



**NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION**

2 Rector Street
New York, NY 10006

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: September 30, 2001

Institution: Jamestown Savings Bank
311 East Fairmount Avenue
Lakewood, NY 14750

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Jamestown Savings Bank (“JSB”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2001.

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

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

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating: - Satisfactory

Jamestown Savings Bank is rated "2", indicating a satisfactory record of helping to meet community credit needs. This is based on the following:

- **Lending Test** – Low Satisfactory
- JSB's lending levels reflect a good responsiveness to its assessment area credit needs.. Based on the 2000 "Lender Market Share Report", JSB ranked 18th among 200 HMDA-reportable lenders in its assessment area. The volume of originations for the first nine months of 2001 was double that attained during full year 2000.
- The bank made a satisfactory percentage of loans in its assessment area, reflecting a good proportion of HMDA-reportable and an adequate percentage of small business loans originated. Approximately 96% in 2000 and 85.3% in 2001 of the bank's total HMDA loans were extended in the assessment area. The proportion of small business loans originated in the assessment area was strong in 2000, but declined significantly in 2001.
- JSB's geographic distribution of loans based on census tract income is considered good, reflecting satisfactory results for HMDA-reportable and excellent results for small business loans. The bank's 5% LMI penetration ratio for HMDA loans was somewhat below that of the aggregate in 2000, but increased in 2001, to 8.9%. The bank's small business lending LMI penetration ratios for both years far exceeded the ratio attained by the year 2000 aggregate.
- The bank's distribution of loans based on borrower characteristics reflects an adequate penetration among customers of different income levels and businesses of different sizes. JSB's 12.6% LMI penetration ratio for HMDA-reportable loans significantly trailed that of the aggregate in 2000, but increased in 2001, to 16.4%. While the bank performed below the aggregate in making small business loans in origination amounts of less than \$100 thousand, JSB outperformed the aggregate in extending loans to businesses with gross annual revenues of less than \$1 million.
- JSB makes a low level of community development loans and needs to improve.
- JSB makes limited use of flexible and/or innovative lending practices.
- **Investment Test** – Low Satisfactory
- Jamestown Savings Bank's level of qualified investments is considered adequate, given its size and capacity. Qualified investments totaled \$90.0 thousand, including mortgage-backed securities, grants and in-kind contributions.

- **Services Test** – High Satisfactory

- The bank's retail banking services are accessible to essentially all portions of its assessment area, including LMI areas. JSB has one office (20%) in a LMI tract and two offices (40%) in non-LMI tracts that are adjacent to LMI tracts.
- The bank's services and banking hours are tailored to the needs and convenience of its community.
- JSB provides an adequate level of community development services.

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

PERFORMANCE CONTEXT

Institution's Profile

Chartered in 1995, Jamestown Savings Bank (JSB) is a stock savings bank located in Lakewood, Chautauqua County. The bank is wholly owned by Northwest Bancorp, Inc. (NBI), a bank holding company located in Warren, Pennsylvania. On June 30, 2001 the holding company had total assets of \$3.9 billion. NBI also owns the Northwest Savings Bank, a Pennsylvania savings bank with offices throughout Pennsylvania and parts of Ohio. NBI is in-turn 75% owned by the mutual holding company Northwest Bancorp, MHC.

The bank's primary business focus is the origination of residential and commercial mortgage loans. Loans are originated through its five banking offices, including the main office. Supplementing the banking offices is an ATM network at four of the banking offices.

On September 30, 2001, the bank reported total assets of \$166.7 million, including gross loans of \$96.1 million, of which residential mortgages and commercial mortgages accounted for 67% and 22% of the portfolio, respectively. The chart below shows the bank's loan portfolio as reported in its Call Reports of December 31, 2000 and June 30, 2001.

TOTAL GROSS LOANS OUTSTANDING				
LOAN TYPE	12/31/2000		9/30/2001	
	\$000	%	\$000	%
Residential Mortgage Loans	51,844	70.0	64,577	67.2
Commercial Mortgage Loans	14,606	19.7	21,054	21.9
Multifamily Mortgages	535	0.7	508	0.5
Consumer Loans	1,503	2.0	1,531	1.6
Agricultural Loans	255	0.4	342	0.4
Commercial/Industrial Loans	5,305	7.2	8,060	8.4
Other Loans			7	0.0
Total Gross Loans	74,048	100.0	96,079	100.0

JSB reported total deposits of \$157.4 million on September 30, 2001, including total core deposits of \$134.6 million. The chart below shows the bank's latest "Summary of Deposits - Market Share Report" of all FDIC-Insured Institutions as of June 30, 2001.

