supervision regulations are adopted in final form, we cannot estimate the costs of stock-based benefit plans that we may adopt in the future.

Moreover, to the extent that any new regulations or policies contain a more flexible voting standard for shareholder approval than that currently required, we intend to use the more flexible voting standard, which could result in the vote of FSB Community Bankshares, MHC controlling the outcome of a shareholder vote on stock-based benefit plans.

The Implementation of Stock-Based Benefit Plans May Dilute Your Ownership Interest.

We intend to adopt a stock-based benefit plan following the stock offering. This stock-based benefit plan will be funded through either open market purchases of common stock, or from the issuance of authorized but unissued shares of common stock. Shareholders would experience a reduction in ownership interest (including shares held by FSB Community Bankshares, MHC) totaling 6.4% in the event newly issued shares are used to fund stock options or awards of common stock under the plan in an amount equal to 4.90% and 1.96%, respectively, of our total outstanding shares, including shares issued to FSB Community Bankshares, MHC.

The Office of Thrift Supervision has proposed amendments to its existing regulations regarding stock-based benefit plans that would permit us to grant options and award shares of common stock under one or more stock-based benefit plans in excess of 4.90% and 1.96%, respectively, of our total outstanding shares if the stock-based benefit plans are adopted more than one year following the stock offering, provided shares used to fund the plans in excess of these amounts are obtained through stock repurchases.

We Have Broad Discretion in Using the Proceeds of the Stock Offering. Our Failure to Effectively Use Such Proceeds May Reduce Our Net Income.

We will use a portion of the net proceeds to finance the purchase of shares of common stock in the stock offering by the employee stock ownership plan and may use the remaining net proceeds to pay dividends to shareholders, repurchase shares of common stock, purchase investment securities, deposit funds in Fairport Savings Bank, acquire other financial services companies and financial institutions or for other general corporate purposes. Fairport Savings Bank may use the proceeds it receives to fund new loans, establish or acquire new branches, purchase investment securities, or for general corporate purposes. We have not, however, identified specific amounts of proceeds for any of these purposes and we will have significant flexibility in determining the amount of net proceeds we apply to different uses and the timing of such applications. Our failure to utilize these funds effectively could reduce our profitability. We have not established a timetable for the deployment of the proceeds and we cannot predict how long it will take to effectively deploy the proceeds.

Persons Who Purchase Stock in the Stock Offering Will Own a Minority of Our Shares of Common Stock and Will Not Be Able to Exercise Voting Control Over Most Matters Put to a Vote of Shareholders.

Public shareholders will own a minority of the outstanding shares of our common stock. As a result, FSB Community Bankshares, MHC will own a majority of our outstanding shares of common stock after the stock offering and, through its board of directors, will be able to exercise voting control over most matters put to a vote of shareholders. However, under current OTS regulations minority shareholders must approve by a separate vote certain stock benefit plans implemented within one year of completion of a minority stock offering and must approve a “second-step conversion.” If a rule currently proposed by the Office of Thrift Supervision is adopted in its current form, this voting control will extend to stock-based benefit plans presented to shareholders for approval more than one year following completion of the stock offering. The same directors and certain officers who manage FSB Community Bankshares, Inc. and Fairport Savings Bank also manage FSB Community Bankshares, MHC. In addition, FSB Community Bankshares, MHC may exercise its voting control to prevent a sale or merger transaction in which shareholders could receive a premium for their shares.

Our Stock Value May be Affected Negatively by Federal Regulations Restricting Takeovers and Our Mutual Holding Company Structure.

The Mutual Holding Company Structure Will Impede Takeovers. FSB Community Bankshares, MHC, as our majority shareholder, will be able to control the outcome of virtually all matters presented to our shareholders for their approval, including a proposal to acquire us. Accordingly, FSB Community Bankshares, MHC may prevent the sale of control or merger of FSB Community Bankshares, Inc. or its subsidiaries even if such a transaction were favored by a majority of the public shareholders of FSB Community Bankshares, Inc.

Federal Regulations Restricting Takeovers. For three years following the stock offering, Office of Thrift Supervision regulations prohibit any person from acquiring or offering to acquire more than 10% of our common stock without the prior written approval of the Office of Thrift Supervision. Moreover, current Office of Thrift Supervision policy prohibits the acquisition of a mutual holding company subsidiary by any person or entity other than a mutual holding company or a mutual institution. See “Restrictions on the Acquisition of FSB Community Bankshares, Inc. and Fairport Savings Bank” for a discussion of applicable Office of Thrift Supervision regulations regarding acquisitions.

The Corporate Governance Provisions in our Charter and Bylaws May Prevent or Impede the Holders of a Minority of Our Common Stock From Obtaining Representation on Our Board of Directors.

Provisions in our charter and bylaws may prevent or impede holders of a minority of our shares of common stock from obtaining representation on our board of directors. For example, our charter provides that there will not be cumulative voting by shareholders for the election of our directors. This means that FSB Community Bankshares, MHC, as the holder of a majority of the shares eligible to be voted at a meeting of shareholders, may elect all of the directors to be elected at that meeting. In addition, our board of directors is divided into three staggered classes. A classified board makes it more difficult for shareholders to change a majority of the directors because it generally takes at least two annual elections of directors for this to occur. Our bylaws contain procedures and timetables for shareholders that wish to make nominations for the election of directors or propose new business at a meeting of shareholders, the effect of which may be to give our management time to solicit their own proxies to defeat any dissident slate of nominees. All of these provisions may prevent the sale of control or merger of FSB Community Bankshares, Inc., even if such transaction is favored by a majority of our public shareholders.

Office of Thrift Supervision Policy on Remutualization Transactions Could Prohibit the Acquisition of FSB Community Bankshares, Inc., Which May Lower Our Stock Price.

Current Office of Thrift Supervision regulations permit a mutual holding company subsidiary to be acquired by a mutual institution or a mutual holding company in a so-called “remutualization” transaction. The possibility of a remutualization transaction and the successful completion of a small number of remutualization transactions where significant premiums have been paid to minority shareholders has resulted in some takeover speculation for mutual holding companies, which may be reflected in the per share price of mutual holding companies’ common stock. However, the Office of Thrift Supervision has issued a policy statement indicating that it views remutualization transactions as raising significant issues concerning disparate treatment of minority shareholders and the mutual interests of the mutual holding company and the effect on the mutual interests of the acquiring entity. Under certain circumstances, the Office of Thrift Supervision intends to give these issues special scrutiny and to reject applications to complete remutualization transactions unless the applicant clearly demonstrates that the Office of Thrift Supervision’s concerns are not warranted in the particular case. Should the Office of Thrift Supervision prohibit or otherwise restrict these transactions in the future, our stock price may be adversely affected.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The summary information presented below at or for the years ended December 31, 2006 and 2005 is derived in part from our consolidated financial statements. The following information is only a summary, and should be read in conjunction with our consolidated financial statements and notes beginning on page F-1 of this prospectus.

	At December 31, 2006	At December 31, 2005
	(In thousands)	
Selected Financial Condition Data:		
Total assets	$ 152,823	$ 143,113
Cash and cash equivalents	2,182	4,669
Securities available for sale	604	576
Securities held to maturity	24,191	25,651
Loans, net	121,137	108,435
Deposits	108,580	106,800
Federal Home Loan Bank advances	28,024	20,658
Stockholder’s equity	13,870	13,618

	For the Years Ended December 31, 2006	For the Years Ended December 31, 2005
	(In thousands)	
Selected Data:		
Interest and dividend income	$ 8,093	$ 6,816
Interest expense	4,421	2,978
Net interest income	3,672	3,838
Provision for loan losses	—	26
Net interest income after provision for loan losses	3,672	3,812
Non-interest income	360	319
Non-interest expense	3,688	3,448
Income before income tax expense	344	683
Income tax expense	111	226
Net income	$ 233	$ 457

	At or For the Years Ended December 31, 2006	2005
Selected Financial Ratios and Other Data:		
Performance Ratios:		
Return on average assets	0.16%	0.35%
Return on average equity	1.69%	3.41%
Interest rate spread (1)	2.21%	2.68%
Net interest margin (2)	2.57%	3.01%
Efficiency ratio (3)	91.5%	82.9%
Non-interest income to average total assets	0.24%	0.24%
Non-interest expense to average total assets	2.50%	2.62%
Average interest-earning assets to average interest-bearing liabilities	1.12%	1.14%
Asset Quality Ratios:		
Non-performing assets as a percent of total assets	0.11%	0.21%
Non-performing loans as a percent of total loans	0.14%	0.06%
Allowance for loan losses as a percent of non-performing loans	188.30%	472.86%
Allowance for loan losses as a percent of total loans	0.27%	0.30%
Capital Ratios:		
Total risk-based capital (to risk-weighted assets)	19.40%	19.95%
Tier 1 leverage (core) capital (to adjusted tangible assets)	8.88%	9.32%
Tangible capital (to tangible assets)	8.88%	9.32%
Tier 1 risk-based capital (to risk-weighted assets)	18.94%	19.46%
Average equity to average total assets	9.32%	10.20%
Other Data:		
Number of full service offices(4)	2	2

(1)

Represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the year.

(2) The net interest margin represents net interest income as a percent of average interest-earning assets for the year.

(3) The efficiency ratio represents non-interest expense divided by the sum of net interest income and non-interest income.

(4) In January 2007, a third branch office was opened in Irondequoit, New York.

