



**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2013

**Institution:** Pioneer Bank  
21 Second Street  
Troy, NY 12180

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

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Pioneer Bank (“Pioneer”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2013.

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

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

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

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

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

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

DFS evaluated Pioneer's performance according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Superintendent. The evaluation period included calendar years 2010, 2011, 2012 and 2013. Pioneer is rated "1," indicating an "**Outstanding**" record of helping to meet community credit needs.

The rating is based on the following factors:

**Lending Test:** "Outstanding"

- **Loan-to-Deposit Ratio and Other Lending-Related Activities:** "Satisfactory"

Pioneer's average loan-to-deposit ("LTD") ratio was reasonable considering its size, business strategy, financial condition and peer group activity.

During the evaluation period, Pioneer's average LTD ratio was 83.2%, compared to the peer ratio of 82.0%. Pioneer recorded its highest LTD ratio (93.4%) in the fourth quarter of 2013 and its lowest (77.6%) in the second quarter of 2011.

- **Assessment Area Concentration:** "Outstanding"

During the evaluation period, Pioneer originated 94.4% by number and 92.4% by dollar value of its total HMDA-reportable, small business and consumer loans within its assessment area. This substantial majority of lending inside of the assessment area is an excellent level of lending.

- **Distribution by Borrower Characteristics:** "Outstanding"

The distribution of loans based on borrower characteristics demonstrated an excellent rate of lending among businesses of different revenue sizes and borrowers of different income levels. Pioneer's HMDA-reportable and small business lending to low- and moderate-income ("LMI") borrowers and businesses with revenues of \$1.0 million or less exceeded the levels achieved by the aggregate group. The distribution of HMDA-reportable and small business loans among borrowers in the assessment area was excellent compared to the aggregate group and demographics in the assessment area.

- **Geographic Distribution of Loans:** "Outstanding"

The distribution of loans based on lending in census tracts of varying income levels demonstrated excellent rates of lending in LMI tracts.

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- **Action Taken in Response to Written Complaints with Respect to CRA: “N/A”**

Since the prior CRA evaluation as of December 31, 2009, neither Pioneer nor DFS received any written complaints regarding Pioneer’s CRA performance.

**Community Development Test (Loans, Investments, Services): “Outstanding”**

Pioneer’s community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, investments, and services, considering Pioneer’s capacity and the need for, and availability of, such opportunities for community development in its assessment area.

- **Community Development Loans: “Outstanding”**

During the evaluation period, Pioneer had 41 qualified community development loans totaling approximately \$13.5 million, of which \$11.9 million was new money and \$1.6 million was from the prior evaluation period.

- **Community Development Qualified Investments: “Outstanding”**

During the evaluation period, Pioneer’s community development investments totaled \$12.4 million, of which \$11.7 million was new money and \$503,000 was from the prior evaluation period. Pioneer also made 19 community development grants totaling \$185,200.

- **Community Development Services: “Outstanding”**

Pioneer demonstrated an excellent level of community development services over the course of the evaluation period.

- **Innovative or Complex Practices:**

Pioneer demonstrated an excellent level of flexible or complex community development lending or investment practices.

- **Responsiveness to Credit and Community Development Needs:**

Pioneer demonstrated an excellent level of responsiveness to credit and community development needs.

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

## PERFORMANCE CONTEXT

### Institution Profile

Founded in 1889 and originally chartered as a savings and loan association, Pioneer Savings Bank converted to a mutual savings bank in 1972. PSB assumed the name Pioneer Bank (“Pioneer”) in 2008 to reflect its business profile as both a residential and commercial lender. Pioneer is headquartered in Rensselaer County, City of Troy, New York and is currently the only mutual bank serving the Capital Region.

