



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY
OFF-SITE EVALUATION

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2003

Institution: Jamestown Savings Bank
7 West Third Street
Jamestown, NY 14701

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.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context.....	3
Institution's Profile	
Assessment Area	
Performance Tests and Assessment Factors	4
Lending Test	
Investment Test	
Service Test	
Discrimination or Other Illegal Practices	
Process Factors	
Other Factors	
Glossary	5

GENERAL INFORMATION

This document is an off-site evaluation of the Community Reinvestment Act (“CRA”) performance of Jamestown Savings Bank (“Jamestown”) 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 December 31, 2003.

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 (“LMI”) 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 (“Evaluation”) be made available to the public. 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 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

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

Lending Test: "High Satisfactory"

- The bank's lending level reflects good responsiveness to the credit needs of the assessment area. In 2002, Jamestown ranked 18th among 241 Home Mortgage Disclosure Act ("HMDA") reporting lenders in its assessment area. This ranking reflected a market share of 1.45% (263 loans) of the number of loans and 1.48% (\$22.8 million) in terms of dollar volume. Similarly, among 80 small business lenders, Jamestown ranked 23rd by achieving a market share of 0.34% and 0.94%, in terms of number of loans and dollar volume, respectively.
- During the evaluation period, Jamestown originated a high percentage of its HMDA-reportable and small business loans within the assessment area. Considering HMDA and small business loans together, Jamestown originated 85.5% of its total number of loans and 80.3% of its total dollar volume of loans within its assessment area.
- The geographic distribution of Jamestown's loans within the assessment area is good.
 - The bank extended 42 HMDA-reportable loans in LMI census tracts within the assessment area, achieving LMI penetration rates of 6.9% and 4.6%, based on number and dollar volume, respectively. In 2002, the bank outperformed the market aggregate based on the percentage of loans originated in LMI areas. Jamestown originated 7.6% of its loans in LMI areas, compared to the aggregate's ratio of 6.2%.
 - Jamestown granted 28 small business loans in LMI geographies within its assessment area, achieving LMI-area penetration rates of 21.2% and 15.6%, based on number and dollar volume, respectively. In 2002, based on number of loans, Jamestown's LMI penetration ratio of 16.9% exceeded the aggregate ratio of 14.2%.
- The overall distribution of the bank's loans by borrowers' characteristics is acceptable, reflecting adequate penetration among consumers of different income levels and excellent penetration among businesses of different sizes.
 - In 2002, Jamestown's LMI borrower penetration ratio of 14.1% was about one-half the aggregate's rate of 25.1%. In 2003, the bank's ratio improved slightly to 17.5%.
 - In each year of the evaluation period, the bank extended about 94% of its small business loans to businesses with gross annual revenues of \$1 million or less. In 2002, the bank's ratio far exceeded the aggregate's ratio of 29.4%.

-
- Jamestown’s volume of community development lending remains low and needs to improve. The bank’s only community development loan is the renewal of a \$125 thousand line of credit.
 - During the evaluation period, Jamestown extended approximately \$33.4 million in innovative and/or flexible loans, including loans referred or guaranteed by community development organizations located in the bank’s assessment area.

Investment Test: “Outstanding”

- The bank’s level of qualified community development investments reflects excellent responsiveness to credit and community development needs within the assessment area. This is an improvement over the previous evaluation’s performance, which was considered adequate. Qualified investments have increased to approximately \$1.7 million from the \$90 thousand noted at the prior evaluation.

Service Test: “High Satisfactory”

- Jamestown’s delivery systems are accessible to essentially all portions of the assessment area. In addition to the main office, Jamestown operates seven full-service branch offices. One of the branches is located in a low-income census tract and three are located in middle-income census tracts that are adjacent to LMI census tracts.
- The bank’s alternative delivery systems include a network of three loan production offices, Internet banking, telephone banking and banking by mail.
- Jamestown’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. During the evaluation period, the bank opened three new branches, including one in an upper-income area and two in middle-income areas. One of the new branches is located in a census tract adjacent to an LMI area.
- Jamestown’s services are tailored to the convenience and needs of its assessment area. All branches offer extended hours during the week and are open on Saturdays.
- Jamestown provided a relatively high level of community development services during the evaluation period. For example, since 2001 the bank has provided free loan servicing for all Chautauqua Area Habitat for Humanity mortgages, and paid the escrow servicing fees and escrow interest for these loans, thereby reducing the cost to customers.