Summary of Deposits-Market Share Report as of June 30, 2001				
Rank	County	Inside of Market		
		No. of Offices	Deposits(\$000)	Market Share
6 th of 9	Chautauqua	3	101,295	7.87%
7 th of 10	Cattaraugus	1	9,072	1.32%
14 th of 17	Erie	1	20,194	0.13%

Since 1995, the bank has increased its market share but is one of the smaller financial institutions in the region. Competition includes local and regional banks, mortgage companies, finance companies and credit unions.

There were no legal or financial impediments noted that would adversely impact the bank's ability to meet the credit needs of its assessment area.

Assessment Area

Jamestown Savings Bank's assessment area includes Chautauqua County (MSA 3610) in its entirety, the central and southern sections of Cattaraugus County (a non-MSA county) and a small portion of Erie County (MSA 1280). The portion of Erie County in the assessment area is located in the north central area of the county northeast of Buffalo, and includes portions of the townships of Amherst, Clarence and Lancaster, including the villages Williamsville, Depew, Harris Hill and Cheektowaga.

The assessment area is bordered by Erie County in the north, Lake Erie in the northwest, the State of Pennsylvania in the south and southwest and Allegany County in the east.

The bank's assessment area includes 51 census tracts and 16 BNAs. Thirty-three of the census tracts are in Chautauqua County and 18 are in Erie County. The 16 BNAs are in Cattaraugus County. Of the total number of census tracts and BNAs, two (3.0%) are low-income areas, six (9.0%) are moderate-, 42 (62.7%) are middle- and 17 (25.3%) are upper-income areas. One of the two low-income areas (BNA 9622 in Cattaraugus County) is the Big Springs Indian Reservation, with 1990 US Census population of four persons.

The assessment area appears reasonable based on the location of JSB's branches and there is no evidence that LMI areas were arbitrarily excluded.

Demographics:

Chautauqua County had a population of 141.9 thousand based on the 1990 US Census, decreasing by 1.5% to 139.8 thousand in the 2000 Census. The 1990 median family income for the county and MSA was \$29.9 thousand. The 2000 HUD estimated MSA (3610) median family income was \$38.4 thousand.

Cattaraugus County had a population of 84.2 thousand based on the 1990 US Census, decreasing by 0.3% to 84.0 thousand in the 2000 Census. In 1990, the median family income for the county was \$28.2 thousand and for Non-MSA counties it was \$31.5 thousand. The 2000 HUD estimated Non-MSA counties median family income was \$40.3 thousand.

Erie County had a population of 968.5 thousand based on the 1990 US Census data, which decreased by 1.9% to 950.3 thousand in the 2000 census. In 1990, the median family income for the county was \$35.1 thousand and for the MSA it was \$34.8 thousand. The 2000 HUD estimated MSA (1280) median family income was \$46.9 thousand.

Assessment area – According to the 1990 US Census, JSB’s assessment area had a population of 307.3 thousand of which 15.4% (47.2 thousand) were over the age of 65 and 24.8% (76.1 thousand) were under the age of 16.

There were 82.5 thousand families in the area of which 27.6 thousand or 33.4% were LMI families, 18.5 thousand or 22.5% were middle and 36.4 thousand or 44.2% were upper income families. Approximately 4.2 thousand LMI families (15.3%) lived in LMI areas, accounting for 56.6% of all families (7.5 thousand) living in LMI areas. There were 114.2 thousand households in the area, of which 12.3 thousand or 10.8% had income below the poverty level.

There were 129.8 thousand housing units in the area, 109.9 thousand or 84.7% of which were 1-4 family units. Multifamily units accounted for nearly 9.1 thousand units (7%) and mobile homes or trailers accounted for 7.1% or 9.2 thousand units, respectively. Owner occupied units totaled 84.4 thousand or nearly 65%. Of the total housing units, 13.9 thousand were located in LMI areas, of which 42.5% (5.9 thousand) were owner-occupied. Vacant and boarded up units totaled 15.9 thousand or 12.2%.