RECENT DEVELOPMENTS

The following tables set forth selected consolidated historical financial and other data of FSB Community Bankshares, Inc. at the dates and for the periods indicated. The following information is only a summary, and should be read in conjunction with our consolidated financial statements and notes beginning on page F-1 of this prospectus. The information at December 31, 2006 is derived in part from our audited consolidated financial statements that appear in this prospectus. The information at March 31, 2007 and for the three months ended March 31, 2007 and 2006 is unaudited. However, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial condition and results of operations for the unaudited periods, have been made. The selected operating data presented below for the three months ended March 31, 2007, are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

	At March 31, 2007	At December 31, 2006
	(In thousands)	
Selected Financial Condition Data:		
Total assets	$ 151,135	$ 152,823
Cash and cash equivalents	3,490	2,182
Securities available for sale	529	604
Securities held to maturity	22,504	24,191
Loans, net	119,564	121,137
Deposits	114,219	108,580
Federal Home Loan Bank advances	21,642	28,024
Stockholder’s equity	13,685	13,870

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Selected Operating Data:		
Interest and dividend income	$ 2,094	$ 1,921
Interest expense	1,253	962
Net interest income	841	959
Provision for loan losses		
Net interest income after provision for loan losses	841	959
Non-interest income	81	68
Non-interest expense	1,132	922
(Loss) income before income tax expense	(210)	105
Income tax expense (benefit)	(75)	38
Net (loss) income	$ (135)	$ 67

	At or For the Three Months Ended March 31, 2007	2006
Selected Financial Ratios and Other Data:		
Performance Ratios:*		
Return on average assets	(0.36)%	0.19%
Return on average equity	(3.92)%	1.96%
Interest rate spread (1)	1.93%	2.39%
Net interest margin (2)	2.30%	2.76%
Efficiency ratio (3)	122.8%	89.8%
Non-interest income to average total assets	0.21%	0.19%
Non-interest expense to average total assets	3.00%	2.59%
Average interest-earning assets to average interest-bearing liabilities	1.11%	1.13%
Asset Quality Ratios:		
Non-performing assets as a percent of total assets	0.03%	0.03%
Non-performing loans as a percent of total loans	0.04%	0.04%
Allowance for loan losses as a percent of non-performing loans	700%	827.50%
Allowance for loan losses as a percent of total loans	0.27%	0.30%
Capital Ratios:		
Total risk-based capital (to risk-weighted assets)	19.33%	19.79%
Tier 1 leverage (core) capital (to adjusted tangible assets)	8.87%	9.34%
Tangible capital (to tangible assets)	8.87%	9.34%
Tier 1 risk-based capital (to risk-weighted assets)	18.88%	19.31%
Average equity to average total assets	9.14%	9.58%
Other Data:		
Number of full service offices	3	2

* Ratios have been annualized where appropriate.

(1) Represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.

(2) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.

(3) The efficiency ratio represents non-interest expense divided by the sum of net interest income and non-interest income.

Comparison of Financial Condition at March 31, 2007 and December 31, 2006

Total Assets.

Total assets decreased by $1.7 million, or 1.1% to $151.1 million at March 31, 2007 from $152.8 million at December 31, 2006. The decrease in total assets reflects decreases in the investment securities and loan portfolios as we used proceeds from maturing investment securities to pay down Federal Home Loan Bank borrowings and loan origination activity slowed. The decreases in the loan and investment portfolios were partially offset by a $1.3 million increase in cash and cash equivalents as we increased liquidity to mitigate interest rate risk and take advantage of attractive short-term yields.

Loans receivable decreased by $1.5 million, or 1.2%, to $119.6 million at March 31, 2007 from $121.1 million at December 31, 2006. The decrease in loans receivable was the result of loan repayments exceeding loan originations, sales of three 30-year fixed-rate mortgage loans totaling $262,000, and to a lesser extent principal payments on our consumer loans, primarily home equity lines of credit.

Investment securities decreased by $1.8 million, or 7.3%, to $23.0 million at March 31, 2007 from $24.8 million at December 31, 2006. The decrease was primarily attributable to the maturity of $3.3 million of U.S. government agency securities, $436,000 principal payments received from mortgage-backed securities, and a $75,000 decrease in the fair value of securities classified as available for sale, partially offset by $2.0 million in purchases of U.S. government agency securities.

Deposits and Borrowings.

Deposits increased by $5.6 million, or 5.2%, to $114.2 million at March 31, 2007 from $108.6 million at December 31, 2007. Certificates of deposit, including IRAs, increased by $4.6 million, and transaction accounts, including checking, money market and savings accounts, increased by $976,000. All of the net deposit growth was attributable to the newly opened Irondequoit branch.

Borrowings decreased by $6.4 million, or 22.9%, to $21.6 million at March 31, 2007 from $28.0 million on December 31, 2006. We decreased our short-term Federal Home Loan Bank borrowings by $4.2 million and our long-term Federal Home Loan Bank borrowings by $2.2 million. These funding sources were replaced by deposits obtained following the opening of our Irondequoit branch. During the first quarter, we attracted approximately $5.9 million in nine-month certificates of deposit with our 5.5% rate promotion.

Stockholder’s Equity.

Total stockholder’s equity decreased by $185,000, or 1.3%, to $13.7 million at March 31, 2007 from $13.9 million at December 31, 2006. The decrease resulted from a net loss of $135,000 for the three months ended March 31, 2007, and a $50,000 decrease of accumulated other comprehensive income.

Comparison of Operating Results for the Three Months Ended March 31, 2007 and March 31, 2006

General.

FSB Community Bankshares, Inc. had a net loss of $135,000 for the three months ended March 31, 2007 compared to net income of $67,000 the three months ended March 31, 2006. The decrease was primarily attributable to a decrease in net interest income as a result of the decrease in our net interest margin in the current inverted yield curve environment, and an increase in our non-interest expense resulting primarily from the additional cost of salaries and benefits, occupancy and depreciation, and other operating expenses incurred in connection with the opening and operation of the Irondequoit branch.

Interest and Dividend Income.

Interest and dividend income increased by $173,000, or 9.1% to $2.1 million for the three months ended March 31, 2007 compared to $1.9 million for the three months ended March 31, 2006. Average interest-earning assets increased by $6.8 million, or 4.9%, to $146.1 million for the three months ended March 31, 2007 from $139.3 million for the three months ended March 31, 2006. The increase in interest and dividend income resulted primarily from a $199,000, or 12.4%, increase in interest income from loans, offset partially by a $26,000, or 8.0% decrease in interest income from investments. The yield on interest earning assets increased by 21 basis points to 5.73% for the three months ended March 31, 2007 compared to 5.52% for the three months ended March 31, 2006, reflecting modest increases in long term rates.

Interest Expense.

Interest expense increased $291,000, or 30.2%, to $1.3 million for the three months ended March 31, 2007 from $962,000 for the three months ended March 31, 2006. The increase in interest expense resulted from an increase in both the average balance and average cost of interest-bearing liabilities. The average balance of interest-bearing liabilities increased $ 8.7 million, or 7.1%, to $131.9 million for the three months ended March 31, 2007 compared to $123.2 million for the three months ended March 31, 2006. The average cost of interest-bearing liabilities increased by 67 basis points to 3.80% for the three months ended March 31, 2007 from 3.13% for the three months ended March 31, 2006. The average cost of deposit accounts increased by 68 basis points to 3.57% for the three months ended March 31, 2007 compared to 2.89% for the three months ended March 31, 2006. In addition, the average cost of FHLB advances increased by 52 basis points to 4.80% for the three months ended March 31, 2007 compared to 4.28% for the three months ended March 31, 2006. The increase in interest expense reflects a shift in funding from lower cost deposits and borrowings into higher cost certificates of deposit and borrowings as short term interest rates have increased significantly over the last 12 months.

Based upon current market rates, we expect our cost of funds to increase further in the second quarter of 2007 which will create additional pressure on our interest rate spread and our ability to be profitable from our operations. We have $13.9 million of certificates of deposit that will mature during the second quarter of 2007 with a weighted average cost of 4.1%. Based on current market rates, if these funds remain with Fairport Savings Bank with similar maturities, our cost of funds on these deposits would increase.

Net Interest Income.

Net interest income decreased $118,000, or 12.3%, to $841,000 for the three months ended March 31, 2007 from $959,000 for the three months ended March 31, 2006. The decrease in net interest income was due primarily to a 67 basis point increase in the average cost of our interest-bearing liabilities, while the average yield on our interest earning assets increased by only 21 basis points, as the inverted yield curve continued to decrease our net interest rate spread and margin. Our net interest margin decreased 46 basis points to 2.30% for the three months ended March 31, 2007 from 2.76% for the three months ended March 31, 2006.

Provision for Loan Losses.

Based on management’s evaluation of the factors that determine the level of the allowance for loan losses, we recorded no provision for loan losses for the three month periods ended March 31, 2007 and March 31, 2006. The allowance for loan losses as of March 31, 2007 was $322,000, or 0.27% of total loans, compared to $331,000, or 0.30% of total loans as of March 31, 2006. We had non-accrual loans totaling $46,000, or 0.04% of total loans receivable as of March 31, 2007 compared to $40,000, or 0.04%, of loans in non-accrual status as of March 31, 2006.

Non-interest Income.

Non-interest income increased $13,000, or 19.1%, to $81,000 for the three months ended March 31, 2007 compared to $68,000 for the three months ended March 31, 2006. The increase in non-interest income was primarily a result of an $8,000 increase in insufficient fund fees on checking accounts and $5,000 in network and point of sale interchange fees on customer debit cards.

Non-interest Expense.

Non-interest expense increased $210,000, or 22.8%, to $1.1 million for the three month period ended March 31, 2007 compared to $922,000 for the three month period ended March 31, 2006. The increase was a result of an additional $92,000 in salaries and benefits expense primarily due to annual cost of living raises effective January 1 of each year and staffing of the Irondequoit branch which opened on January 4, 2007, an increase of $40,000 in new occupancy expenses (primarily lease and depreciation of the Irondequoit branch), an increase of $68,000 in advertising and marketing expenses and direct mailing expense, and an increase of $10,000 in miscellaneous other expenses, all of which relate to the Irondequoit branch.

Income Tax Expense/Benefit.

Income tax expense/benefit decreased $113,000 to a $75,000 benefit for the three months ended March 31, 2007 compared to a $38,000 expense for the three months ended March 31, 2006. The effective tax rate was (35.7%) for the three months ended March 31, 2007 compared to 36.2% for the three months ended March 31, 2006.