This off-site 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 is a stock form savings bank headquartered in the city of Jamestown in Chautauqua County. Jamestown is a wholly owned subsidiary of Northwest Bancorp, Inc. ("NBI"), a bank holding company located in Warren, Pennsylvania. As of June 30, 2003, the holding company's assets totaled approximately \$5 billion. NBI also owns Northwest Savings Bank, which has offices throughout Pennsylvania and in parts of Ohio. In turn, NBI is 59% owned by Northwest Bancorp, a mutual holding company.

The bank offers a wide range of credit products; however, the bank's primary business focus is the origination of residential and commercial mortgage loans. As of December 31, 2003, Jamestown reported total assets of \$370.7 million, which included gross loans of \$199.9 million. Residential and commercial mortgages represented 59.8% and 28.8% of gross loans, respectively. The following table shows Jamestown's loan portfolio as reported in its year-end Call Reports for 2002 and 2003:

Total Gross Loans Outstanding				
Loan Type	12/31/2002		12/31/2003	
	\$000	%	\$000	%
1 - 4 Family Residential MortgageLoans	90,503	61.5	119,087	59.6
Multifamily Mortgages	465	0.3	365	0.2
Construction and Land Development	1,072	0.7	932	0.5
Commercial Mortgage Loans	41,838	28.4	57,516	28.8
Consumer Loans	1,192	0.8	1,290	0.6
Agricultural Loans	179	0.1	544	0.3
Commercial & Industrial Loans	11,954	8.1	20,176	10.1
Total Gross Loans	147,203	100.0	199,910	100.0

Jamestown reported total deposits of \$349.5 million as of December 31, 2003. Based on comparative market share data for all FDIC-insured institutions, the bank's market share increased to 1.54% (\$324.4 million) as of June 30, 2003, from 0.73% (\$130.6 million) as of June 30, 2001. The following table shows the bank's deposit market share by county:

Summary of Deposits - Market Share Report as of June 30, 2003					
County	Rank in Market	# of Institutions in Market	Inside of Market		
			# of Offices	Deposits (\$000)	Market Share
Chautauqua	6th	8	5	163,514	13.17%
Cattaraugus	8th	9	1	20,184	2.70%
Erie	12th	19	2	140,668	0.74%

Many of the bank's competitors are larger, more established financial institutions and include local and regional banks, mortgage companies, finance companies and credit unions.

There are no known legal or financial impediments that would adversely affect the bank's ability to meet the credit needs of its assessment area.

Assessment Area:

Jamestown's assessment area includes Chautauqua County (MSA 3610) in its entirety, the central and southern sections of Cattaraugus County (a non-MSA county) and portions of Erie County (MSA 1280). Since the prior evaluation, the bank expanded the Erie County portion of its assessment area by 80 census tracts to include portions of the city of Buffalo, and the towns of Tonawanda, Amherst, Clarence and Lancaster, including the villages of Williamsville, Depew, Harris Hill, Kenmore and Cheektowaga.

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

The bank's assessment area includes 148 census tracts. Thirty-four of the census tracts are in Chautauqua County, 98 are in Erie County and 16 are in Cattaraugus County. Of the total number of census tracts, 9 are low-income, 25 are moderate-income, 79 are middle-income, 32 are upper-income and 3 are zero-income. One of the 25 moderate-income areas (tract 9621.00, in Cattaraugus County) is the Allegany Indian Reservation, a part of the Seneca Indian Nation, with a 2000 census population of 6,804 individuals.

Due to a change in demographics between the 1990 and the 2000 census, Chautauqua County gained two LMI census tracts and lost one upper-income tract. Because of the increase in Jamestown's assessment area and a change in demographics, the Erie County portion of its assessment area now has 23 LMI census tracts.

The assessment area appears reasonable based on the location of Jamestown's branches. There is no evidence that LMI areas have been arbitrarily excluded.

Assessment Area Demographics

According to the 2000 U.S. Census, Jamestown's assessment area had a population of approximately 643 thousand, of which 16.1% was over the age of 65 and 21.3% was under the age of 16. The area's median family income was approximately \$50 thousand as of the 2000 Census, which is consistent with updated data for 2003 that is available from the U.S. Department of Housing and Urban Development.