In 1990, the median housing value for the area was \$62.7 thousand while in low- and moderate-income tracts the median housing value was \$32.9 thousand and \$34.2 thousand respectively. The median age of the housing in the area was 38 years with housing located in LMI areas having a median age of 51 years.

Based on the 1990 US Census data, the weighted-average median family income for the assessment area was \$36.8 thousand and the MSA/Non MSA weighted average median family income was \$31.6 thousand. The 2000 HUD estimated MSA/Non-MSA weighted average median family income was \$40.8 thousand.

According to the most recent available data obtained from the US Department of Commerce’s Bureau of Economic Analysis, the three largest industries in the counties comprising JSB’s assessment area were durable goods manufacturing, services and state and local government. The following chart shows the industry size as a percentage of earnings in 1999.

LARGEST INDUSTRIES in 1999 by % of EARNINGS			
	Durable Goods Manufacturing	Services	State and Local Government
Chautauqua County	21.9%	21.8%	18.3%
Cattaraugus County	18.3%	20.6%	23.2%
Erie County	12.7%	28.5%	14.5%

PERFORMANCE CONTEXT

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This performance evaluation incorporates a review of the bank's lending, investment, and service activities within the assessment area, during 2000 and the first nine months of 2001. Jamestown Savings Bank is evaluated under the large bank performance standards because of its affiliation with a bank holding company that has total assets of more than \$1 billion. Demographics are from the 1990 U.S. Census data along with the 2000 HUD-estimated median family income.

I. Lending Test: "Low Satisfactory"

The bank's lending performance is evaluated pursuant to the following criteria: (1) Lending Activity; (2) Geographic Distribution; (3) Borrower Characteristics; (4) Community Development Lending; and (5) Innovative or Flexible Lending Practices.

Jamestown Savings Bank offers a variety of credit products including:

- Residential mortgage loans/condominium apartment loans
- Home equity lines of credit and loans/Home improvement loans
- Consumer loans
- Construction loans
- Commercial loans/Commercial mortgage loans/Commercial revolving credit lines
- Small business loans/Farm loans/Rural revitalization loans
- New York State Business Development pool loans/Linked Deposit Program loans
- Small Business Administration ("SBA") guaranteed loans
- USDA Rural Development Guaranteed Rural Housing ("GRH") loans for NYS
- Veterans Administration Housing ("VA") loans

While both Home Mortgage Disclosure Act ("HMDA")-reportable and small business loans are considered for purposes of criteria 1-3, greater emphasis is placed upon the bank's residential lending activity, which constitutes JSB's primary business focus.

Lending Activity

JSB's lending levels reflect a good responsiveness to the credit needs of its assessment area.

HMDA - In 2000, JSB originated in its assessment area 119 HMDA-reportable loans totaling \$8.8 million. In the first nine months of 2001, the bank made 238 HMDA-reportable loans totaling \$17.7 million in its assessment area, demonstrating a sizable increase. Refer to the chart below for a schedule of the different types of HMDA-reportable loans made by the bank.

HMDA-REPORTABLE LOANS SUMMARY								
Loan Type	12/31/2000				9/30/2001			
	APPLICATIONS		ORIGINATION		APPLICATIONS		ORIGINATION	
	#	\$ 000's	#	\$ 000's	#	\$ 000's	#	\$ 000's
Home Purchase	85	7,552	83	7,468	147	13,224	130	10,955
Refinance	14	1,279	11	816	94	7,015	83	6,276
Multifamily	1	165	1	165	1	38	1	38
Home Improvement	35	517	24	378	43	671	24	388
Total	135	9,513	119	8,827	285	20,948	238	17,657

The bank is predominantly a home purchase lender, though it extended a significant volume of refinance loans in 2001 as well.

Based on the 2000 "Lender Market Share Report," JSB ranked 18th among 200 HMDA reportable lenders in its assessment area. The bank achieved a 1.90% market share in terms of the number of HMDA-reportable loans and a 1.93% market share with respect to their corresponding dollar amount, reflecting an average loan size of \$74 thousand.

Small Business Loans - In 2000, the bank originated in its assessment area 32 small business loans, totaling \$3.7 million. In the first nine months of 2001, assessment area lending increased, to 40 small business loans totaling \$6.1 million showing.