FORWARD LOOKING STATEMENTS

This prospectus contains forward-looking statements, which can be identified by the use of such words as estimate, project, believe, intend, anticipate, plan, seek, expect and similar expressions. These forward-looking statements include:

- statements of our goals, intentions and expectations;
- statements regarding our business plans and prospects and growth and operating strategies;
- statements regarding the asset quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the following important factors that could affect the actual outcome of future events:

- significantly increased competition among depository and other financial institutions;
- inflation and changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instruments;
- general economic conditions, either nationally or in our market areas, that are worse than expected;
- adverse changes in the securities markets;
- legislative or regulatory changes that adversely affect our business;
- our ability to enter new markets successfully and take advantage of growth opportunities, and the possible short-term dilutive effect of potential acquisitions or *de novo* branches, if any;
- changes in consumer spending, borrowing and savings habits;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies and the Financial Accounting Standards Board;
- inability of third-party providers to perform their obligations to us; and
- changes in our organization, compensation and benefit plans.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. We discuss these and other uncertainties in “Risk Factors.”

HOW WE INTEND TO USE THE PROCEEDS FROM THE STOCK OFFERING

Although we will not be able to determine the amount of actual net proceeds we will receive from the sale of shares of common stock until the stock offering is completed, based upon the sale of our shares at $10 per share we anticipate that the net proceeds will be between $7.5 million and $10.5 million, or $12.2 million if the stock offering is increased.

We intend to distribute the net proceeds from the stock offering as follows:

	838,950 Shares at Minimum of Offering Range		987,000 Shares at Midpoint of Offering Range		1,135,050 Shares at Maximum of Offering Range		1,305,308 Shares at Adjusted Maximum of Offering Range (1)	
	Amount	Percent of Net Proceeds	Amount	Percent of Net Proceeds	Amount	Percent of Net Proceeds	Amount	Percent of Net Proceeds
	(Dollars in Thousands)							
Stock offering proceeds	$ 8,390	111.3%	$ 9,870	109.5%	$ 11,351	108.1%	$ 13,053	107.0%
Less:								
Stock offering expenses, excluding sales agent commissions and expenses	(645)	(8.5)	(645)	(7.2)	(645)	(6.1)	(645)	(5.3)
Sales agent commissions and expenses	(210)	(2.8)	(210)	(2.3)	(210)	(2.0)	(210)	(1.7)
Net stock offering proceeds	7,535	100.0%	9,015	100.0%	10,496	100.0%	12,198	100.0%
Less:								
Proceeds contributed to Fairport Savings Bank	(3,767)	(50.0)	(4,508)	(50.0)	(5,248)	(50.0)	(6,099)	(50.0)
Proceeds used for loan to employee stock ownership plan	(700)	(9.3)	(823)	(9.1)	(947)	(9.0)	(1,089)	(8.9)
Proceeds retained by FSB Community Bankshares, Inc.	$ 3,068	40.7%	$ 3,684	40.9%	$ 4,301	41.0%	$ 5,010	41.1%

(1) As adjusted to give effect to an increase in the number of shares of common stock outstanding after the stock offering which could occur due to an increase in the maximum of the independent valuation as a result of regulatory considerations, demand for the shares, or changes in market conditions or general economic conditions following the commencement of the stock offering.

The net proceeds may vary because total expenses relating to the stock offering may be more or less than our estimates. For example, our expenses would increase if a syndicated community offering were used to sell shares of common stock not purchased in the subscription offering and any community offering. Payments for shares made through withdrawals from existing deposit accounts will not result in the receipt of new funds for investment but will result in a reduction of Fairport Savings Bank’s deposits. In all instances, Fairport Savings Bank will receive at least 50% of the net proceeds of the stock offering. We intend to contribute more than 50% of the net proceeds from the stock offering to Fairport Savings Bank to the extent that such additional capital would be required in order for Fairport Savings Bank to have at least 10% tangible capital immediately following completion of the stock offering.

We are undertaking the stock offering at this time in order to increase our capital and have the capital resources available to expand our business. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Strategy.” The stock offering proceeds will increase our capital resources and the amount of funds available to us for lending and investment purposes. The proceeds will also give us greater flexibility to expand our branch network and expand the products and services we offer to our customers.

FSB Community Bankshares, Inc. may use the proceeds it retains from the stock offering:

- to finance the purchase of shares of common stock in the stock offering by the employee stock ownership plan;
- to invest in securities;
- to deposit funds in Fairport Savings Bank;
- to repurchase its shares of common stock;
- to pay dividends to our shareholders;
- to finance acquisitions of financial institutions or branches and other financial services businesses, although no material transactions are being considered at this time; and
- for general corporate purposes.

Under current Office of Thrift Supervision regulations, we may not repurchase shares of our common stock during the first year following the stock offering, except to fund equity benefit plans other than stock options or except when extraordinary circumstances exist and with prior regulatory approval.

Fairport Savings Bank intends to invest the proceeds it receives from the stock offering initially in short-term, liquid investments. Over time, Fairport Savings Bank may use the proceeds that it receives from the stock offering as follows:

- to expand its retail banking franchise by establishing *de novo* branches, by acquiring existing branches, or by acquiring other financial institutions or other financial services companies, although no material acquisitions are specifically being considered at this time. The Bank will attempt to open one or two new branches in the next three years, depending on market conditions and as opportunities present themselves;
- to fund new loans;
- to support new products and services;
- to invest in securities; and
- for general corporate purposes.

The use of the proceeds outlined above may change, based on changes in interest rates, equity markets, laws and regulations affecting the financial services industry, our relative position in the financial services industry, the attractiveness of potential acquisitions to expand our operations, and overall market conditions. We expect our return on equity to decrease as compared to our performance in recent years until we are able to utilize effectively the additional capital raised in the stock offering. Until we can increase our net interest income and non-interest income, we expect our return on equity to be below the industry average, which may negatively affect the value of our common stock. See “Risk Factors.”

OUR POLICY REGARDING DIVIDENDS

Following completion of the stock offering, our board of directors will have the authority to declare dividends on our common stock, subject to statutory and regulatory requirements. Our board of directors currently does not intend to make a dividend payment following completion of the stock offering. Future dividend payments will depend upon a number of factors, including capital requirements, our consolidated financial condition and results of operations, tax considerations, statutory and regulatory limitations and general economic conditions. No assurances can be given that any dividends will be paid or that, if paid, such dividends will not be reduced or eliminated in the future. Special cash dividends, stock dividends or returns of capital, to the extent permitted by Office of Thrift Supervision policy and regulations, may be paid in addition to, or in lieu of, regular cash dividends. We will file a consolidated tax return with Fairport Savings Bank. Accordingly, it is anticipated that any cash distributions made by FSB Community Bankshares, Inc. to its shareholders would be treated as cash dividends and not as a non-taxable return of capital for federal and state tax purposes.

Pursuant to our charter, we are authorized to issue preferred stock. If we issue preferred stock, the holders thereof may have a priority over the holders of our shares of common stock with respect to the payment of dividends. For a further discussion concerning the payment of dividends on our shares of common stock, see “Description of Capital Stock of FSB Community Bankshares, Inc.—Common Stock—Distributions.” Dividends we can declare and pay will depend, in large part, upon the net proceeds of the stock offering we retain and, to a lesser extent, on the receipt of dividends from Fairport Savings Bank. Initially, we will have no additional sources of income to support dividend payments other than earnings from the investment of proceeds from the sale of shares of common stock, and interest payments received in connection with the loan to the employee stock ownership plan. A regulation of the Office of Thrift Supervision imposes limitations on “capital distributions” by savings institutions. See “Supervision and Regulation—Federal Banking Regulation—Capital Distributions.”

Any payment of dividends by Fairport Savings Bank to FSB Community Bankshares, Inc. that would be deemed to be drawn from Fairport Savings Bank’s bad debt reserves would require a payment of taxes at the then-current tax rate by Fairport Savings Bank on the amount of earnings deemed to be removed from the reserves for such distribution. Fairport Savings Bank does not intend to make any distribution to FSB Community Bankshares, Inc. that would create such a federal tax liability. See “Federal and State Taxation.”

Additionally, pursuant to Office of Thrift Supervision regulations, during the three-year period following the stock offering, we will not take any action to declare an extraordinary dividend to shareholders that would be treated by recipients as a tax-free return of capital for federal income tax purposes.

If we pay dividends to our shareholders, we also will be required to pay dividends to FSB Community Bankshares, MHC, unless FSB Community Bankshares, MHC elects to waive the receipt of dividends. We anticipate that FSB Community Bankshares, MHC will waive any dividends we pay. Any decision to waive dividends will be subject to regulatory approval. Under Office of Thrift Supervision regulations, public shareholders would not be diluted for any dividends waived by FSB Community Bankshares, MHC in the event FSB Community Bankshares, MHC converts to stock form. See “Supervision and Regulation—Holding Company Regulation.”

MARKET FOR THE COMMON STOCK

We have never issued common stock to the public, so there is no established market for the common stock. We anticipate that our shares of common stock will be quoted on the OTC Bulletin Board. In order for our common stock to be quoted on the OTC Bulletin Board, we must have at least one broker-dealer who will make a market in our common stock. Sandler O’Neill & Partners, L.P. has advised us that it intends to make a market in our common stock following the stock offering, but it is under no obligation to do so.

The development of an active trading market depends on the existence of willing buyers and sellers, the presence of which is not within our control, or that of any market maker. The number of active buyers and sellers of our common stock at any particular time may be limited. Under such circumstances, you could have difficulty selling your shares of common stock on short notice and, therefore, you should not view the purchase of our common stock as a short-term investment. We cannot assure you that an active trading market for the common stock will develop or that, if it develops, it will continue. Nor can we assure you that, if you purchase shares of our common stock, you will be able to sell them at or above $10.00 per share. We do not expect an active and liquid trading market to develop in our common stock due to the small size of the stock offering.