Pioneer has two wholly-owned subsidiaries: PSB Financial Services, Incorporated (“PSBFS”) and Pioneer Commercial Bank (“PCB”). PSBFS offers non-deposit products, such as investments, retirement accounts and insurance products; while PCB provides banking products and banking services for government and municipal organizations. Pioneer also has an affiliate, Tech Valley Title Agency, which offers title insurance services.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2013, filed with the Federal Deposit Insurance Corporation (“FDIC”), Pioneer reported total assets of \$750.9 million, of which \$608.4 million were net loans and lease finance receivables. It also reported total deposits of \$651.3 million, resulting in a loan-to-deposit ratio of 93.4%. According to the latest available comparative deposit data, as of June 30, 2013, Pioneer had a market share of 3.0%, or \$657.4 million in a market of \$22.0 billion, ranking it 8<sup>th</sup> among 24 deposit-taking institutions in the assessment area that includes four large national banks, one large regional bank and one large thrift bank.

The following is a summary of the bank’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2010, 2011, 2012 and 2013 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	2010		2011		2012		2013	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgages	253,309	48.0	245,720	44.9	235,501	41.4	231,178	37.4
Commercial & Industrial Loans	35,866	6.8	47,482	8.7	54,171	9.5	73,948	12.0
Commercial Mortgage Loans	140,556	26.6	150,333	27.5	168,013	29.5	208,072	33.7
Multifamily Mortgages	35,432	6.7	35,427	6.5	36,800	6.5	37,336	6.0
Consumer Loans	24,808	4.7	22,125	4.0	19,155	3.4	20,143	3.3
Construction Loans	31,107	5.9	37,764	6.9	48,269	8.5	41,465	6.7
Obligations of States & Municipalities	5,843	1.1	7,161	1.3	5,611	1.0	4,210	0.7
Farm Loans	455	0.1	940	0.2	575	0.1	559	0.1
Other Loans	286	0.1	256	0.0	546	0.1	427	0.1
<b>Total Gross Loans</b>	<b>527,662</b>		<b>547,208</b>		<b>568,641</b>		<b>617,338</b>	

As illustrated in the above table, Pioneer’s two major lending products were commercial loans and residential real estate loans. Commercial lending (commercial mortgages, commercial & industrial, and construction loans) comprised 52.4% of the loan portfolio, and residential lending (1-4 family residential and multifamily mortgages) made up 43.4% of the portfolio in 2013.

Pioneer’s HMDA-reportable and small business loan originations totaled \$153.6 million (57.0%) and \$115.9 million (43.0%), respectively, for the four-year period.

Pioneer operates 17 banking offices. Eight are located in Albany County, four each are in Rensselaer and Saratoga counties, and one is in Schenectady County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of one ATM at each branch, except the Troy branch. Pioneer has one off-site ATM at the Hudson Valley Community College campus which is located in a moderate-income tract, and services mostly students of the college.

*Examiners did not find evidence of financial or legal impediments that had an adverse impact on Pioneer’s ability to meet the credit needs of its community.*

**Assessment Area**

Pioneer’s assessment area is comprised of all of Schenectady County and parts of Albany, Saratoga and Rensselaer counties. There are 186 census tracts in the area, of which 24 are low-income, 30 are moderate-income, 85 are middle-income, 46 are upper-income, and one is a tract with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Albany*	0	11	12	22	24	69	33.3	33%
Schenectady	0	8	6	21	8	43	32.6	33%
Saratoga*	1	0	4	22	10	37	10.8	11%
Rensselaer*	0	5	8	20	4	37	35.1	35%
<b>Total</b>	<b>1</b>	<b>24</b>	<b>30</b>	<b>85</b>	<b>46</b>	<b>186</b>	<b>29.0</b>	<b>29%</b>

\* Partial county

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## **Demographic & Economic Data**

The assessment area had a population of 750,220 during the evaluation period. Approximately 13.8% of the population were over the age of 65 and 18.6% were under the age of sixteen.

Of the 181,675 families in the assessment area, 20.3% were low-income, 17.4% were moderate-income, 21.5% were middle-income and 40.8% were upper-income families. There were 299,079 households in the assessment area, of which 10.3% had income below the poverty level and 2.1% were on public assistance.

The weighted average median family income within the assessment area was \$77,599.

There were 331,205 housing units in the assessment area, of which 81.7% were one-to-four family units, and 15.8% were multifamily units. Of the 107,293 rental-occupied housing units, 42.7% were in low- and moderate-income census tracts while 57.45% were in middle- and upper-income census tracts. Of the 191,786 owner-occupied housing units, 15.7% were in low- and moderate-income census tracts while 84.4% were in middle- and upper-income census tracts. The median age of the housing stock was 54 years and the median home value was \$190,780.