In 2000, there were 165.6 thousand families living in the assessment area. Approximately 69 thousand, or 36.1%, of these families were LMI. Approximately 11.3% of all LMI families lived in LMI census tracts.

There were 255.3 thousand households in the assessment area, of which 29 thousand (11.4%) had income below the poverty level.

In 2000, there were approximately 284 thousand housing units in the assessment area. Approximately 87% of this housing was in 1- to 4-family units, 9% in multi-family units and 4% in mobile homes or trailers. Owner-occupied units represented 61% of all housing units and rental occupied accounted for 29% of all units. Approximately 10% of total housing units were vacant.

During the evaluation period, there were about 35 thousand non-farm businesses in the assessment area. In 2002, non-farm businesses with revenues of \$1 million or less comprised 73% of the total. In 2003, when data from the 2000 Census became available, this ratio declined to 62.3%. Approximately 80% of all businesses in the assessment area had fewer than 50 employees and about 84% operated from a single location.

Chautauqua County

Chautauqua County had a population of 141.9 thousand in 1990, which decreased to 139.8 thousand in 2000. Sixteen percent of the population was over the age of 65 and 21% was under the age of 16. In 2000, the median family income for the county was \$41.1 thousand. The HUD estimate of the MSA median family income for 2003 was \$43.6 thousand. Thirty-eight percent of all families are LMI. Twelve percent of households live beneath the poverty level. Chautauqua County has 34 census tracts, 20.6% of which are LMI.

There are 64.9 thousand housing units in Chautauqua County, 85% of which are in 1-4 family units. Fifty-eight percent of the housing units are owner-occupied, and 10% of those units are located in LMI census tracts. Sixteen percent of all housing units are vacant. The median housing value is \$62 thousand. Houses located in the county have a median age of 42 years; however, houses located in LMI census tracts have a median age of 51 years.

The unemployment rate in Chautauqua County was 3% in 2003, which was about one-half New York State's average unemployment rate of 6.4%.

PERFORMANCE TESTS AND ASSESSMENT FACTORS

The Banking Department assesses a large bank's CRA performance by evaluating its lending, investment and service activities using the lending, investment and service tests provided for in Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board.

This performance evaluation incorporates a review of Jamestown Savings Bank's lending, investment and service activities within the assessment area during 2002 and 2003. Loan products considered include HMDA-reportable and small business loans. For purposes of this evaluation, HMDA-reportable lending was weighed more heavily than small business lending because it accounted for more than 82% of the bank's combined HMDA and small business lending based on number of loans, and more than 74% based on dollar volume.

Statistics employed in this evaluation were derived from various sources. In addition to bank-specific loan data submitted by Jamestown Savings Bank, aggregate data for HMDA-reportable loans and small business loans originated in 2002 was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCi Corporation's CRA Wiz ® software. When this evaluation was prepared, aggregate data for 2003 were not yet available.

I. Lending Test: "High Satisfactory"

The bank's lending performance is evaluated pursuant to the following criteria: (1) Lending Activity, (2) Assessment Area Lending, (3) Geographic Distribution of Loans, (4) Borrower Characteristics, (5) Community Development Lending and (6) Innovative or Flexible Lending Practices.

Lending Activity: "High Satisfactory"

Jamestown's lending levels reflect good responsiveness to the credit needs of the assessment area.

In 2002 Jamestown ranked 18th among 241 HMDA-reporting lenders in its assessment area. This ranking reflected a market share of 1.45% in terms of number of loans (263 loans) and 1.48% in terms of dollar volume (\$22.8 million). Similarly, among 80 small business lenders, Jamestown ranked 23rd by achieving a market share of 0.34% and 0.94%, in terms of number of loans and dollar volume, respectively.

Compared to the prior evaluation, which covered only 21 months, the bank's level of lending within its assessment area has improved. At the prior evaluation, the bank originated 429 HMDA-reportable and small business loans in the assessment area. Based on the 21-month period, this resulted in an average of about 20 loans per month. During the current evaluation period, which covers 24 months, the bank extended 737 HMDA-reportable and small business loans inside the assessment area, and the average number of originations increased to about 30 loans per month. During the same period, the dollar

volume of originations more than doubled to \$74.9 million.