REGULATORY CAPITAL COMPLIANCE

At December 31, 2006, Fairport Savings Bank exceeded all regulatory capital requirements. The following table sets forth our compliance, as of December 31, 2006, with the regulatory capital standards, on a historical and pro forma basis, assuming that the indicated number of shares of common stock were sold as of such date at $10.00 per share, Fairport Savings Bank received 50% of the estimated net proceeds and 50% of the net proceeds were retained by FSB Community Bankshares, Inc. Accordingly, proceeds received by Fairport Savings Bank have been assumed to equal $3.8 million, $4.5 million, $5.2 million and $6.1 million at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively. For a discussion of the applicable capital requirements, see "Supervision and Regulation—Federal Banking Regulation—Capital Requirements."

			Pro Forma at December 31, 2006, Based Upon the Sale of							
	Historical at December 31, 2006		838,950 Shares at Minimum of Offering Range		987,000 Shares at Midpoint of Offering Range		1,135,050 Shares at Maximum of Offering Range		1,305,308 Shares at Adjusted Maximum of Offering Range (1)	
	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)
	(Dollars in Thousands)									
GAAP capital	$ 13,870	9.08%	$ 16,937	10.82%	$ 17,555	11.16%	$ 18,171	11.50%	$ 18,880	11.88%
Tangible capital:										
Tangible capital (3)(4)(7)	$ 13,515	8.88%	$ 16,582	10.64%	$ 17,200	10.98%	$ 17,816	11.32%	$ 18,525	11.71%
Requirement	2,282	1.50	2,339	1.50	2,350	1.50	2,361	1.50	2,374	1.50
Excess	$ 11,233	7.38%	$ 14,243	9.14%	$ 14,850	9.48%	$ 15,455	9.82%	$ 16,151	10.21%
Core capital:										
Core capital (3)(4)(7)	$ 13,515	8.88%	$ 16,582	10.64%	$ 17,200	10.98%	$ 17,816	11.32%	$ 18,525	11.71%
Requirement (5)	6,086	4.00	6,237	4.00	6,266	4.00	6,296	4.00	6,330	4.00
Excess	$ 7,429	4.88%	$ 10,345	6.64%	$ 10,934	6.98%	$ 11,520	7.32%	$ 12,195	7.71%
Tier I risk based capital:										
Tier I risk based capital (3)(4)(7)	$ 13,515	18.94%	$ 16,582	23.00%	$ 17,200	23.81%	$ 17,816	24.61%	$ 18,525	25.23%
Requirement (5)	2,854	4.00	2,884	4.00	2,890	4.00	2,896	4.00	2,902	4.00
Excess	$ 10,661	14.94%	$ 13,698	19.00%	$ 14,310	19.81%	$ 14,920	20.61%	$ 15,623	21.53%
Total risk-based capital:										
	$ 13,837	19.40%	$ 16,904	23.45%	$ 17,522	24.25%	$ 18,138	25.06%	$ 18,847	25.97%

Total risk-based capital (4)(6)(7)										
Requirement	5,708	8.00	5,767	8.00	5,779	8.00	5,791	8.00	5,805	8.00
Excess	$ 8,129	11.40%	$ 11,137	15.45%	$ 11,743	16.25%	$ 12,347	17.06%	$ 13,042	17.97%
Reconciliation of capital infused into Fairport Savings Bank:										
Net proceeds			$ 7,535		$ 9,015		$ 10,496		$ 12,198	
Less:										
Contra-account established for employee stock ownership plan			(700)		(823)		(947)		(1,089)	
Proceeds retained by FSB Community Bankshares, Inc.			$ (3,767)		$ (4,508)		$ (5,248)		$ (6,099)	
Pro forma increase in GAAP and regulatory capital			3,068		3,684		4,301		5,010	

(*footnotes on following page*)

(1) As adjusted to give effect to an increase in the number of shares of common stock outstanding after the stock offering which could occur due to an increase in the maximum of the independent valuation as a result of changes in market conditions following the commencement of the stock offering.

(2) Based on pre-stock offering GAAP assets of $152.8 million, adjusted total assets of $152.1 million for the purposes of the tangible and core capital requirements, and risk-weighted assets of $71.3 million for the purposes of the risk-based capital requirement.

(3) Tangible capital levels are shown as a percentage of tangible assets. Core capital levels are shown as a percentage of total adjusted assets. Total risk-based capital levels are shown as a percentage of risk-weighted assets.

(4) Pro forma capital levels assume that we fund the stock-based benefit plan at the holding company level with no impact to the financial statements of Fairport Savings Bank, and that the employee stock ownership plan purchases 3.92% of the shares of common stock to be outstanding immediately following the stock offering (including shares issued to FSB Community Bankshares, MHC) with funds we lend. Fairport Savings Bank's pro forma GAAP and regulatory capital have been reduced by the amount required to record a contra-equity account at the bank level to reflect the obligation to repay the loan to the employee stock ownership plan. See "Management" for a discussion of the employee stock ownership plan.

(5) The current core capital requirement for savings banks that receive the highest supervisory rating for safety and soundness is 3% of total adjusted assets and 4% to 5% of total adjusted assets for all other savings banks. See "Supervision and Regulation—Federal Banking Regulation—Standards for Safety and Soundness" and "—Capital Requirements," respectively.

(6) Assumes net proceeds are invested in assets that carry a 20% risk-weighting.

(7) Pro forma capital levels assume receipt by Fairport Savings Bank of 50% of the net proceeds from the sale of shares of common stock in the stock offering. We intend to contribute more than 50% of the net proceeds from the stock offering to Fairport Savings Bank to the extent that such additional capital would be required in order for Fairport Savings Bank to have at least 10% tangible capital immediately following completion of the stock offering.

CAPITALIZATION

The following table presents our historical consolidated capitalization at December 31, 2006, and our pro forma consolidated capitalization after giving effect to the stock offering, based upon the sale of the number of shares of common stock indicated in the table. The common stock acquired by the employee stock ownership plan in the stock offering and the common stock expected to be acquired by the stock-based benefit plan no earlier than six months after completion of the stock offering are reflected as reductions to pro forma shareholders' equity. Additionally, pro forma shareholders' equity has been reduced by estimated offering expenses of $800,000.

		Pro Forma Consolidated Capitalization Based Upon the Sale for $10.00 Per Share of			
	Historical Consolidated Capitalization	838,950 Shares at Minimum of Offering Range	987,000 Shares at Midpoint of Offering Range	1,135,050 Shares at Maximum of Offering Range	1,305,308 Shares at Adjusted Maximum of Offering Range (1)
	(Dollars in Thousands)				
Deposits (2)	$ 108,580	$ 108,580	$ 108,580	$ 108,580	$ 108,580
Federal Home Loan Bank advances (3)	28,024	28,024	28,024	28,024	28,024
Total deposits and borrowings	$ 138,424	$ 138,424	$ 138,424	$ 138,424	$ 138,424
Stockholder's equity:					
Preferred stock, 1,000,000 shares authorized; none to be issued	$	$	$	$	$
Common stock, $0.10 par value per share, 10,000,000 shares authorized; shares to be issued as reflected		179	210	242	278
Additional paid-in capital (4)	10	7,366	$ 8,815	$ 10,264	$ 11,930
Retained earnings	13,505	13,505	13,505	13,505	13,505
Common stock acquired by employee stock ownership plan (5)		(700)	(823)	(947)	(1,089)
Common stock acquired by stock-based benefit plan (6)		(350)	(412)	(473)	(544)
Accumulated other comprehensive income	355	355	355	355	355
Total shareholders' equity (7)	$ 13,870	$ 20,355	$ 21,650	$ 22,946	$ 24,435
Pro forma shares outstanding:					
Total shares outstanding (8)		1,785,000	2,100,000	2,415,000	2,777,250
Shares issued to FSB Community Bankshares, MHC (8)		946,050	1,113,000	1,279,950	1,471,942
Shares offered for sale		838,950	987,000	1,135,050	1,305,308

Total stockholders’ equity as a percentage of pro forma total assets	9.08%	12.78%	13.48%	14.17%	14.96%

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(1) As adjusted to give effect to an increase in the number of shares of common stock outstanding after the stock offering which could occur due to an increase in the maximum of the independent valuation as a result of changes in market conditions following the commencement of the stock offering.

(2) Does not reflect withdrawals from deposit accounts for the purchase of shares of common stock in the stock offering. Such withdrawals would reduce pro forma deposits by the amount of such withdrawals.

(3) Includes securities sold under agreements to repurchase. See “Business of Fairport Savings Bank—Sources of Funds—Borrowings.”

(4) The sum of the par value of the total shares outstanding and additional paid-in capital equals the net stock offering proceeds. No effect has been given to the issuance of additional shares of common stock pursuant to stock options granted under the stock-based benefit plan that we intend to adopt. The stock issuance plan permits us to adopt one or more stock benefit plans, subject to shareholder approval, that may award stock or stock options in an aggregate amount up to 25% of the number of shares of common stock held by persons other than FSB Community Bankshares, MHC. The stock-based benefit plan will not be implemented for at least six months after the stock offering and until it has been approved by our shareholders.

(footnotes continued on next page)

(5) Assumes that 3.92% of the shares of common stock to be outstanding immediately following the stock offering (including shares issued to FSB Community Bankshares, MHC) will be purchased by the employee stock ownership plan with funds that we will lend to acquire the remaining shares. The common stock acquired by the employee stock ownership plan is reflected as a reduction of shareholders' equity. Fairport Savings Bank will provide the funds to repay the employee stock ownership plan loan. See "Management—Benefit Plans."