There were 58,116 non-farm businesses in the assessment area. Of these, 70.0% were businesses with reported revenues of less than or equal to \$1 million, 5.1% reported revenues of more than \$1 million and 24.9% did not report their revenues. Businesses with less than fifty employees represented 80.4% of the total and 89.0% operated from a single location. The largest industries in the area were services (46.3%), followed by retail trade (13.3%); approximately 12% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State in all years of the evaluation period were higher than any of the bank's assessment area counties. Saratoga County had the lowest rate at 5.8% in 2013, while Rensselaer County had the highest at 7.8% in 2010.

<b>Assessment Area Unemployment Rate</b>					
	Statewide	Albany	Rensselaer	Saratoga	Schenectady
2010	8.6%	7.0%	7.8%	6.9%	7.6%
2011	8.3%	6.9%	7.6%	6.7%	7.5%
2012	8.5%	7.1%	7.7%	6.8%	7.7%
2013	7.7%	6.1%	6.7%	5.8%	6.7%



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## **Community Information**

Two nonprofit organizations were interviewed for this evaluation. One is active in representing and providing services to small businesses in Rensselaer County and other neighboring counties. The other provides programs promoting affordable homeownership in the Capital Region.

Both organizations noted that local banks, including Pioneer, are active and responsive to the credit and banking needs of the assessment area. However, they observed that because of the housing crisis, banks in general adopted stricter underwriting standards, mostly in compliance with new regulations; therefore, lending activities decreased. The organizations reported lower levels of granting and making contributions by banks, and solicitations became harder. Some banks reported that funds went for computer programs to meet new regulatory compliance demands.

While there are some pockets of poverty in the assessment area, one organization observed that there are signs of improvement in some neighborhoods. People are starting to move back into the City of Albany and the City of Troy, primarily due to the efforts of neighborhood associations, and in conjunction with groups that are working together to improve their areas, block by block.

Although local banks are meeting the credit and banking needs of the assessment area, one organization suggested that banks can further enhance their affordable housing programs, offer credit-building products for less credit worthy borrowers, and invest more in community development financial institutions. The other noted that there are opportunities for financial literacy education programs to assist small businesses.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated Pioneer under the intermediate small bank performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consist of the lending test and the community development test. The lending test includes:*

- 1. Loan-to-deposit ("LTD") ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution of loans by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA*

*The community development test includes:*

- 1. Community development lending;*
- 2. Community development investments;*
- 3. Community development services; and*
- 4. Responsiveness to community development needs*

*Examiners also considered the following factors in assessing the bank's record of performance:*

- 1. Extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs*

DFS derived statistics employed in this evaluation from various sources. Pioneer submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council and deposit data from the FDIC. DFS calculated LTD ratios from information shown in the bank's Uniform Bank Performance Report submitted to the FDIC.

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

The assessment period included calendar years 2010 through 2013.

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

Small business loan aggregate data are shown for comparative purposes. Pioneer is not required to report this information. Therefore, Pioneer's small business loan data are not included in the aggregate data. Since Pioneer made very few small farm loans, all analyses were based on small business lending only.

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

HMDA-reportable lending was given greater weight during this evaluation period since it represented 69.2% by number and 57.0% by dollar volume of total loans made in the assessment area, while small business loans were 30.8% and 43.0%, respectively.

Pioneer received a rating of "1" reflecting an "Outstanding" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department (now "DFS") as of December 31, 2009.

**Current CRA Rating: "Outstanding"**

**Lending Test:** "Outstanding"

Pioneer's HMDA-reportable and small business lending activities were more than reasonable in light of aggregate and peer group activity and the demographic makeup of Pioneer's assessment area.

Compared to the prior evaluation period, Pioneer's average number of HMDA-reportable loans inside the assessment area declined by 13.9% (from 352 loans per year to 303 loans); the average number of small business loans increased by 33.7%, from 101 loans to 135 loans per year.