Based on the 2000 "Lender Market Share Report," the bank ranked 26th among 64 small business lenders, achieving a 0.17% market share in terms of the number of loans and a 0.37% market share in terms of the corresponding dollar amount, reflecting an average loan size of \$109 thousand.

Geographic Distribution:

Assessment Area Lending:

The bank's overall performance under this factor is satisfactory, reflecting a good proportion of HMDA loans and an adequate proportion of small business loans extended in the assessment area.

HMDA

Overall, the bank made a good percentage of HMDA-reportable loans in its assessment area.

Of the 124 total HMDA-reportable loans originated by JSB in 2000, 119 (96%) were made in its assessment area. In dollar volume, the bank made \$8.8 million or 97.5% of the total dollar-

volume within its assessment area.

For the nine-months ending September 30, 2001, JSB originated 238 HMDA-reportable loans in its assessment area, reflecting 85.3% of the total number of loans made (279). In dollar-volume, the bank originated \$17.7 million or 77.3% of the total dollar-volume in its assessment area. (Refer to Charts B and C on page 5-1 and 5-3, respectively.)

While assessment area penetration declined between the first and second year of the evaluation period, the bank's results are nonetheless considered good.

Small Business Loans

During the evaluation period, JSB made an adequate percentage of small business loans in its assessment area.

In 2000, the bank originated in its assessment area 32 small business loans or 94% of the total number of small business loans (34 loans). In terms of dollar-volume, JSB made \$3.3 million or 88.3% of the total dollar-volume of small business loans, in the assessment area.

During the first nine months of 2001, the bank originated in its assessment area 40 small business loans or 60.6% of the total number of small business loans (66 loans), showing a marked decline in relative penetration. In dollar-volume, the bank made in its assessment area \$6.1 million or 43.4% of the total dollar-volume of small business loans.

The following table reflects the bank's small business loan origination for year 2000 and the first nine months of 2001:

Small Business Loans								
Assessment Area	2000				9/30/2001			
	#	%	\$'000	%	#	%	\$'000	%
Inside	32	94.1	3,269	88.3	40	60.6	6,114	43.4
Outside	2	5.9	435	11.7	26	39.4	7,968	56.6
Total	34	100.0	3,704	100.0	66	100.0	14,082	100.0

Geographic Distribution Based on Census Tract Income:

Overall, the geographic distribution of the bank's loans according to census tract income is considered good, reflecting a satisfactory distribution of HMDA-reportable loans and an excellent distribution for small business loans.

HMDA

In 2000, JSB originated six HMDA-reportable loans in LMI areas of its assessment area, achieving a 5.0% penetration ratio. This is somewhat lower than the assessment area's aggregate ratio of 5.7%. In dollar-volume, the bank achieved a LMI penetration ratio of 1.5%, compared to the aggregate penetration ratio of 2.7%.

The bank's penetration ratios in middle- and upper-income areas were 87.4% and 7.6%, respectively. JSB had a greater penetration of middle-income areas when compared to the aggregate's 58.2%, and a considerably lower penetration of upper-income areas where the aggregate achieved a 36.6% ratio. In dollar-volume, the bank's ratios for middle- and upper-income areas were 89% and 9.5% respectively compared with 40.8% and 56.5% for the aggregate.

For the nine-months ending September 30, 2001, the bank's penetration ratio in LMI areas based on the number of loans was 8.9%, showing a significant increase. The ratios were 78.2% and 13% in middle- and upper-income areas respectively. In dollar-volume, the ratios were 6.2%, 77.2% and 16.6% in LMI, middle- and upper-income areas. Aggregate data for 2001 was not available. (Refer to Charts B and D)

Small Business Loans

In 2000, the bank far exceeded the performance of the aggregate, achieving a 40.6% LMI penetration ratio with its small business loans compared with the aggregate's ratio of 8.9%. With respect to the corresponding dollar-volume, JSB obtained a 32.8% LMI penetration ratio compared to the aggregate's 6.9%.