(6) Assumes that subsequent to the stock offering, 1.96% of the outstanding shares of common stock, including shares issued to FSB Community Bankshares, MHC, are purchased (with funds we provide) by the stock-based benefit plan in the open market at a price equal to the price for which the shares are sold in the stock offering. The shares of common stock to be purchased by the stock-based benefit plan are reflected as a reduction of shareholders' equity. See "Pro Forma Data" and "Management." The stock issuance plan permits us to adopt one or more stock benefit plans that award stock or stock options, in an aggregate amount up to 25% of the number of shares of common stock held by persons other than FSB Community Bankshares, MHC. The stock-based benefit plan will not be implemented for at least six months after the stock offering and until it has been approved by shareholders. See "Pro Forma Data" for a discussion of the potential dilutive impact of the award of shares under these plans. The Office of Thrift Supervision has proposed amendments to its existing regulations regarding stock-based benefit plans that would clarify that we may award shares of common stock under a stock-based benefit plan in excess of 1.96% of our total outstanding shares if the stock-based benefit plan is adopted more than one year following the stock offering, and the shares used to fund the plan in excess of these amounts are obtained through stock repurchases. In the event the Office of Thrift Supervision adopts these regulations as proposed, or otherwise changes its regulations or policies to permit larger stock-based benefit plans, greater amounts of stock awards as compared to stock options or faster acceleration of vesting of benefits, we may increase the awards beyond current regulatory restrictions and beyond the amounts reflected in this table.

(7) Historical total shareholders' equity at December 31, 2006 equals GAAP capital.

(8) We issued 100 shares of our common stock to FSB Community Bankshares, MHC in connection with our mutual holding company reorganization in 2005. These shares will continue to be outstanding upon completion of the stock offering.

PRO FORMA DATA

We cannot determine the actual net proceeds from the sale of the shares of common stock until the stock offering is completed. However, based upon the following assumptions, we estimate that net proceeds will be between $7.5 million and $10.5 million, or $12.2 million if the offering range is increased:

- we will sell all shares of common stock in the subscription offering;
- our employee stock ownership plan will purchase 3.92% of the shares of common stock to be outstanding upon the completion of the stock offering (including shares issued to FSB Community Bankshares, MHC) with a loan from FSB Community Bankshares, Inc. Fairport Savings Bank's total annual payment of the employee stock ownership plan debt is based upon equal annual installments of principal and interest over a term of 20 years;
- expenses of the stock offering, other than fees to be paid to Sandler O'Neill & Partners, L.P., are estimated to be $600,000; and
- Sandler O'Neill & Partners, L.P. will receive a fixed fee and expenses of $200,000.

We calculated our pro forma consolidated net income and shareholders' equity for the year ended December 31, 2006 as if the shares of common stock had been sold at the beginning of the year and the net proceeds had been invested at 4.99% for the entire year, which assumes reinvestment of the net proceeds at a rate equal to the one year United States Treasury yield for the period. We believe this rate more accurately reflects a pro forma reinvestment rate than the arithmetic average method, which assumes reinvestment of the net proceeds at a rate equal to the average of the yield on interest-earning assets and the cost of deposits for these periods. We assumed a tax rate of 35% for the year. This results in an annualized after-tax yield of 3.24% for the year ended December 31, 2006.

We calculated historical and pro forma per share amounts by dividing historical and pro forma amounts of consolidated net income and shareholders' equity by the indicated number of shares of common stock. We adjusted these figures to give effect to the shares of common stock purchased by the employee stock ownership plan. We computed per share amounts for the year as if the shares of common stock were outstanding at the beginning of the year, but we did not adjust per share historical or pro forma shareholders' equity to reflect the earnings on the estimated net proceeds.

The pro forma tables give effect to the implementation of a stock-based benefit plan. Subject to the receipt of shareholder approval, we have assumed that the stock-based benefit plan will acquire an amount of shares of common stock equal to 1.96% of our outstanding shares of common stock, including shares issued to FSB Community Bankshares, MHC, at the same price they were sold in the stock offering. We assume that shares of common stock are granted under the plan in awards that vest over a five-year period. The stock issuance plan provides that we may grant awards of stock or options under one or more stock benefit plans in an aggregate amount up to 25% of the number of shares of common stock held by persons other than FSB Community Bankshares, MHC. However, any awards of stock in excess of 1.96% of the outstanding shares, including shares issued to FSB Community Bankshares, MHC, would have to be funded through open market purchases, and may require prior approval of the Office of Thrift Supervision.

We have also assumed that the stock-based benefit plan will grant options to acquire shares of common stock equal to 4.90% of our outstanding shares of common stock (including shares of common stock issued to FSB Community Bankshares, MHC). In preparing the tables below, we assumed that shareholder approval was obtained, that the exercise price of the stock options and the market price of the stock at the date of grant were $10.00 per share and that the stock options had a term of ten years and vested over five years. We applied the Black-Scholes option pricing model to estimate a grant-date fair value of $3.81 for each option. In addition to the terms of the options described above, the Black-Scholes option pricing model incorporated an estimated volatility rate of 9.39% for the shares of common stock based on an index of publicly traded mutual holding companies, a dividend yield of 0%, an expected option life of 10 years and a risk free interest rate of 4.71%. Finally, we assumed that 25% of the stock options were non-qualified options granted to directors, resulting in a tax benefit (at an assumed tax rate of 35.0%) for a deduction for compensation expense equal to the grant-date fair value of the options. The stock issuance plan provides that we may grant awards of stock options under one or more stock benefit plans in an amount up to 25% of the number of shares of common stock held by persons other than FSB Community Bankshares, MHC. However, any awards of options in excess of 4.90% of our outstanding shares, including shares issued to FSB Community Bankshares, MHC, would require prior approval of the Office of Thrift Supervision. It is expected that FSB Community Bankshares, Inc. will fund the cost of any proposed stock-based incentive plan.

The Office of Thrift Supervision has proposed amendments to its existing regulations regarding stock-based benefit plans that are intended to clarify and simplify such regulations. Specifically, the amendments would clarify that we may grant options and award shares of common stock under a stock-based benefit plan in excess of 4.90% and 1.96%, respectively, of our total outstanding shares if the stock-based benefit plan is adopted more than one year following the stock offering and shares used to fund the plan are obtained through stock repurchases. In the event the Office of Thrift Supervision adopts these regulations as proposed, or otherwise changes its existing regulations or policies to permit larger stock-based benefit plans, greater amounts of stock awards as compared to stock options, or faster acceleration of vesting of benefits, the restrictions described above may not apply to any stock-based benefit plans that we adopt, and we may exceed the current limits applicable to the overall size of such plans and individual awards thereunder, and otherwise grant awards with terms that are different than those required by current Office of Thrift Supervision regulations and policy.

As discussed under "How We Intend to Use the Proceeds from the Stock Offering," we intend to retain 50% of the net proceeds from the stock offering and contribute the remaining net proceeds from the stock offering to Fairport Savings Bank. However, we intend to contribute more than 50% of the net proceeds from the stock offering to Fairport Savings Bank to the extent that such additional capital would be required in order for Fairport Savings Bank to have at least 10% tangible capital immediately following completion of the stock offering. We will use a portion of the proceeds we retain for the purpose of making a loan to the employee stock ownership plan**,** and retain the rest of the proceeds for future use.

The pro forma table does not give effect to:

- withdrawals from deposit accounts for the purpose of purchasing shares of common stock in the stock offering;
- our results of operations after the stock offering; or
- changes in the market price of the shares of common stock after the stock offering.

The following pro forma information may not represent the financial effects of the stock offering at the date on which the stock offering actually occurs and you should not use the table to indicate future results of operations. Pro forma shareholders' equity represents the difference between the stated amount of our assets and liabilities, computed in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We did not increase or decrease shareholders' equity to reflect the difference between the carrying value of loans and other assets and their market value. Pro forma shareholders' equity is not intended to represent the fair market value of the shares of common stock and may be different than the amounts that would be available for distribution to shareholders if we liquidated. Pro forma shareholders' equity does not give effect to the impact of intangible assets or tax bad debt reserves in the event we are liquidated.

	At or For the Year Ended December 31, 2006 Based Upon the Sale at $10.00 Per Share of			
	838,950 Shares at Minimum of Offering Range	987,000 Shares at Midpoint of Offering Range	1,135,050 Shares at Maximum of Offering Range	1,305,308 Shares at Adjusted Maximum of Offering Range (1)
	(Dollars in Thousands, Except Per Share Amounts)			
Gross proceeds of stock offering	$ 8,390	$ 9,870	$ 11,351	$ 13,053
Less: expenses	(855)	(855)	(855)	(855)
Estimated net proceeds	7,535	9,015	10,496	12,198
Less:				
Common stock acquired by employee stock ownership plan (2)	(700)	(823)	(947)	(1,089)
Common stock awarded under stock-based benefit plan (3)	(350)	(412)	(473)	(544)
Estimated net proceeds after adjustment for stock benefit plans	$ 6,485	$ 7,780	$ 9,076	$ 10,565
<u>For the Year Ended December 31, 2006:</u>				
Net income:				
Historical	$ 233	$ 233	$ 233	$ 233
Pro forma adjustments:				
Income on adjusted net proceeds	210	252	294	343
Employee stock ownership plan (2)	(23)	(27)	(31)	(35)
Shares awarded under stock-based benefit plan (3)(4)	(46)	(54)	(61)	(71)
Options awarded under stock-based benefit plan (5)	(61)	(72)	(82)	(95)
Pro forma net income (6)	$ 313	$ 332	$ 353	$ 375
Net income per share:				
Historical	$ 0.14	$ 0.12	$ 0.10	$ 0.09
Pro forma adjustments:				
Income on adjusted net proceeds	0.12	0.12	0.13	0.13
Employee stock ownership plan (2)	(0.01)	(0.01)	(0.01)	(0.01)
Shares awarded under stock-based benefit plan (3)(4)	(0.03)	(0.03)	(0.03)	(0.03)
Options awarded under stock-based benefit plan (5)	(0.04)	(0.04)	(0.04)	(0.04)
Pro forma net income per share (2)(3)(4)(5)(6)	$ 0.18	$ 0.16	$ 0.15	$ 0.14
Offering price to pro forma net income per share	55.56x	62.50x	66.67x	71.43x
Shares considered outstanding in calculating pro forma net income	1,718,527	2,021,796	2,325,065	2,673,825

per share

At December 31, 2006:				
Shareholders' equity:				
Historical	$ 13,870	$ 13,870	$ 13,870	$ 13,870
Estimated net proceeds	7,535	9,015	10,496	12,198
Less:				
Common stock acquired by employee stock ownership plan (2)	(700)	(823)	(947)	(1,089)
Common stock awarded under stock-based benefit plan (3)(4)	(350)	(412)	(473)	(544)
Pro forma shareholders' equity (6)	$ 20,355	$ 21,650	$ 22,946	$ 24,435
Shareholders' equity per share:				
Historical	$ 7.77	$ 6.60	$ 5.74	$ 4.99
Estimated net proceeds	4.22	4.30	4.35	4.40
Less:				
Common stock acquired by employee stock ownership plan (2)	(0.39)	(0.39)	(0.39)	(0.39)
Common stock awarded under stock-based benefit plan (3)(4)	(0.20)	(0.20)	(0.20)	(0.20)
Pro forma shareholders' equity per share (3)(4)(5)(6)	$ 11.40	$ 10.31	$ 9.50	$ 8.80
Offering price as percentage of pro forma shareholders' equity per share	87.72%	96.99%	105.26%	113.64%
Shares considered outstanding in calculating offering price as a percentage of pro forma shareholders' equity per share	1,785,000	2,100,000	2,415,000	2,777,250
Public ownership	47.0%	47.0%	47.0%	47.0%
Mutual holding company ownership	53.0%	53.0%	53.0%	53.0%

(*footnotes on following page*)

(1) As adjusted to give effect to an increase in the number of shares outstanding after the stock offering, which could occur due to an increase in the maximum of the independent valuation as a result of changes in market conditions following the commencement of the stock offering.