Chautauqua County accounts for a majority of the bank's HMDA-reportable loans. During the evaluation period, the bank extended 79.3% of its HMDA-reportable loans in Chautauqua County. The proportion is 76.3% based on dollar volume. The bank extended 10.4% and 10.3% of its HMDA-reportable loans in Cattaraugus and Erie counties, respectively, with corresponding ratios based on dollar volume of 9.8% and 13.9%.

The following table illustrates the bank's HMDA-reportable lending activity during the current evaluation period:

HMDA-Reportable Lending Activity By County (Dollars Amounts Shown in Thousands)																		
County*	2002								2003								Grand Total	
	009*		013*		029*		Total		009*		013*		029*		Total			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Low			7	374			7	374			3	189			3	189	10	563
Moderate	4	390	8	450	1	68	13	908	2	178	15	707	2	125	19	1,010	32	1,918
Middle	29	2,385	171	14,694	7	532	207	17,611	27	2,332	234	20,962	11	819	272	24,113	479	41,724
Upper			21	1,864	15	1,982	36	3,846	1	60	21	2,362	26	4,030	48	6,452	84	10,298
Total	33	2,775	207	17,382	23	2,582	263	22,739	30	2,570	273	24,220	39	4,974	342	31,764	605	54,503

* County Codes: (009 Cattaraugus; 013 Chautauqua; 029 Erie)

Assessment Area Concentration: "High Satisfactory"

Jamestown originated a high percentage of its loans within the assessment area. Based on number and dollar volume of loans, the ratios were 85.5% and 80.3%, respectively.

HMDA-Reportable Loans

The number of HMDA-reportable loans extended in the assessment area increased by 30% and the dollar volume increased by approximately 40% between 2002 and 2003. During the same period, the concentration of loans within the assessment area declined from 88.3% to 82.8% by number and from 83.4% to 75.3% by dollar volume. Nonetheless, the bank still originated a high percentage of its HMDA-reportable loans within its assessment area during the two-year evaluation period.

Small Business Loans

While the total number of small business originations increased from 73 loans in 2002 to 78 loans in 2003, the total number of originations within the assessment area declined by 14% (10 loans). Consequently, Jamestown's assessment area concentration declined from 97.3% to 78.2%.

Small business originations within the assessment area increased in dollar volume during 2003, but represented a smaller percentage of total lending because originations outside

the assessment area grew at a faster pace. As a result, loans falling within the assessment area declined from 87.4% to 83.9% of total originations based on dollar volume. Even though the concentration of lending within its assessment area decreased in 2003, the bank still maintained a high percentage of its small business lending within its assessment area.

The following table reflects the distribution of the bank's HMDA-reportable and small business loans inside and outside of the assessment area:

Distribution of Loans Inside and Outside of the Assessment Area										
	Number of Loans					Amount (Dollars in Thousands)				
	Inside		Outside		Total #	Inside		Outside		Total #
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2002	263	88.3	35	11.7	298	22,739	83.4	4,513	16.6	27,252
2003	342	82.8	71	17.2	413	31,764	75.3	10,405	24.7	42,169
Subtotal	605	85.1	106	14.9	711	54,503	78.5	14,918	21.5	69,421
Small Business										
2002	71	97.3	2	2.7	73	9,052	87.4	1,300	12.6	10,352
2003	61	78.2	17	21.8	78	11,317	83.9	2,165	16.1	13,482
Subtotal	132	87.4	19	12.6	151	20,369	85.5	3,465	14.5	23,834
Total	737	85.5	125	14.5	862	74,872	80.3	18,383	19.7	93,255

Geographic Distribution of Loans: "High Satisfactory"

The overall geographic distribution of loans within the assessment reflects a good penetration of HMDA-reportable and small business loans within LMI areas.

HMDA-Reportable Loans

In 2002, the bank originated 263 HMDA-reportable loans totaling \$22.7 million, and 20 of these loans (7.6%), totaling \$1.3 million (5.6%), were extended in LMI geographies. Jamestown's LMI-area penetration rates exceeded the aggregate rates of 6.2% and 3.1%, based on number of loans and dollar volume, respectively.