For the first nine months of 2001, JSB had a 30% LMI penetration ratio in terms of number of loans, showing continued strong performance despite a decline from the prior year's level. In their corresponding dollar-volume, the bank had a 27.4% LMI penetration ratio. The aggregate data for 2001 was not available. (Refer to the chart below)

Geographic Distribution of Small Business Loans								
Geography Income Level	2000				9/30/2001			
	#	%	\$'000	%	#	%	\$'000	%
Low	2	6.2	345	10.6	6	15.0	466	7.6
Moderate	11	34.4	726	22.2	6	15.0	1,208	19.8
Middle	16	50.0	2,092	64.0	17	42.5	1,933	31.6
Upper	3	9.4	106	3.2	11	27.5	2,507	41.0

Total	32	100.0	3,269	100.0	40	100.0	6,114	100.0
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Borrower Distribution:

The distribution of the bank’s lending based on borrower income is considered adequate, reflecting adequate performance for both HMDA-reportable and small business loans.

HMDA

The bank’s HMDA lending based on borrower income is considered adequate.

In 2000, the bank had a 12.6% LMI penetration ratio based on the number of loans, trailing the 23.8% ratio attained by the aggregate. The bank’s penetration ratios for middle- and upper-income individuals were 23.5% and 63% respectively, compared with 25% and 48% for the aggregate. In dollar-volume, JSB had a 3.7% LMI penetration ratio compared to a 12.8% penetration ratio for the aggregate.

For the nine-months ending September 30, 2001, the bank’s LMI penetration ratio based on the number of loans increased to 16.4%. Its penetration ratios for middle- and upper-income individuals were 25.6% and 57.6% respectively. In dollar-volume, the bank’s LMI penetration ratio was 9%, and for middle- and upper-income borrowers its penetration ratios were 17% and 73.8% respectively. The aggregate data for 2001 was not available. (Refer to Charts A and C on pages 5-1 and 5-3, respectively)

Small Business Loans

The bank performed considerably below the aggregate with respect to its proportion of loans up to \$100 thousand (LS1), while far exceeding the aggregate’s percentages in the \$100 thousand - \$250 thousand (LS2) and more than \$250 thousand (LS3) categories. However, JSB significantly outperformed the aggregate in extending loans to businesses with gross annual revenues of less than \$1 million.

In 2000, the bank made 65.6% of its small business loans in category LS1, compared to the 90.2% made by the aggregate. For categories LS2 and LS3, JSB made 25% and 9.4%, respectively compared to the aggregate’s 4.7% and 5.1%. Based on dollar-volume, the bank achieved a 22.6% in the LS1 category, a ratio somewhat below the 26.9% for the aggregate.

The following table details the distribution of the small business loans extended during 2000 within the bank’s assessment area by loan size at origination.

Small Business Loans by Loan Size								
Loan Amount	Bank 2000				Aggregate			
	#	%	\$'000	%	#	%	\$'000	%
(LS1)<=\$100	21	65.6	740	22.6	4,801	90.2	71,585	26.9
(LS2)>\$100<=\$250	8	25.0	1,203	36.8	251	4.7	44,320	16.7
(LS3)>\$250<=\$1,000	3	9.4	1,326	40.6	274	5.1	150,098	56.4
Total	32	100.0	3,269	100.0	5,326	100.0	266,003	100.0

During the first nine months of 2001, the bank made 60% of its small business loans in the LS1 category, 27.5% in the LS2 category and 12.5% in the LS3 category, showing relatively consistent performance. Based on the corresponding dollar-volume, JSB provided 14.9% in the LS1 category, 27.4% in the LS2 category and 57.7% in the LS3 category. The aggregate data for 2001 was not available.

With regard to lending to the proportion of lending to small businesses having annual revenues of less than \$1 million, the bank performed well above the aggregate in terms of number of loans and their corresponding dollar-volume in 2000.

In 2000, the bank made 81.3% of the total number of small business loans to small businesses, far exceeding the aggregate's 40.8%. With respect to their corresponding dollar-volume, the bank made 72.5% of the total dollar volume of small business loans to small businesses compared to 26.9% for the aggregate.

Percentage of Loans to Small Businesses* by Number & Dollar-Volume				
Year	Bank %		Aggregate %	
	Number	\$000's	Number	\$000's
2000	81.3%	72.5%	40.8%	26.9%

* Companies with annual revenues of less than \$1 million.

During the nine months ending September 30, 2001, the bank performance improved. JSB made 92.5% of the total number of small business loans to small businesses. Based on the corresponding dollar-volume, the bank made 95.5% of the total dollar volume to small businesses. The aggregate data for 2001 was not available.