While Pioneer's loan-to-deposit ratio was rated "Satisfactory," Pioneer's overall lending performance was rated "Outstanding." Pioneer outperformed the aggregate's penetration rates of lending for HMDA-reportable and small business loans to LMI individuals or families, and to businesses with gross annual revenues of \$1.0 million or less. Pioneer also surpassed the aggregate's penetration rates of lending in LMI census tracts for HMDA-reportable and small business lending.

**LTD Ratio and other Lending-Related Activities:** "Satisfactory"

Pioneer's average LTD ratio was reasonable considering its size, business strategy, financial condition, as well as its peer group's activity and the demographics of its assessment area.

Pioneer's average ratio of 83.2% was comparable with its peer group's average ratio of

82.0%. Pioneer's LTD ratios trailed its peer group ratios in the first seven quarters of the evaluation period but exceeded them during the final nine quarters of the period. Pioneer's highest ratio of 93.4% was attributed to an increase in commercial lending activities during the period.

The table below shows Pioneer's LTD ratios in comparison with the peer group's ratios for the 16 quarters since the prior evaluation.

<b>Loan-to-Deposit Ratios</b>																	
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Avg.
Bank	80.4	78.5	78.3	78.6	79.0	77.6	78.6	81.0	81.4	83.9	84.7	85.0	88.8	90.4	91.0	93.4	83.2
Peer	85.7	84.1	82.7	82.2	81.6	80.9	80.0	80.4	80.7	81.2	81.7	81.9	80.8	82.0	82.4	83.5	82.0

Assessment Area Concentration: "Outstanding"

During the evaluation period, totaling HMDA-reportable, small business and consumer lending, Pioneer originated 94.4% by number, and 92.4% by dollar value of its loans within the assessment area. This substantial majority of lending inside the assessment area was an excellent record of lending.

HMDA-Reportable Loans:

Pioneer originated 93.7% by number and 90.0% by dollar value of its HMDA-reportable loans within the assessment area during the evaluation period. This substantial majority of lending inside of Pioneer's assessment area was an excellent record of lending.

Small Business Loans:

Pioneer originated 96.1% by number and 95.8% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of Pioneer's assessment area was an excellent record of lending.

The following table shows the percentages of Pioneer's small business and HMDA-reportable loans originated inside and outside of the assessment area

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2010	324	93.1%	24	6.9%	348	35,334	80.8%	8,391	19.2%	43,725
2011	306	92.7%	24	7.3%	330	29,834	91.0%	2,938	9.0%	32,772
2012	316	94.0%	20	6.0%	336	53,556	94.9%	2,894	5.1%	56,450
2013	266	95.0%	14	5.0%	280	34,837	92.3%	2,888	7.7%	37,725
Subtotal	1,212	93.7%	82	6.3%	1,294	153,561	90.0%	17,111	10.0%	170,672
Small Business										
2010	155	95.7%	7	4.3%	162	31,991	95.1%	1,655	4.9%	33,646
2011	114	95.8%	5	4.2%	119	22,987	93.5%	1,595	6.5%	24,582
2012	110	97.3%	3	2.7%	113	19,909	97.2%	575	2.8%	20,484
2013	161	95.8%	7	4.2%	168	41,020	97.1%	1,240	2.9%	42,260
Subtotal	540	96.1%	22	3.9%	562	115,907	95.8%	5,065	4.2%	120,972
Grand Total	1,752	94.4%	104	5.6%	1,856	269,468	92.4%	22,176	7.6%	291,644

#### Distribution by Borrower Characteristics: "Outstanding"

The distribution of loans based on borrower characteristics demonstrated excellent rates of lending among individuals of different income levels and businesses of different revenue sizes.

#### HMDA-Reportable Loans:

Pioneer's HMDA-reportable lending demonstrated excellent rates of lending among borrowers of different income levels.

During the evaluation period, Pioneer achieved average lending rates of 11.5% by number and 5.3% by dollar volume of HMDA-reportable loans to low-income borrowers, outperforming its aggregate's lending rates of 6.8% and 3.7%, respectively. Pioneer's lending to moderate-income borrowers of 24.6% in numbers fared favorably to its aggregate's average of 21.0% and the percentage of moderate-income families in the assessment area (17.4%). This penetration of lending to LMI individuals and families was excellent lending performance.