(2) It is assumed that 3.92% of the shares to be outstanding upon completion of the stock offering (including shares issued to FSB Community Bankshares, MHC) will be purchased by the employee stock ownership plan. For purposes of this table, funds used to acquire such shares are assumed to have been borrowed from us by the employee stock ownership plan with a loan with a 20-year term. The amount to be borrowed is reflected as a reduction of shareholders' equity. Fairport Savings Bank intends to make annual contributions to the employee stock ownership plan in an amount at least equal to the principal and interest requirement of the debt. After December 31, 2007, Fairport Savings Bank's total annual payment of the employee stock ownership plan debt is based upon equal annual installments of principal and interest based upon the remaining term of the loan. The pro forma net income information makes the following assumptions:

(i) Fairport Savings Bank's contribution to the employee stock ownership plan was made at the end of the period;

(ii) 3,499, 4,116, 4,733 and 5,443 shares at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively were committed to be released during the year ended December 31, 2006, at an average fair value equal to the price for which the shares are sold in the stock offering in accordance with Statement of Position ("SOP") 93-6; and

(iii) only the employee stock ownership plan shares committed to be released were considered outstanding for purposes of the net income per share calculations.

(3) Gives effect to the stock-based benefit plan expected to be adopted following the stock offering. We have assumed that this plan acquires a number of shares of common stock equal to 1.96% of the outstanding shares, including shares issued to FSB Community Bankshares, MHC, through open market purchases at the beginning of the period presented for a purchase price equal to the price the shares are sold in the stock offering, and that 20% of the amount contributed was an amortized expense (based upon a five-year vesting period) during the year ended December 31, 2006. It is expected that FSB Community Bankshares, Inc. will contribute the funds used by the stock-based benefit plan to purchase the shares. There can be no assurance that the actual purchase price of the shares granted under the stock-based benefit plan will be equal to the $10.00 subscription price. If shares are acquired from authorized but unissued shares of common stock or from treasury shares, our net income per share and shareholders' equity per share will decrease. This will also have a dilutive effect of approximately 1.92% (at the maximum of the offering range) of the ownership interest of shareholders. The effect on pro forma net income per share and pro forma shareholders' equity per share is not material.

The following table shows pro forma net income per share and pro forma shareholders' equity per share, assuming all the shares to fund the stock awards are obtained from authorized but unissued shares.

At or For the Year Ended December 31, 2006	**838,950 Shares at Minimum of Offering Range**	**987,000 Shares at Midpoint of Offering Range**	**1,135,050 Shares at Maximum of Offering Range**	**1,305,308 Shares at Adjusted Maximum of Offering Range**
Pro forma net income per share	$ 0.18	$ 0.16	$ 0.15	$ 0.14
Pro forma shareholders' equity per share	11.38	10.30	9.51	8.82

(4) The Office of Thrift Supervision has proposed amendments to its existing regulations regarding stock-based benefit plans that would clarify that we may grant options and award shares of common stock under a stock-based benefit plan in excess of 4.90% and 1.96%, respectively, of our total outstanding shares if the stock-based benefit plan is adopted more than one year following the stock offering, and shares used to fund the plan in excess of these amounts are obtained through stock repurchases. In the event the Office of Thrift Supervision adopts these regulations as proposed, or otherwise changes its regulations or policies to permit larger stock-based benefit plans,

greater amounts of stock awards as compared to stock options or faster acceleration of vesting of benefits, we may increase the awards beyond current regulatory restrictions and beyond the amounts reflected in this table.

(5) Gives effect to the granting of options pursuant to the stock-based benefit plan, which is expected to be adopted by FSB Community Bankshares, Inc. following the stock offering and presented to shareholders for approval not earlier than six months after the completion of the stock offering. We have assumed that options will be granted to acquire shares of common stock equal to 4.90% of outstanding shares, including shares issued to FSB Community Bankshares, MHC. In calculating the pro forma effect of the stock options, it is assumed that the exercise price of the stock options and the trading price of the stock at the date of grant were $10.00 per share, the estimated grant-date fair value pursuant to the application of the Black-Scholes option pricing model was $3.81 for each option, the aggregate grant-date fair value of the stock options was amortized to expense on a straight-line basis over a five-year vesting period of the options, and that 25.0% of the amortization expense (or the assumed portion relating to options granted to directors) resulted in a tax benefit using an assumed tax rate of 35.0%. Under the above assumptions, the adoption of the stock-based benefit plan will result in no additional shares under the treasury stock method for purposes of calculating earnings per share. There can be no assurance that the actual exercise price of the stock options will be equal to the $10.00 price per share. If a portion of the shares to satisfy the exercise of options under the stock-based benefit plan are obtained from the issuance of authorized but unissued shares, our net income per share and shareholders' equity per share will decrease. This will also have a dilutive effect of up to 4.7% on the ownership interest of persons who purchase shares of common stock in the stock offering.

(6) The retained earnings of Fairport Savings Bank will continue to be substantially restricted after the stock offering. See "Supervision and Regulation—Federal Banking Regulation."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section is intended to help potential investors understand our financial performance through a discussion of the factors affecting our financial condition at December 31, 2006 and 2005 and our consolidated results of operations for the years ended December 31, 2006 and 2005. This section should be read in conjunction with the consolidated financial statements and notes to the financial statements that appear elsewhere in this prospectus.

Overview

Our business has traditionally focused on originating one- to four-family residential real estate mortgage loans and home equity lines of credit for retention in our portfolio, and offering retail deposit accounts insured by the Federal Deposit Insurance Corporation in our primary market area consisting of Monroe County and the surrounding upstate New York counties of Livingston, Ontario, Orleans and Wayne. During the last several years, the operating environment for financial institutions, and particularly those that focus on originating longer-term mortgage loans, has been challenging. Short-term interest rates, which guide our pricing of deposits, have been rising in conjunction with the 17 rate increases implemented by the Federal Reserve Board since 2004, while longer-term interest rates, which guide the pricing of our loans, have been relatively constant. The U.S. Treasury yield curve has become inverted and has negatively affected our net interest income. Specifically, our average interest rate spread decreased to 2.21% for the year ended December 31, 2006 from 2.68% for the year ended December 31, 2005, and our average net interest margin decreased to 2.57% for the year ended December 31, 2006 from 3.01% for the year ended December 31, 2005. For the quarter ended December 31, 2006, our interest rate spread and net interest margin were 1.98% and 2.38%, respectively. We expect the current interest rate environment to continue to compress our interest rate spread and net interest margin.

Our total loans receivable, net increased $12.7 million during 2006 to $121.1 million at December 31, 2006 from $108.4 million at December 31, 2005. During the fourth quarter of 2006, in order to address the interest rate risk associated with the inversion of the yield curve and in order to improve our interest rate risk position, we sold $1.2 million of our 30-year fixed rate residential mortgage originations on a servicing-retained basis. As market conditions permit, we intend to continue to sell on a selective basis a portion of our fixed-rate residential mortgage loans.

Deposits increased marginally to $108.6 million at December 31, 2006 from $106.8 million at December 31, 2005. In recent years, our customers have shown a preference for shorter-term, higher interest paying certificates of deposit. At December 31, 2006, we had $78.1 million of certificates of deposit, which represented 71.9% of our total deposits. In order to attract lower cost deposits, in 2006 we implemented a no fee checking account program, and in conjunction with the opening of our Irondequoit branch, we offered a promotional savings account in an effort to generate deposits at this new branch site.

Our net income decreased by $224,000, or 49.0%, to $233,000 for the year ended December 31, 2006, from $457,000 for the year ended December 31, 2005. This decrease was attributable to reduced net interest income as a result of the inverted yield curve during 2006, and an increase in our non-interest expense, which was partially offset by an increase in non-interest income.

Anticipated Increase in Non-Interest Expense

Following the completion of the stock offering, we anticipate that our non-interest expense will increase as a result of the increased costs associated with operating as a public company and increased compensation expenses associated with our employee stock ownership plan and our stock-based benefit plan, if approved by our shareholders.

Assuming that 1,305,308 shares of common stock are sold in the stock offering (the adjusted maximum of the offering range):

- The employee stock ownership plan will acquire 108,868 shares of common stock with a $1,088,680 loan that is expected to be repaid over not more than 20 years, resulting in an average annual pre-tax expense of approximately $54,434 (assuming that the common stock maintains a value of $10.00 per share).