Community Development Lending:

Jamestown Savings Bank made a minimal level of community development loans and needs to improve in this category.

During the evaluation period, community development commitments consisted only of a

renewal of a \$124.5 thousand line of credit, originally provided in February 1997.

This line of credit, of which \$12.3 thousand was outstanding, is available to the New York State Business Development Corporation ("NYBDC"). The NYBDC is a privately-owned entity created by New York State statute and funded by commercial and savings banks under lines of credit that are utilized to provide a broad range of financing to small and mid-sized businesses located in New York State.

Flexible Lending Practices:

The bank makes limited use of flexible and/or innovative lending practices.

JSB offers flexible underwriting standards for mortgage products to provide home ownership opportunities for LMI individuals who otherwise may not be able to obtain financing under traditional bank guidelines. The bank offers mortgage financing of up to 97% loan-to-value with private mortgage insurance. In addition, the bank follows the published guidelines of the insurance provider, the Mortgage Guaranty Insurance Corporation.

JSB works in Cattaraugus County with the Rural Revitalization Corporation in Salamanca and the Department of Community Development in Olean on a LMI housing program entitled Olean Homeownership Assistance Program ("OHAP"). Under this program, applicants with excellent credit history and debt-to-income ratio below 40% pay 50 basis points below the standard current mortgage rate, with the application fee waived. In 2001, JSB originated five loans totaling \$175 thousand under this program.

The bank also offers reduced rate vehicle loans through the guaranty of the Chautauqua Home Rehabilitation and Improvement Corporation ("CHRIC") to LMI individuals. Eligible participants in this program, Becoming a Responsible Adult Vehicle Owner ("BRAVO"), must have a household income of under 200% of the poverty level, be current with child support payments and complete mechanical and financial literacy classes to obtain the loans. Loans paid back on schedule will have the final \$1 thousand forgiven and customers' positive credit reported to credit bureau for future borrowing.

Furthermore, JSB participates with the Chautauqua County Department of Social Services ("DSS") and CHRIC in their EARNA CAR program. Eligible working welfare recipients attend classes on car maintenance and repair, budgeting and money skills regarding car ownership. JSB underwrites the auto loan at a below market rate of 6%.

During the evaluation period, JSB underwrote 26 BRAVO and EARNA CAR vehicle loans totaling \$39.2 thousand to LMI individuals.

JSB is a participant in SBA, GRH and VA loan programs. In 2000, the bank originated two SBA loans totaling \$310 thousand and three VA loans totaling \$183 thousand. During the nine months ending September 31, 2001, the bank originated three SBA loans totaling \$228 thousand and one VA loan totaling \$62 thousand.

II. Investment Test: “Low Satisfactory”

Jamestown Savings Bank’s level of qualified investments including grants and in-kind donations is considered adequate.

For the evaluation period, qualified investments totaled \$90 thousand, all of which is deemed new money.

Qualified investments are comprised of a \$70.0 thousand (targeted) mortgage-backed security, representing 78% of the total, \$2 thousand in grants and an \$18 thousand in-kind contribution.

The in-kind contribution represents the difference between the market rental rate and the reduced rental rate (computed on an annualized basis) that the bank is charging to a nonprofit organization, the Legal Aid of Chautauqua Region Inc., for occupying 2200 sq. ft. of office space owned by JSB. This organization performs legal services as needed to low-income individuals residing in the area.

Additionally, JSB paid all the printing costs to produce the CHRIC First-Time Homebuyer Program brochures regarding home ownership to first time LMI buyers.

III. Service Test: “High Satisfactory”

Retail Banking Service

Jamestown Savings Bank’s retail banking services are accessible to essentially all portions of the bank’s assessment area.

JSB operates five banking offices, of which one (in Jamestown)(20%) is located in a low-income tract. Two others (one in Jamestown and another in Olean)(40%) are located in non-LMI tracts adjacent to LMI tracts. The main office is scheduled to relocate to downtown Jamestown an LMI area, in late 2002.

Between evaluation dates, the bank opened (in May 2001) a new branch, located in an upper-income tract in Williamsville, at the Eastern Hills Mall in Erie County. The bank has not closed any office in the last three years.