The following table provides a summary of Pioneer's HMDA-reportable lending distribution based on borrower income.

Distribution of HMDA-Reportable Lending by Borrower Income									
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	32	10.3%	1,174	4.0%	1,151	6.5%	103,566	3.5%	19.0%
Moderate	80	25.6%	5,294	17.9%	3,817	21.6%	483,717	16.4%	17.9%
LMI	112	35.9%	6,468	21.9%	4,968	28.1%	587,283	19.9%	36.9%
Middle	86	27.6%	8,752	29.7%	4,815	27.2%	749,834	25.5%	22.7%
Upper	113	36.2%	14,164	48.0%	7,473	42.2%	1,525,882	51.8%	40.4%
Unknown	1	0.3%	130	0.4%	449	2.5%	81,445	2.8%	
<b>Total</b>	<b>312</b>		<b>29,514</b>		<b>17,705</b>		<b>2,944,444</b>		<b>100.0%</b>
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	47	16.1%	2,161	8.1%	1,067	7.0%	94,464	3.8%	19.0%
Moderate	73	25.0%	4,842	18.1%	3,283	21.6%	403,980	16.3%	17.9%
LMI	120	41.1%	7,003	26.2%	4,350	28.7%	498,444	20.1%	36.9%
Middle	66	22.6%	5,478	20.5%	4,246	28.0%	647,287	26.1%	22.7%
Upper	102	34.9%	13,969	52.2%	6,176	40.7%	1,268,428	51.1%	40.4%
Unknown	4	1.4%	296	1.1%	400	2.6%	66,928	2.7%	
<b>Total</b>	<b>292</b>		<b>26,746</b>		<b>15,172</b>		<b>2,481,087</b>		<b>100.0%</b>
2012									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	34	11.4%	1,924	5.4%	1,387	6.9%	132,965	3.9%	20.3%
Moderate	74	24.9%	5,571	15.6%	4,053	20.1%	522,138	15.2%	17.4%
LMI	108	36.4%	7,495	21.0%	5,440	27.0%	655,103	19.0%	37.8%
Middle	78	26.3%	8,364	23.5%	5,347	26.5%	844,193	24.5%	21.5%
Upper	107	36.0%	19,090	53.6%	8,439	41.9%	1,773,368	51.5%	40.8%
Unknown	4	1.3%	687	1.9%	926	4.6%	170,256	4.9%	
<b>Total</b>	<b>297</b>		<b>35,636</b>		<b>20,152</b>		<b>3,442,920</b>		<b>100.0%</b>
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	20	7.7%	1,272	3.9%					20.3%
Moderate	59	22.7%	4,424	13.7%					17.4%
LMI	79	30.4%	5,696	17.6%					37.8%
Middle	70	26.9%	7,608	23.5%					21.5%
Upper	106	40.8%	18,339	56.7%					40.8%
Unknown	5	1.9%	681	2.1%					
<b>Total</b>	<b>260</b>		<b>32,324</b>						<b>100.0%</b>
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	133	11.5%	6,531	5.3%		6.8%		3.7%	
Moderate	286	24.6%	20,131	16.2%		21.0%		15.9%	
LMI	419	36.1%	26,662	21.5%		27.8%		19.6%	
Middle	300	25.8%	30,202	24.3%		27.2%		25.3%	
Upper	428	36.9%	65,562	52.8%		41.7%		51.5%	
Unknown	14	1.2%	1,794	1.4%		3.3%		3.6%	
<b>Total</b>	<b>1,161</b>		<b>124,220</b>						

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Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated an excellent penetration of lending to small businesses.

During the evaluation period, Pioneer's average rates of lending to businesses with revenues of \$1.0 million or less was 57.9% by number and 48.2% by dollar volume of business loans. Its aggregate's average rates of lending were 31.1% and 25.0%, respectively. Pioneer reached its highest penetration of lending to small businesses in 2011 at 66.7% by number and 60.5% by dollar amount. This level of lending penetration was an excellent record of lending.