- The stock-based benefit plan would grant options to purchase shares equal to 4.90% of the total outstanding shares (including shares issued to FSB Community Bankshares, MHC), or 136,085 shares, to eligible participants, which would result in compensation expense over the vesting period of the options. Assuming the market price of the common stock is $10.00 per share; the options are granted with an exercise price of $10.00 per share; the dividend yield on the stock is 0%; the expected option life is 10 years; the risk free interest rate is 4.71% (based on the seven-year Treasury rate) and the volatility rate on the shares of common stock is 9.39% (based on an index of publicly traded mutual holding companies), the estimated grant-date fair value of the options using a Black-Scholes option pricing analysis is $3.81 per option granted. Assuming this value is amortized over the five-year vesting period, the corresponding annual pre-tax expense associated with the stock options would be approximately $103,700.

- The stock-based benefit plan would award a number of shares of common stock equal to 1.96% of the outstanding shares (including shares issued to FSB Community Bankshares, MHC), or 54,434 shares, to eligible participants, which would be expensed as the awards vest. Assuming that all shares are awarded under the stock-based benefit plan at a price of $10.00 per share, and that the awards vest over a five-year period, the corresponding annual pre-tax expense associated with shares awarded under the stock-based benefit plan would be approximately $108,868.

The actual expense that will be recorded for the employee stock ownership plan will be determined by the market value of our common stock as shares are released to employees over the term of the loan, and whether the loan is repaid faster than its contractual term. Accordingly, any increases in our stock price above $10.00 per share will increase the total employee stock ownership plan expense, and any accelerated repayment of the loan will increase the annual employee stock ownership plan expense. Further, the actual expense of the stock awards under the stock-based benefit plan will be determined by the fair market value of the common stock on the grant date, which may be greater than $10.00 per share, and the actual expense of stock options under the stock-based benefit plan will be based on the grant-date fair value of the options, which will be affected by a number of factors, including the market value of our common stock, the term and vesting period of the stock options, our dividend yield and other valuation assumptions contained in the option pricing model that we ultimately use.

The Office of Thrift Supervision has proposed amendments to its existing regulations regarding stock-based benefit plans that would permit us to grant options and award shares of common stock under a stock-based benefit plan in excess of 4.90% and 1.96%, respectively, of our total outstanding shares if the stock-based benefit plan is adopted more than one year following the stock offering, provided shares used to fund the plan are obtained through stock repurchases. In the event the Office of Thrift Supervision adopts these regulations as proposed, or otherwise changes its existing regulations or policies regarding stock-based benefit plans, we may implement stock-based benefit plans that exceed the current limits applicable to aggregate and/or relative amounts of stock options or stock awards under current Office of Thrift Supervision regulations which would further increase our expenses associated with stock-based benefit plans.

In January 2007, we opened our Irondequoit branch. In addition, we will attempt to open one or two new branch offices in the next three years, depending on market conditions and as opportunities present themselves. Any additional branch locations will significantly increase our non-interest expense due to increased occupancy expense and increases to our salary and employee benefit expense associated with hiring new employees to staff these offices.

Finally, regulations adopted by the Federal Deposit Insurance Corporation in November 2006 and effective in 2007 impose new deposit insurance premiums on nearly all federally insured depository institutions of between five and seven cents for every $100 of domestic deposits. Based upon our level of deposits at December 31, 2006, we expect to incur an annual deposit premium of approximately $59,000, although all of this premium in 2007 and a portion of our 2008 premium will be offset by a $96,000 credit we have with the Federal Deposit Insurance Corporation.

Critical Accounting Policy

Critical accounting policies are defined as those that involve significant judgments and uncertainties, and could potentially result in materially different results under different assumptions and conditions. We believe that the most critical accounting policy upon which our financial condition and results of operation depend, and which involve the most complex subjective decisions or assessments, is our policy with respect to our allowance for loan losses.

Allowance for Loan Losses. The allowance for loan losses is the amount estimated by management as necessary to absorb credit losses incurred in the loan portfolio that are both probable and reasonably estimable at the balance sheet date. The amount of the allowance is based on significant estimates, and the ultimate losses may vary from such estimates as more information becomes available or conditions change. The methodology for determining the allowance for loan losses is considered a critical accounting policy by management due to the high degree of judgment involved, the subjectivity of the assumptions used and the potential for changes in the economic environment that could result in changes to the amount of the recorded allowance for loan losses.

As a substantial percentage of our loan portfolio is collateralized by real estate, appraisals of the underlying value of property securing loans are critical in determining the amount of the allowance required for specific loans. Assumptions are instrumental in determining the value of properties. Overly optimistic assumptions or negative changes to assumptions could significantly affect the valuation of a property securing a loan and the related allowance determined. Management carefully reviews the assumptions supporting such appraisals to determine that the resulting values reasonably reflect amounts realizable on the related loans.

Management performs a quarterly evaluation of the adequacy of the allowance for loan losses. We consider a variety of factors in establishing this estimate including, but not limited to, current economic conditions, delinquency statistics, geographic concentrations, the adequacy of the underlying collateral, the financial strength of the borrower, results of internal loan reviews and other relevant factors. This evaluation is inherently subjective as it requires material estimates by management that may be susceptible to significant change based on changes in economic and real estate market conditions.

The evaluation has a specific and general component. The specific component relates to loans that are delinquent or otherwise identified as a problem loan through the application of our loan review process and our loan grading system. All such loans are evaluated individually, with principal consideration given to the value of the collateral securing the loan. Specific allowances are established as required by this analysis. The general component is determined by segregating the remaining loans by type of loan, risk weighting (if applicable) and payment history. We also analyze historical loss experience, delinquency trends, general economic conditions and geographic concentrations. This analysis establishes factors that are applied to the loan groups to determine the amount of the general component of the allowance for loan losses.

Actual loan losses may be significantly more than the allowances we have established which could have a material negative effect on our financial results.

Business Strategy

Our business strategy is to operate as a well-capitalized community bank that is dedicated to providing exceptional personal service to our customers. Our business strategy is to grow and improve our profitability by:

- Operating as a community-oriented retail financial institution in Monroe County, New York;
- Manage our interest rate risk;
- Continuing to emphasize the origination of residential real estate loans; and
- Maintaining high asset quality.

A full description of our products and services begins on page ___ of this prospectus.

We believe that these strategies will guide our investment of the net proceeds of the offering. We intend to continue to pursue our business strategy after the stock offering, subject to changes necessitated by future market conditions and other factors. We also intend to focus on the following:

- ***Retail-Oriented Community Financial Institution.*** Fairport Savings Bank was established in Fairport, New York in 1888 and has been operating continuously since that time. We are committed to meeting the financial needs of the communities we serve and we are dedicated to providing personalized quality service to our customers. We believe that we can be more effective than many of our competitors in serving our customers because of the ability of our senior management to promptly and effectively respond to customer requests and inquiries. We intend to use the mutual holding company structure to maintain Fairport Savings Bank as a community-oriented, independent savings bank. We have recently opened our third branch location in Irondequoit and we will attempt to open one or two new branch offices in Monroe County in the next three years, depending on market conditions and as opportunities present themselves.

- ***Managing Our Interest Rate Risk.*** Our assets currently consist primarily of one- to four-family fixed-rate loans with terms of up to 30 years, while our liabilities consist of shorter-term deposits, primarily certificates of deposit which carry higher interest rates and are more sensitive to changes in interest rates than passbook or savings accounts. The composition of our interest-earning assets and interest-bearing liabilities increases the risk that we will be adversely affected by changes in interest rates and the relative spread between short-term and long-term interest rates. This risk is particularly acute when the yield curve is inverted, i.e., short-term interest rates, which are used to price deposits, are higher than longer-term interest rates, which are used to price loans. The prolonged inversion of the yield curve in 2006 and 2007 has resulted in a higher interest rate risk profile for Fairport Savings Bank than management feels is acceptable. Consequently, we have adopted strategies to improve our interest rate risk. These strategies include reducing our fixed-rate loan originations, investing a portion of funds received from loan payments and repayments in shorter-term, liquid investment securities and mortgage-backed securities, emphasizing the marketing of our passbook, savings and checking accounts and increasing the duration of our certificates of deposit. In addition, we will initially invest the net proceeds from the offering in short-term investment securities and mortgage-backed securities.

Notwithstanding the foregoing, in the near term we expect that our net interest income will continue to be adversely affected as our certificates of deposit mature and reprice at a higher cost to us. We have $43.7 million in certificate of deposit accounts (including individual retirement accounts) that are scheduled to mature during 2007. If we wish to retain these deposits it will most likely be at a higher cost to us than their current contractual rate.

- ***Emphasizing Residential Real Estate Lending.*** Historically, we have emphasized the origination of one- to four-family residential loans within Monroe County and the surrounding counties of Livingston, Ontario, Orleans and Wayne. As of December 31, 2006, 90.6% of our loan portfolio consisted of one- to four- family residential loans, and 99.8% of our loan portfolio consisted of loans secured by real estate. We intend to continue to emphasize originating loans secured by residential real estate. Following the offering, however, we may seek opportunities to diversify our loan portfolio by originating commercial real estate loans.

- ***Maintaining High Asset Quality.*** Our high asset quality is a result of conservative underwriting standards, the diligence of our loan collection personnel and the stability of the local economy. At December 31, 2006, our ratio of non-performing loans to total loans was 0.14%. At December 31, 2006, our ratio of allowance for loan losses to non-performing loans was 188.3% and our ratio of allowance for loan losses to total loans was 0.27%. Because 99.8% of our loans are secured by real estate, and our level of non-performing loans has been low in recent periods, we believe that our allowance for loan losses is adequate to absorb the probable losses inherent in our loan portfolio.

Comparison of Financial Condition at December 31, 2006 and 2005

Total Assets. Total assets increased $9.7 million, or 6.8%, to $152.8 million at December 31, 2006 from $143.1 million at December 31, 2005, reflecting increases in loans, net, partially offset by decreased cash and cash equivalents and securities classified as held to maturity. Loans, net increased $12.7 million to $121.1 million at December 31, 2006, due to new loan originations. One- to four- family residential mortgage loans increased to $109.8 million at December 31, 2006 from $96.2 million at December 31, 2005. Federal Home Loan Bank advances increased $7.3 million, or 35.3%, to $28.0 million at December 31, 2006 from $20.7 million at December 31, 2005.