The main office, the Foote Avenue Jamestown office, the Olean office and the new Williamsville office are equipped with 24-hour drive-up ATMs, which are connected to the “MAC” and “CIRRUS” networks. The main office and the Olean office also offer drive-through banking lanes.

Jamestown Savings Bank’s services and banking hours are tailored to the needs and convenience of its community. The bank offers extended operating hours during the week and is open on Saturdays.

JAMESTOWN SAVINGS BANK BRANCH NETWORK						
	Tract Location	Drive Through ATM	Hours: Mon.-Wed.	Hours: Thursday	Hours: Friday	Hours: Saturday
Lakewood	Upper	Yes	9:00-5:00	9:00-7:00	9:00-7:00	9:00-1:00
Jamestown, West 3rd Street	Low	No	9:00-5:00	9:00-6:00	9:00-6:00	9:00-12:00
Jamestown, Foote Avenue	Middle Adjacent	Yes	9:00-5:00	9:00-7:00	9:00-7:00	9:00-1:00
Olean	Middle Adjacent	Yes	9:00-4:30	9:00-4:30	9:00-7:00	9:00-12:30
Williamsville	Upper	Yes	10:00-5:00	10:00-5:00	10:00-7:00	10:00-1:00

JSB operates a “bank-by-telephone” service called Bankline. It is accessible through a toll-free number and provides access to customers’ accounts 24 hours a day seven days a week. Customers are able to transfer funds, make loan payments, check loan and deposit balances and review cancelled checks. During extended business hours the customer can also speak with a JSB representative to further conduct business.

Community Development Service

JSB provides a satisfactory level of community development services.

JSB offers an approved alternative account that is more beneficial to consumers than the Basic Banking account described in Part 9 of the New York State General Regulations of the Banking Board. JSB’s transaction account features unlimited check writing and pays interest under certain guidelines.

Jamestown Savings Bank services all outstanding mortgage loans for Habitat for Humanity at no charge. This organization works to provide affordable, decent housing for LMI families. At its own expense, JSB also pays the escrow servicing fees and escrow interest for these mortgage loans thus reducing the cost to the customers.

In Jamestown, the bank leases retail space to a local merchant at a rate that is 36.7% below the market rate. The merchant operates in an LMI area where many retailers have closed or moved stabilizing the community.

Jamestown Savings Bank has lent employees to the NeighborWorks Network and Rural Revitalization Corporation to instruct and counsel LMI individuals. JSB’s commercial lending officers have participated in SBA seminars and loan officers have been provided to OHAP.

Through direct Board of Directors involvement, JSB provides financial expertise to the Downtown Jamestown Development Corporation, Chautauqua Region Community Foundation, Chautauqua Striders Youth Development Coalition and the Empire Development Zone.

IV. Discrimination or Other Illegal Practices

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report concurrent with this evaluation indicates a satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

V. Process Factors

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

The bank ascertains the credit needs of its community through contacts by directors, officers and staff with community leaders and organizations. JSB has a Community Development Officer whose primary function is to keep the bank abreast of community actions and proposals. Some of the organizations that the Community Development Officer has contacted through membership or board membership are:

- Southern Chautauqua Chamber of Commerce
- Chautauqua County READ DARE Committee
- Chautauqua County Childrens' Safety
- Jamestown Local Development Corporation
- Chautauqua County School to Work
- Jamestown Senior Citizens Centre Committee
- Foster Grand-Parent Program
- Chautauqua Region Community Foundation

- Kids at Promise
- Retired Senior Volunteer Program
- Jamestown City Parks Recreation Commission
- Chautauqua County Office of Aging

Jamestown Savings Bank contacts organizations in the assessment area to seek their input in community development and to inform them of JSB's commitment regarding community reinvestment. Some of the approached organizations are:

- Cattaraugus Economic Development Zone Corporation
- Rural Revitalization Corporation
- Cattaraugus Rural Housing Corporation
- Chautauqua Home Rehabilitation and Improvement Corporation
- Olean Community Development
- Chautauqua Opportunities
- Jamestown Housing Authority
- Joint Neighborhood Project
- Fourth Street Housing
- Habitat for Humanity

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

The bank uses print and broadcast media to make members of its community aware of its products and services. Print advertisements are mainly placed in local newspapers that are distributed in the vicinity of the bank's branches. The publications used by the bank include *The Post Journal* and *Olean Times Herald*. The bank also uses brochures printed in English and Spanish.