In 2003, the bank originated 342 HMDA-reportable loans totaling \$31.8 million, of which 22 loans (6.5%) totaling \$1.2 million (3.8%) were extended in LMI geographies. While the bank's LMI area penetration rates were somewhat lower than the prior year, Jamestown's performance in 2003 is reasonable in light of the assessment area's demographic characteristics.

The geographic distribution of the bank's HMDA-reportable loan originations during the evaluation period is shown in the following tables. The tables only include loans extended within the assessment area.

Distribution of HMDA-Reportable Loans by Census Tract Income Level						
Census Tract Income Level*	Aggregate Lending Data (% of #)	% Owner-occupied Housing Units	2002			
			#	%	\$(000s)	%
Low	0.3	0.4	7	2.7	374	1.6
Moderate	5.9	10.2	13	4.9	908	4.0
LMI	6.2	10.6	20	7.6	1,282	5.6
Middle	53.7	61.2	207	78.7	17,611	77.4
Upper	40.0	28.2	36	13.7	3,846	16.9
N/A	0.0	0.0	0	0.0	0	0.0
Total	100.0	100.0	263	100.0	22,739	100.0

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

Distribution of HMDA-Reportable Loans by Census Tract Income Level						
Census Tract Income Level*	% Owner-occupied Housing Units	2003				
		#	%	\$(000s)	%	
Low	1.9	3	0.9	189	0.6	
Moderate	11.8	19	5.6	1,010	3.2	
LMI	13.7	22	6.5	1,199	3.8	
Middle	57.4	272	79.5	24,113	75.9	
Upper	29.0	48	14.0	6,452	20.3	
N/A	0.0	0	0.0	0	0.0	
Total	100.0	342	100.0	31,764	100.0	

* Geography income level is based upon 2000 census data on median family income figures for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate- income is 50% to <80% of the MSA median income, middle-income is 80% to <120% and upper-income is at least 120%.

Small Business Loans

In 2002, the bank originated 71 small business loans totaling \$9.1 million. Twelve of these loans (16.9%), totaling \$976 thousand (10.8%), were extended in LMI geographies. The bank's percentage of lending in LMI areas was 19% higher than the aggregate's LMI area penetration ratio of 14.2% based on number of loans.

In 2003, the bank's LMI area penetration rate improved significantly over the prior year's performance. The bank originated 61 small business loans totaling \$11.3 million. Sixteen of these loans (26.2%) totaling \$2.2 million (19.6%) were extended in LMI geographies.

The following tables illustrate the geographic distribution of the Jamestown's small business loan originations during the evaluation period. The tables only include loans extended within the assessment area.

Distribution of Small Business Loans by Census Tract Income Level					
Census Tract Income Level*	Aggregate Lending Data (% of #)	2002			
		#	%	\$(000s)	%
Low	1.8	6	8.5	599	6.6
Moderate	12.4	6	8.5	377.0	4.2
LMI	14.2	12	16.9	976	10.8
Middle	52.2	43	60.6	5,409	59.8
Upper	33.4	16	22.5	2,667	29.5
N/A	0.3	0	0.0	0	0.0
Total	100.0	71	100.0	9,052	100.0

* Geography income level is based upon 1990 census data on median family income figures for the MSA where the business is located. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120% and upper-income is at least 120%.

Distribution of Small Business Loans by Census Tract Income Level					
Census Tract Income Level*	Tract	2003			
		#	%	\$(000s)	%
Low		5	8.2	143	1.3
Moderate		11	18.0	2,067	18.3
LMI		16	26.2	2,210	19.6
Middle		34	55.8	5,774	51.0
Upper		11	18.0	3,333	29.4
N/A		0	0.0	0	0.0
Total		61	100.0	11,317	100.0

* Geography income level is based upon 2000 census data on median family income figures for the MSA where the business is located. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120% and upper-income is at least 120%.

Borrower Characteristics: “Low Satisfactory”

The distribution of loans among consumers of different income levels and businesses of different sizes in the bank’s assessment area is acceptable, reflecting an adequate distribution of HMDA-reportable loans and an excellent distribution of small business loans.

HMDA-Reportable Loans

In 2002, Jamestown originated 263 loans totaling \$22.7 million. Thirty-seven of these loans (14.1%), totaling \$1.7 million (7.4%), were made to LMI borrowers. Jamestown’s performance was significantly lower than the market’s aggregate penetration ratios of 25.1% by number and 31.1% by dollar volume.

