

OFFICE OF THRIFT SUPERVISION

Approval of Holding Company Application

Order No.: 2002-38
Date: August 16, 2002
Docket Nos.: H-3730, H-3731, H-2677
and 03481

Northwest Bancorp, MHC (MHC) and Northwest Bancorp, Inc. (Holding Company), Warren, Pennsylvania (jointly, the Holding Companies), have filed an application seeking the approval of the Office of Thrift Supervision (OTS) to acquire Prestige Bank, a Federal Savings Bank (Savings Bank), Pleasant Hills, Pennsylvania, under § 10(e) of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1467a(e), and 12 C.F.R. §§ 574.3 and 575.10. The Savings Bank is a SAIF-insured, federal stock savings bank wholly-owned by Prestige Bancorp, Inc. (Bancorp).

The Holding Companies propose to acquire Bancorp and the Savings Bank. In connection with the transaction, the Savings Bank will merge into a wholly owned state savings bank subsidiary of the Holding Companies, Northwest Savings Bank (Bank). The Bank and the Holding Companies' other state-chartered savings bank subsidiary, Jamestown Savings Bank, Lakewood, New York, (Jamestown) previously elected, pursuant to section 10(l) of the HOLA, to be treated as a savings association for purposes of section 10 of the HOLA.

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In the proposed transaction, the Holding Companies would acquire the Savings Bank. Accordingly, the transaction requires OTS approval under Section 10(e) of the HOLA and under 12 C.F.R. Part 574 (Control Regulations).

Section 10(e)(2) of the HOLA and the Control Regulations provide that OTS must consider the financial and managerial resources and future prospects of the holding companies and the associations involved, the effect of the acquisition on the associations, the insurance risk to the SAIF or BIF, and the convenience and needs of the community to be served.¹ Furthermore, OTS may not approve a holding company application seeking permission to acquire another savings association which would create a monopoly or the effect of which may be to substantially lessen competition in any section of the country or if the company fails to provide adequate assurances that it will make available such information as OTS determines is appropriate.² In addition, 12 C.F.R. §

¹ 12 U.S.C. § 1467a(e)(2). See also 12 C.F.R. § 574.7(c) (2002).

² 12 U.S.C. § 1467a(e)(2).

563e.29(a) requires that OTS take into account assessments under the Community Reinvestment Act (CRA) when approving savings and loan holding company acquisitions.

OTS has considered the materials filed by the Holding Companies in support of the application, reports of examinations for the Holding Companies, the Bank, Jamestown, Bancorp and the Savings Bank and financial reports filed by the Bank and the Savings Bank.

With respect to the financial and managerial resources and future prospects of the Holding Companies and the savings associations involved, the effect of the acquisition on the associations, the insurance risk to the SAIF or BIF, and the convenience and needs of the community to be served, OTS has considered the background, experience, and regulatory and supervisory history of the Holding Companies' and the Bank's officers and directors along with those of Jamestown, Bancorp and the Savings Bank. The management of the Holding Companies, the Bank, Bancorp and the Savings Bank have demonstrated the ability to run the respective entities profitably, safely and soundly. In addition, the Bank is, and will remain, well capitalized after the transaction. With respect to the convenience and needs of the communities to be served, the Holding Companies and the Bank intend to keep open all of the existing offices of both institutions and continue to offer the products currently offered. With respect to the CRA, the Savings Bank, the Bank and Jamestown, were assigned "Satisfactory" ratings at their most recent examinations. OTS received no comments objecting to the proposed transaction.

With respect to the competitive effects of the acquisition, the proposed transaction contemplates only a very small increase in the market share of the Holding Companies. The Department of Justice has been notified about the proposed transaction so that it could consider its competitive effects and the Department has stated that it does not object.

OTS is satisfied that it has received from the Holding Companies such information as OTS determined was appropriate in the past and OTS has received sufficient assurances that it will continue to receive such information in the future.

Section 575.10 of OTS's regulations provides authority for the transaction.³ The regulation explicitly authorizes the Holding Companies' acquisition of Bancorp and the Savings Bank.⁴

Conclusions

Based on the foregoing analysis, OTS concludes that the Application meets the applicable approval criteria. Accordingly, the Application is hereby approved, provided

³ 12 C.F.R. § 575.10(a)(4) (2002).

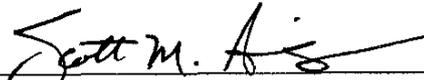
⁴ See, 12 C.F.R. § 575.2(h) and (q) (2002).

that the following conditions are complied with in a manner satisfactory to the OTS Northeast Regional Director, or his designee (Regional Director):

1. The Holding Companies must consummate the transactions described in the Application (the transactions) in accordance with the Application and the Agreement and Plan of Merger dated February 7, 2002, between the Holding Companies, the Bank, Bancorp and the Savings Bank within 120 calendar days from the date of this Order;
2. Prior to the date of consummation of the transactions, the Holding Companies, the Bank, Bancorp and the Savings Bank must receive all required approvals and submit satisfactory evidence of those approvals to the Regional Director;
3. On the business day prior to the date of consummation of the transactions, the chief executive officers of the Holding Companies, the Bank, Bancorp and the Savings Bank must certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the respective entities since the date of the financial statements submitted with the Application. If additional information having an adverse bearing on any feature of the Application is brought to the attention of the Holding Companies, the Bank, Bancorp, the Savings Bank or OTS since the date of the financial statements submitted with the Application, the transactions must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
4. The Holding Companies, the Bank, Bancorp and the Savings Bank must file a written certification of their legal counsel with the Regional Director within five calendar days after the effective date of the proposed transactions: (a) of the effective date of the transactions; and (b) that the transactions were consummated in accordance with the provisions of the Agreement, all applicable laws and regulations, the Application and this Order.

Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director.

By order of the Director of the Office of Thrift Supervision, or his designee,
effective August 16, 2002.



Scott M. Albinson
Managing Director
Office of Supervision