Radio advertisements are done on the following local radio stations: *WJTN*, *WWSE*, *WHUG*, *WMXO* and *WPIG*.

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

The bank's board of directors establishes all of the bank's policies and procedures. Annually, the board reviews the bank's CRA Statement with the latest approval in January 2001. The board discusses CRA activities at its regular meetings.

VI. Other Factors

Other factors that in the judgement of the Superintendent and Banking Board, bear

upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The bank provides food and clothing drop-off sites for the Joint Neighborhood Project, a part of the United Way geared to LMI Hispanic families.

Moreover, JSB allows non-profit groups to use its corporate boardroom for meetings and use of its bulletin board for advertisements at the Lakewood main office. In addition, it hosts annually "Customer Appreciation Days" at all branch offices offering beverages and snacks.

CHARTS FOR REPORTING OF HMDA STATISTICS

CHART A

Residential Real Estate Loans - Year 2000 - by Borrower Income Level*										
Borrower	Total Lending				Assessment Area Lending				Aggregate**	
Income	Applics.		Originations		Applics.		Originations		Originations	
Level	#	%	#	%	#	%	#	%	#	%
Low	9	6.3	4	3.2	9	6.7	4	3.4	384	6.1
Moderate	16	11.3	13	10.5	14	10.4	11	9.2	1,109	17.7
Middle	34	23.9	30	24.2	31	23.0	28	23.5	1,611	25.7
Upper	82	57.7	76	61.3	80	59.3	75	63.0	2,922	46.6
N/A	1	0.7	1	0.8	1	0.7	1	0.8	248	4.0
Total	142	100.0	124	100.0	135	100.0	119	100.0	6,274	100.0

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

** The term "Aggregate" refers to loans originated in the bank's assessment area by all HMDA reporting lenders.

CHART B

Residential Real Estate Loans - Year 2000 - by Geography Income Level*										
Geo	Total Lending				Assessment Area Lending				Aggregate	
Income	Applics.		Originations		Applics.		Originations		Originations	
Level	#	%	#	%	#	%	#	%	#	%
Low	1	0.7	-	0.0	1	0.7	-	0.0	38	0.6
Moderate	8	5.6	6	4.8	8	5.9	6	5.0	318	5.1
Middle	124	87.3	109	87.9	117	86.7	104	87.4	3,575	57.0
Upper	9	6.3	9	7.3	9	6.7	9	7.6	2,343	37.3
N/A	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Total	142	100.0	124	100.0	135	100.0	119	100.0	6,274	100.0

* Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

CHART C

Residential Real Estate Loans - Year 9/2001 - by Borrower Income Level*								
Borrower Income Level	Total Lending				Assessment Area Lending			
	Applics.		Originations		Applics.		Originations	
	#	%	#	%	#	%	#	%
Low	11	3.3	3	1.1	11	3.9	3	1.3
Moderate	54	16.0	42	15.1	47	16.5	36	15.1
Middle	83	24.6	68	24.4	73	25.6	61	25.6
Upper	181	53.7	158	56.6	153	53.7	137	57.6
N/A	8	2.4	8	2.9	1	0.4	1	0.4
Total	337	100.0	279	100.0	285	100.0	238	100.0

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

CHART D

Residential Real Estate Loans - Year 9/2001 - by Geography Income Level*								
Geo Income Level	Total Lending				Assessment Area Lending			
	Applics.		Originations		Applics.		Originations	
	#	%	#	%	#	%	#	%
Low	8	2.4	8	2.9	8	2.8	8	3.4
Moderate	23	6.8	14	5.0	20	7.0	13	5.5
Middle	249	73.9	209	74.9	220	77.2	186	78.2
Upper	57	16.9	48	17.2	37	13.0	31	13.0
N/A	-	0.0	-	0.0	-	0.0	-	0.0
Total	337	100.0	279	100.0	285	100.0	238	100.0

* Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

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

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

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

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

- Financial intermediaries (including community development financial institutions,

community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;

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

A "community development service" is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services.

This includes but is not limited to:

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

- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

Home Mortgage Disclosure Act (“HMDA”)

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

Loans to Small Businesses

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

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

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

LMI Individuals/Persons

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

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.