In 2003, Jamestown’s HMDA-reportable loan originations increased by 30% to 342 loans, and its originations to LMI borrowers increased by 62.2% to 60 loans. Because its lending

to LMI borrowers grew at a relatively fast rate, Jamestown's LMI penetration ratio showed improvement in 2003 to 17.5%. Nonetheless, Jamestown's LMI penetration ratio for HMDA-reportable loans remains weak when compared to the fact that approximately 36.1% of all families in its assessment area are LMI.

The following table shows the distribution of the bank's HMDA-reportable loans by borrower's income level:

Distribution of HMDA-Reportable Loans by Borrower Income Level (Dollars Expressed in Thousands)														
Borrower Income Level*	% of Total Families in the Area**	Aggregate Lending Data (% of #)	2002				2003				Total			
			#	%	\$	%	#	%	\$	%	#	%	\$	%
Low	18.4	6.6	7	2.7	311	1.4	12	3.5	380	1.2	19	3.1	691	1.3
Moderate	17.7	18.5	30	11.4	1,366	6.0	48	14.0	2,130	6.7	78	12.9	3,496	6.4
LMI	36.1	25.1	37	14.1	1,677	7.4	60	17.5	2,510	7.9	97	16.0	4,187	7.7
Middle	22.3	25.8	49	18.6	2,875	12.6	75	21.9	4,438	14.0	124	20.5	7,313	13.4
Upper	41.6	43.3	168	63.9	17,236	75.8	196	57.3	23,662	74.5	364	60.2	40,898	75.0
N/A	0.0	5.9	9	3.4	951	4.2	11	3.2	1,154	3.6	20	3.3	2,105	3.9
Total	100.0	100.0	263	100.0	22,739	100.0	342	100.0	31,764	100.0	605	100.0	54,503	100.0

* Borrower income level is based upon HUD's annual estimate of median family income 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%.

**Percent of total families is based on 2000 U.S. census data.

Small Business Loans

In 2002, the bank originated 67 small business loans (94.4%), totaling \$8.5 million (93.6%), to businesses with gross annual revenues of \$1 million or less, substantially exceeding the aggregate ratios of 29.4% and 30.5%. In 2003, the bank's ratios declined slightly to 93.4% and 91.2%, based on number of loans and dollar volume, respectively. According to business demographic data for the assessment area, in 2002 and 2003, 62% to 73% of non-farm businesses within the assessment area had gross annual revenues of \$1 million or less. Based on these criteria, the bank's concentration of lending to small businesses in the assessment area is excellent.

The following table reflects the distribution of the bank's small business loans based on the gross annual revenues of the borrower:

Distribution of Small Business Loans by Gross Annual Revenues of Business							
Gross Annual Revenues \$(000's)	Aggregate Lending Data (% of #)	2002		2003		Total	
		#	%	#	%	#	%
<=\$1,000	29.4	67	94.4	57	93.4	124	93.9
>\$1,000 or Unknown	70.6	4	5.6	4	6.6	8	6.1
Total	100.0	71	100.0	61	100.0	132	100.0

Community Development Lending: “Needs to Improve”

The bank made a low level of community development loans. Jamestown did not make any new community development loans during the evaluation period. The only activity was the renewal of a \$125 thousand line of credit, originally provided in 1997. This facility was made 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 provide a broad range of financing to small and mid-sized businesses located in New York State.

Flexible or Innovative Lending Practices: “High Satisfactory”

Jamestown Savings Bank uses flexible lending practices in serving the credit needs of its assessment area.

During the evaluation period, Jamestown originated approximately \$33.4 million in loans with flexible underwriting criteria, including loans referred or guaranteed by community development organizations located in the bank’s assessment area. Included among these loans are various consumer, small business and special HMDA-reportable products, such as the following:

- A low down-payment mortgage product featuring private mortgage insurance for loans with loan-to-value (“LTV”) ratios between 81% and 97%.
 - The bank permits gift money as part of the down payment as long as the borrower is able to provide appropriate documentation. With the approval of the chief lending officer, the bank also will waive private mortgage insurance for conventional mortgages with LTVs between 81% and 90%. During the evaluation period, Jamestown originated approximately \$4.4 million in loans under this program.
- Closed-end home equity loans with minimum amounts of \$8 thousand.
 - For loans with LTVs up to 90%, interest rates are tiered based on the term of the loan. For loans with an LTV exceeding 90%, the prevailing interest rate is increased by 50 basis points. Jamestown pays all closing costs except for the borrower’s portion of the mortgage tax. During the evaluation period, \$12 million loans were closed under this program.
- The bank works with the Rural Revitalization Corporation (“RRC”) which, in collaboration with the Olean Housing Assistance Program (“OHAP”), provides financial resources to potential first-time homebuyers in the city of Olean. This program assists LMI borrowers who meet income eligibility requirements established by HUD. During the evaluation period, Jamestown originated \$133 thousand in loans under the OHAP program.

-
- The bank participates with the Chautauqua Home Rehabilitation and Improvement Corporation (“CHRIC”) and the Chautauqua County Department of Social Services (“DSS”) in their “EarnACar” program, which helps families to obtain reliable transportation for commuting to work. A DSS caseworker must refer each potential borrower, and applicants must be recipients of temporary aid to needy families. Loans extended under this program during the evaluation period amounted to approximately \$20 thousand.

II. Investment Test: “Outstanding”

The investment test evaluates a banking institution’s record of helping to meet the credit needs of its assessment area through qualified investments. Qualified investments are evaluated based on dollar volume, innovativeness or complexity, responsiveness to community development needs, and the degree to which qualified investments are not routinely provided by private investors.

The bank’s level of qualified community development investments is excellent and reflects improvement over the previous evaluation’s performance, which was rated adequate. Qualified investments increased significantly from \$90 thousand at the previous evaluation to approximately \$1.7 million at this evaluation.

Jamestown has purchased 12 securities that support community development projects in LMI areas and/or support financing targeted toward LMI individuals. Approximately \$1.6 million of these investments are new money.

III. Service Test: “High Satisfactory”

The service test evaluates a banking institution’s record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of a banking institution’s systems of delivering retail banking services and the extent and innovativeness of its community development services.

Retail Banking Services: “High Satisfactory”

Accessibility of Delivery Systems

Jamestown’s delivery systems are accessible to essentially all portions of the assessment area. In addition to the main office, Jamestown operates seven full-service branch offices. One of the branch offices is located in a low-income geography and three are located in middle-income geographies that are adjacent to LMI census tracts. The distribution of the bank’s branch offices is shown in the following table:

Distribution of Jamestown's Branch Offices by Census Tract Income Level							
Census Tract Income Level	Census Tracts in Assessment Area		Households		Branch Offices		Number of Branches Adjacent to LMI Areas
	#	%	#	%	#	%	
Low	9	6.1	11,239	4.4	1	12.5	
Moderate	25	16.9	40,571	15.9	0	0.0	
Middle	79	53.4	138,521	54.3	4	50.0	3
Upper	32	21.6	64,934	25.4	3	37.5	
N/A	3	2.0	0	0.0	0	0.0	
Total	148	100.0	255,265	100.0	8	100.0	

Jamestown enhances access to its services through a variety of alternative delivery systems. Some of the more prominent alternative delivery systems are explained below:

- *Loan Production Offices* - To supplement its core banking facilities, Jamestown has three loan production offices at key locations within its assessment area. There is a loan production center in Williamsville, a loan-servicing center in Jamestown and another loan production center at the corporate offices in Jamestown. All loan production centers offer a comprehensive menu of loan products, including mortgages.
- *Bank-by-Mail* - Jamestown offers bank-by-mail services at all of its locations, including the loan production center in Williamsville and the loan servicing center in Jamestown. The branches accept all types of account transactions, including loan and deposit account maintenance functions. The Williamsville loan production center and the loan-servicing center provide only loan related bank-by-mail services.
- *Bank-by-Phone* - Jamestown provides customers with toll-free “bank-by-phone” access to their accounts, 24 hours a day, seven days a week. Through this system, customers can obtain account information, initiate transfers, make payments, order checks, cancel or order a debit card, stop payment on a check and update their mailing address.
- *Internet Banking* – Using the bank’s online banking system, customers can conduct all the same transactions that are available via bank-by-phone, and they can use the bank’s on-line bill payment service at no cost if they pay at least one bill per month using this system.
- The bank has a network of eight automated teller machines (“ATMs”) that are either drive-thru or walk-up facilities. The ATMs located at three branches feature deposit-taking functions. Customers can also access their accounts at any machine on a larger ATM network in New York and Pennsylvania. There are no ATM surcharges or transaction fees at any ATM displaying a Jamestown Savings Bank, STAR or Northwest Savings Bank emblem.