The following table provides a summary of Pioneer's business lending distribution based on the revenue size of the business during the evaluation period:

<b>Distribution of Business Lending by Revenue Size of Business</b>									
<b>2010</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	96	61.9%	17,198	53.8%	2,319	24.3%	122,104	22.3%	73.6%
Rev. > \$1MM	59	38.1%	14,793	46.2%					4.9%
Rev. Unknown		0.0%		0.0%					21.5%
<b>Total</b>	<b>155</b>		<b>31,991</b>		<b>9,556</b>		<b>548,439</b>		
<b>2011</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	76	66.7%	13,906	60.5%	3,746	33.6%	131,615	24.6%	66.0%
Rev. > \$1MM	38	33.3%	9,081	39.5%					3.8%
Rev. Unknown		0.0%		0.0%					30.2%
<b>Total</b>	<b>114</b>		<b>22,987</b>		<b>11,158</b>		<b>534,974</b>		
<b>2012</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	51	47.7%	7,617	39.1%	3,726	34.5%	123,758	29.0%	69.7%
Rev. > \$1MM	56	52.3%	11,872	60.9%					4.7%
Rev. Unknown		0.0%		0.0%					25.6%
<b>Total</b>	<b>107</b>		<b>19,489</b>		<b>10,789</b>		<b>426,361</b>		
<b>2013</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	88	54.7%	16,959	41.3%	Data not available				70.0%
Rev. > \$1MM	73	45.3%	24,061	58.7%					5.1%
Rev. Unknown		0.0%		0.0%					24.9%
<b>Total</b>	<b>161</b>		<b>41,020</b>						
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	311	57.9%	55,680	48.2%		31.1%		25.0%	
Rev. > \$1MM	226	42.1%	59,807	51.8%					
Rev. Unknown		0.0%		0.0%					
<b>Total</b>	<b>537</b>		<b>115,487</b>						

#### Geographic Distribution of Loans: "Outstanding"

The distribution of loans by census tracts income level demonstrated excellent penetration rates of lending.



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HMDA-Reportable Loans:

The distribution of HMDA-reportable loans by census tract income level demonstrated an excellent penetration of lending in LMI areas.

During the evaluation period, Pioneer's average rate of lending to LMI geographies of 15.7% by number and 15.5% by dollar volume exceeded its aggregate's averages of 9.1% and 6.4%, respectively. In moderate-income geographies, Pioneer's average rates of lending of 12.5% by number and 13.1% by dollar volume were greater than its aggregate's lending rates of 6.9% and 4.9%, respectively.

The following table provides a summary of Pioneer's HMDA-reportable lending distribution based on the income level of the geography.

**Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract**

2010									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	2.5%	783	2.2%	350	2.0%	37,513	1.3%	3.3%
Moderate	43	13.3%	6,997	19.8%	1,153	6.5%	131,104	4.4%	10.1%
LMI	51	15.7%	7,780	22.0%	1,503	8.4%	168,617	5.6%	13.4%
Middle	180	55.6%	17,695	50.1%	9,074	50.9%	1,461,595	48.8%	51.8%
Upper	93	28.7%	9,859	27.9%	7,263	40.7%	1,363,894	45.6%	34.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>324</b>		<b>35,334</b>		<b>17,840</b>		<b>2,994,106</b>		<b>100.0%</b>

2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	3.6%	1,148	3.8%	314	2.0%	36,163	1.3%	3.3%
Moderate	33	10.8%	2,626	8.8%	1,053	6.9%	109,649	4.1%	10.1%
LMI	44	14.4%	3,774	12.6%	1,367	8.9%	145,812	5.4%	13.4%
Middle	163	53.3%	15,423	51.7%	7,856	51.2%	1,345,244	50.2%	51.8%
Upper	99	32.4%	10,637	35.7%	6,107	39.8%	1,190,436	44.4%	34.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>306</b>		<b>29,834</b>		<b>15,330</b>		<b>2,681,492</b>		<b>100.0%</b>