Cash and cash equivalents decreased to $2.2 million at December 31, 2006 from $4.7 million at December 31, 2005. Securities held to maturity decreased $1.5 million to $24.2 million at December 31, 2006 from $25.7 million at December 31, 2005, primarily due to maturities of $1.1 million and $1.9 million of principal repayments on mortgage-backed securities, net of purchases of $1.5 million. Premises and equipment, net increased $602,000, or 39.0%, to $2.1 million at December 31, 2006 from $1.5 million at the year earlier date due to construction of our new branch office located in Irondequoit, New York that opened for business in January 2007.

Deposits and Borrowings. Total deposits increased $1.8 million to $108.6 million at December 31, 2006 from $106.8 million at December 31, 2005. The increase in our deposits reflected a $2.1 million increase in our certificates of deposit (including our individual retirement accounts) to $78.1 million at December 31, 2006 from $76.0 million at December 31, 2005, reflecting the competitive rates offered for these types of deposits products. Additionally, borrowings from the Federal Home Loan Bank of New York increased $7.3 million to $28.0 million at December 31, 2006 from $20.7 million at December 31, 2005 as an alternative funding source for loan originations. During the latter part of 2006, we introduced a new no fee checking account in an attempt to increase our lower cost deposits.

Stockholder's Equity. Stockholder's equity increased $252,000 to $13.9 million at December 31, 2006 from $13.6 million at December 31, 2005, reflecting net income for the year ended December 31, 2006 of $233,000 and a $19,000 unrealized gain, net of taxes on securities available for sale.

Comparison of Operating Results for the Years Ended December 31, 2006 and 2005

General. Net income decreased to $233,000 for the year ended December 31, 2006 from $457,000 for the year ended December 31, 2005. The decrease in net income reflected a decrease in net interest income and an increase in non-interest expense, partially offset by higher non-interest income and lower income tax expense.

Interest and Dividend Income. Total interest and dividend income increased $1.3 million, or 19.1%, to $8.1 million for the year ended December 31, 2006 from $6.8 million for the year ended December 31, 2005. The increase resulted from a $15.3 million increase in average interest-earning assets and a 32 basis point increase in the overall yield on interest earning assets to 5.67% for 2006 from 5.35% for 2005.

Interest income on loans, including fees, increased $1.0 million, or 17.2%, to $6.8 million for 2006 from $5.8 million for 2005, reflecting an increase in the average balance of loans to $115.6 million from $101.2 million and a higher average yield. The average yield on loans increased to 5.88% for 2006 from 5.69% for 2005, reflecting increases in market interest rates. The average balance of federal funds sold remained relatively stable for the year, while the average yield increased to 4.73% for 2006 from 3.48% for 2005. The average balance of investment securities increased $3.0 million, or 18.9%, to $18.9 million from $15.9 million, while the average yield on investment securities increased to 5.10% from 4.23%. The average balance of mortgage-backed securities decreased $2.1 million, or 23.3%, to $6.9 million from $9.0 million, and the average yield on mortgage-backed securities increased to 3.87% from 3.70%.

Total Interest Expense. Total interest expense increased $1.4 million, or 46.7%, to $4.4 million for the year ended December 31, 2006 from $3.0 million for the year ended December 31, 2005. The increase in total interest expense resulted from a $16.1 million increase in the average balance of interest-bearing liabilities and a 79 basis point increase in the average cost of interest-bearing liabilities to 3.46% for 2006 from 2.67% for 2005, as a result of higher market interest rates paid on deposits.

Interest expense on certificates of deposit increased $661,000, or 36.7%, to $2.5 million for 2006 from $1.8 million for the prior year period. The increase resulted primarily from a 70 basis points increase to 3.86% in the weighted average rate we paid on certificates of deposit for 2006 from 3.16% for 2005. We increased rates on certificates of deposits in response to increases in market interest rates. Additionally, the average balance of certificates of deposit increased to $64.0 million in 2006 from $57.2 million in 2005.

At December 31, 2006, we had $43.7 million of certificates of deposits, including individual retirement accounts, that are scheduled to mature during 2007. Due to market interest rates, we expect that the cost of these deposits will increase; and accordingly we expect our interest expense to increase in 2007.

Interest expense on Federal Home Loan Bank advances increased $562,000, or 124.9%, to $1.0 million for 2006 from $450,000 for the year ended December 31, 2005. The increased interest expense was caused by a $10.4 million increase in our average balance of Federal Home Loan Bank advances to $22.2 million for 2006 from $11.8 million for 2005. The additional deposits and borrowings were used to fund loan originations.

Net Interest Income. Net interest income decreased $166,000, or 4.3%, to $3.7 million for the year ended December 31, 2006 from $3.8 million for the year ended December 31, 2005. The decrease in net interest income was primarily attributable to a 47 basis point decrease in our interest rate spread to 2.21% for 2006 from 2.68% for 2005, and a decrease in our net interest margin of 44 basis points to 2.57% for 2006 from 3.01% for 2005. The decrease in our interest rate spread and net interest margin were consistent with the inversion of the U.S. Treasury yield curve. From June 30, 2004 to December 31, 2006, the Federal Reserve Board increased its target for the federal funds rate from 1.0% to 5.25%. While these short-term market interest rates (which we use as a guide to price our deposits) have increased, longer-term market interest rates (which we use as a guide to price our longer-term loans) have not increased to the same degree. If rates on our deposits and borrowings continue to reprice upwards faster than the rates on our long-term loans and investments, we would experience a further reduction of our interest rate spread and net interest margin, which would have a negative effect on our profitability.

Provision for Loan Losses. We establish provisions for loan losses, which are charged to operations, in order to maintain the allowance for loan losses at a level we consider necessary to absorb credit losses inherent in the loan portfolio that are both probable and reasonably estimable at the balance sheet date. In determining the level of the allowance for loan losses, we consider past and current loss experience, evaluations of real estate collateral, current economic conditions, volume and type of lending, adverse situations that may affect a borrower’s ability to repay a loan and the levels of nonperforming and other classified loans. The amount of the allowance is based on estimates and the ultimate losses may vary from such estimates as more information becomes available or conditions change. We assess the allowance for loan losses on a quarterly basis and make provisions for loan losses in order to maintain the allowance.

Based on our evaluation of the above factors, we recorded no provision for loan losses for the year ended December 31, 2006 and a provision for loan losses of $26,000 for the year ended December 31, 2005. The allowance for loan losses was $322,000, or 0.27% of loans outstanding, at December 31, 2006, compared to $331,000, or 0.30% of loans outstanding, at December 31, 2005.

Other Income. Other income increased by $41,000, or 12.9%, to $360,000 for 2006 from $319,000 for 2005. The increase was primarily attributable to an increase in fee income from Oakleaf Services Corporation, our subsidiary that offers non-deposit investment products such as annuities, insurance and mutual funds to our customers. Income from Oakleaf Services Corporation increased $55,000, or 52.4%, to $160,000 in 2006 from $105,000 for 2005.

Other Expense. Other expense increased $240,000, or 7.1%, to $3.7 million in 2006 from $3.4 million in 2005. Increases in salaries and employee benefits of $164,000, advertising of $29,000, and mortgage fees and taxes of $47,000 were partially offset by an $11,000 decrease in directors' fees and a $10,000 decrease in occupancy expense. The increase in salaries and employee benefits was the result of cost of living and merit increases, including bonus compensation, health insurance and other benefit costs. The increase in advertising was primarily a result of our implementation and marketing of our new no fee checking account product and marketing expense associated with the opening of our new Irondequoit branch in January 2007.

In 2007 we expect our other expense to increase as a result of operating our Irondequoit branch. The operation of additional new branches, if any, would further increase our other expense. Additionally, costs associated with operating as a public company will increase our other expense. Finally, the expense associated with our employee stock ownership plan, and the stock-based benefit plan that we expect to adopt following the offering will increase our other expense.

Income Tax Expense. Income tax expense was $111,000 for 2006, a decrease of $115,000, or 50.9%, compared to $226,000 for 2005, due to our lower pre-tax income in 2006 and a slightly lower effective tax rate. The effective tax rate was 32.3% in 2006 compared to 33.1% in 2005.

Average balances and yields. The following table sets forth average balance sheets, average yields and costs, and certain other information at and for the years indicated. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or interest expense.

	At December 31, 2006	For the Years Ended December 31, 2006			2005		
	Yield/ Cost	Average Balance	Interest Income/ Expense	Yield/ Cost	Average Balance	Interest Income/ Expense	Yield/ Cost
		(Dollars in thousands)					
Interest-earning assets:							
Loans	5.91%	$ 115,601	$ 6,797	5.88%	$ 101,228	5,762	5.69%
Federal funds sold	4.99	1,375	65	4.73	1,349	47	3.48
Investment securities	4.84	18,897	963	5.10	15,884	672	4.23
Mortgage-backed securities	3.97	6,933	268	3.87	9,045	335	3.70
Total interest-earning assets	5.68	142,806	8,093	5.67	127,506	6,816	5.35
Noninterest-earning assets		4,928			4,042		
Total assets		$ 147,734			$ 131,548		
Interest-bearing liabilities:							
NOW accounts	0.34	$ 3,826	20	0.52	$ 3,257	16	0.49
Passbook savings	0.80	12,041	83	0.69	13,674	68	0.50
Money market savings	2.63	10,567	256	2.42	11,270	126	1.12
Individual retirement accounts	4.16	14,900	579	3.89	14,297	508	3.55
Certificates of deposit	4.13	64,028	2,471	3.86	57,204	1,810	3.16
Federal Home Loan Bank advances	4.82	22,233	1,012	4.55	11,825	450	3.81
Total interest-bearing liabilities	3.59%	127,595	4,421	3.46%	111,527	2,978	2.67%
Noninterest-bearing liabilities:							
Demand deposits		3,887			4,008		
Other		2,488			2,594		
Total liabilities		133,970			118,129		
Stockholder’s equity		13,764			13,419		
Total liabilities and stockholder’s equity		$ 147,734			$ 131,548		
Net interest income							