-
- Jamestown offers an approved alternative that is as beneficial to consumers as the Basic Banking Account described in Part 9 of the General Regulations of the Banking Board.
 - The bank has made Spanish-speaking services available through a customer service representative located at its Falconer Office, which is located in a middle-income census tract. Jamestown also has both the HUD Settlement Costs booklet and the Federal Reserve Bank Home Equity Line of Credit brochure available in Spanish.

Changes in Branch Locations

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and for LMI individuals.

The bank did not close any branches during the evaluation period; however, three branches were opened, one in an upper-income area and two in middle-income areas. One of the new branches is located in a census tract that is adjacent to an LMI area. Two branches were opened in 2002, one in January and one in December. The third branch was opened in June 2003.

Reasonableness of Services and Business Hours in Meeting Assessment Area Needs

The bank's services and banking hours are tailored to the convenience and needs of the assessment area. All branches have extended hours during the week and are open on Saturdays.

Community Development Services: "High Satisfactory"

Jamestown provided a relatively high level of community development services during the evaluation period. Below are examples of the services provided by the bank:

- Jamestown has provided mortgage servicing at no cost for all Chautauqua Area Habitat for Humanity mortgage loans since June 2001. The bank pays the escrow servicing fees and escrow interest for these mortgage loans, thus reducing the cost to customers. Chautauqua Area Habitat for Humanity is a local affiliate of Habitat for Humanity international, a community service organization working to build and renovate decent, affordable housing for and with low-income families.
- During the evaluation period, Jamestown participated in two housing seminars for LMI individuals in conjunction with CHRIC and Chautauqua Opportunities, Inc. ("COI")
 - CHRIC is a private, not-for-profit entity that is comprised of community representatives. Since 1978, CHRIC has been helping low-income residents of Chautauqua, including the elderly and handicapped, obtain affordable housing.

CHRIC provides other types of assistance including loan programs for work-related expenses and a program to help people move from welfare to work.

- COI is a multi-faceted community action agency, rural preservation company and community development corporation serving Chautauqua County. One of COI's chief objectives is to provide safe, decent and affordable housing for low-income, elderly and disabled persons. The organization also maintains an emergency food and shelter program and a landlord insurance program that provides homeless individuals and families with their first-month's rent and security deposit so they can obtain rental housing.
- Bank management provides financial advisory services to the Downtown Jamestown Development Corporation and the Chautauqua County Industrial Development Agency.
- Members of the board of directors participate in financial advisory capacities in various community development organizations that serve LMI individuals. Some of the organizations benefiting from the board members' direct involvement are:
 - Southern Tier Enterprise Development Organization, Inc.
 - Empire State Development – Western New York Region
 - Chautauqua Region Community Foundation, Inc.

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.

No practices were noted that would tend 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, conducted concurrently with this evaluation, indicates 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.

Jamestown's directors, officers and employees assist the CRA officer in ascertainment efforts through their participation in a number of community development organizations that serve LMI individuals and geographies. Some of the community development organizations with which the bank has contact are:

- Chautauqua Home Rehabilitation and Improvement Corporation
- Chautauqua Opportunities, Inc.
- Chautauqua Region Community Foundation, Inc.
- City of Olean Department of Development/Olean Housing Assistance Program

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.

Jamestown Savings Bank's marketing efforts, such as credit-related promotions, include advertisements in various print and broadcast media. Print advertisements are placed mainly in local newspapers that are distributed within the communities served by the bank's branches. Jamestown also uses printed brochures in both English and Spanish.

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

Jamestown's Compliance Committee also functions as a CRA Committee. Minutes from Compliance Committee meetings are presented to the board of directors in their monthly meeting packages.

VI. Other Factors

Other factors that in the judgment 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.

In 2003, the bank's CRA officer received the New York State Assembly Certificate of Merit from CHRIC for Jamestown's "steadfast support in establishing a vehicle lending model for the EarnACar and the BRAVO Wheels-to-Work programs, and for supporting CHRIC's homeownership efforts in Chautauqua County."

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.