2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	4.1%	1,398	2.6%	492	2.4%	60,697	1.6%	5.2%
Moderate	49	15.5%	6,947	13.0%	1,492	7.3%	231,553	6.0%	10.5%
LMI	62	19.6%	8,345	15.6%	1,984	9.7%	292,250	7.5%	15.7%
Middle	177	56.0%	32,261	60.2%	10,779	52.9%	1,952,754	50.4%	52.5%
Upper	77	24.4%	12,950	24.2%	7,606	37.3%	1,626,873	42.0%	31.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>316</b>		<b>53,556</b>		<b>20,369</b>		<b>3,871,877</b>		<b>100.0%</b>

2013									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	2.6%	384	1.1%	Data Not Available				5.2%
Moderate	26	9.8%	3,528	10.1%					10.5%
LMI	33	12.4%	3,912	11.2%					15.7%
Middle	161	60.5%	20,872	59.9%					52.5%
Upper	72	27.1%	10,053	28.9%					31.9%
Unknown	0	0.0%	0	0.0%					0.0%
<b>Total</b>	<b>266</b>		<b>34,837</b>						<b>100.0%</b>

GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	39	3.2%	3,713	2.4%		2.2%		1.4%	
Moderate	151	12.5%	20,098	13.1%		6.9%		4.9%	
LMI	190	15.7%	23,811	15.5%		9.1%		6.4%	
Middle	681	56.2%	86,251	56.2%		51.8%		49.9%	
Upper	341	28.1%	43,499	28.3%		39.2%		43.8%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
<b>Total</b>	<b>1,212</b>		<b>153,561</b>						

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*Small Business Loans:*

The distribution of small business loans based on the income level of the geography of the business demonstrated excellent rates of lending in LMI areas.

Pioneer's average penetration rate of 29.8% by number and 27.4% by dollar volume to LMI geographies outperformed its aggregate's penetration rates of lending of 19.5% and 23.7%, respectively. Pioneer's rates compared favorably with the demographics of its assessment area, where 24.5% of businesses were located in LMI census tracts. As with HMDA-reportable rates of lending, Pioneer's rates exceeded the aggregate's in all years of the evaluation period.

The following table provides a summary of Pioneer's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	9.7%	3,098	9.7%	866	9.1%	65,266	11.9%	12.4%
Moderate	27	17.4%	5,588	17.5%	995	10.4%	64,113	11.7%	10.9%
LMI	42	27.1%	8,686	27.2%	1,861	19.5%	129,379	23.6%	23.3%
Middle	72	46.5%	15,762	49.3%	4,520	47.3%	255,959	46.7%	46.7%
Upper	41	26.5%	7,543	23.6%	3,175	33.2%	163,101	29.7%	30.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>155</b>		<b>31,991</b>		<b>9,556</b>		<b>548,439</b>		<b>100.0%</b>
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	11.4%	3,976	17.3%	971	8.7%	51,783	9.7%	11.3%
Moderate	17	14.9%	2,390	10.4%	1,137	10.2%	71,013	13.3%	10.6%
LMI	30	26.3%	6,366	27.7%	2,108	18.9%	122,796	23.0%	21.9%
Middle	57	50.0%	12,573	54.7%	5,243	47.0%	249,989	46.7%	47.1%
Upper	27	23.7%	4,048	17.6%	3,807	34.1%	162,189	30.3%	31.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>114</b>		<b>22,987</b>		<b>11,158</b>		<b>534,974</b>		<b>100.0%</b>
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	21	19.1%	3,803	19.1%	830	7.7%	48,897	11.5%	8.5%
Moderate	24	21.8%	3,355	16.9%	1,386	12.8%	57,313	13.4%	16.2%
LMI	45	40.9%	7,158	36.0%	2,216	20.5%	106,210	24.9%	24.6%
Middle	45	40.9%	7,084	35.6%	5,323	49.3%	210,853	49.5%	46.5%
Upper	20	18.2%	5,667	28.5%	3,250	30.1%	109,298	25.6%	28.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>110</b>		<b>19,909</b>		<b>10,789</b>		<b>426,361</b>		<b>100.0%</b>
2013									
Geographic Income	Bank				Data Not Available				Bus.Dem.
	#	%	\$000's	%					%
Low	19	11.8%	4,312	10.5%					8.6%
Moderate	25	15.5%	5,182	12.6%					16.0%
LMI	44	27.3%	9,494	23.1%					24.5%
Middle	79	49.1%	22,559	55.0%					46.3%
Upper	38	23.6%	8,967	21.9%					29.2%
Unknown	0	0.0%	0	0.0%					0.0%
<b>Total</b>	<b>161</b>		<b>41,020</b>		<b>100.0%</b>				
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	68	12.6%	15,189	13.1%		8.5%		11.0%	
Moderate	93	17.2%	16,515	14.2%		11.2%		12.7%	
LMI	161	29.8%	31,704	27.4%		19.6%		23.7%	
Middle	253	46.9%	57,978	50.0%		47.9%		47.5%	
Upper	126	23.3%	26,225	22.6%		32.5%		28.8%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
<b>Total</b>	<b>540</b>		<b>115,907</b>						

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Action Taken In Response to Written Complaints with Respect to CRA: “Satisfactory”

Since the prior CRA evaluation in 2009, neither Pioneer nor DFS received any written complaints regarding the bank’s CRA performance.

**Community Development Test: “Outstanding”**

Pioneer’s community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, investments, and services, considering Pioneer’s capacity and the need and availability of such opportunities in its assessment area.

During the evaluation period, Pioneer originated \$11.9 million in new community development loans and had \$1.6 million outstanding from prior periods. Also, Pioneer made \$11.7 million in new community development investments and had \$503,000 outstanding from prior periods. Additionally, Pioneer made \$185,000 in community development grants.

A more detailed description of Pioneer’s community development activity follows.

**Community Development Lending: “Outstanding”**

During the evaluation period, Pioneer originated \$11.9 million in new community development loans and had \$1.6 million outstanding from prior evaluation periods, totaling \$13.5 million in qualified community development loans. Total community development loans represent 1.79% of Pioneer’s assets or 0.45% annualized for the four-year period. Compared to the prior evaluation, total community development loans reflected an increase of 14.4%. This was an excellent level of community development lending over the course of the evaluation period.<sup>1</sup>

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	13	1,377	3	1,511
Community Services	15	5,487		
Economic Development	1	50	1	50
Revitalize/Stabilize	11	4,997		
Total	40	11,911	4	1,561

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<sup>1</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. The level of lending is reviewed across the time period of the evaluation.

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Below are highlights of Pioneer's community development lending.

*Affordable Housing*

Pioneer extended a letter of credit to a nonprofit organization in the amount of \$50,000 that was renewed for three years for a total loan facility of \$150,000. The organization builds affordable homes and provides support services that promote successful home purchase and ownership.

Pioneer lent to a nonprofit corporation that provides low-income housing and promotes home ownership opportunities in Rensselaer County. The corporation is a chartered member of NeighborWorks America. The bank extended a \$218,000 mortgage loan and a \$136,000 line of credit which was renewed annually for total qualified community development loans of \$762,000. These funds were used to support short-term working capital and the renovation of a four-unit rental property located in a moderate-income census tract.

*Revitalize/Stabilize*

Pioneer extended a \$1.5 million line of credit in 2011 to a private for-profit corporation and renewed it in 2012 for a total community development credit of \$3.0 million. The funds were used for a construction project in conjunction with a local development authority whose statutory mission is to facilitate the economic development and revitalization of the City of Schenectady. The project is located in a low-income census tract in Schenectady.

*Community Service*

A nonprofit organization in Troy had a \$750,000 line of credit that was renewed each year of the evaluation period for a total community development credit of \$3.0 million. The credit was used for short-term working capital. The organization provides services to meet the needs of LMI individuals and families who are struggling. The majority of its funding comes from government contracts, grants and capital campaigns.

Community Development Investments: "Outstanding"

During the evaluation period, Pioneer made \$11.7 million in new community development investments, and had \$503,000 outstanding from prior evaluation periods. In addition, Pioneer made \$185,200 in community development grants, for a total of \$12.4 million in community development activities.

Community development investment activities increased more than threefold when compared to prior period investment activities of \$3.7 million. This demonstrated an excellent level of community development investments over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing				
Economic Development				
Community Services	1	1,550		
Revitalize/Stabilize	17	10,154	6	503
<b>Total</b>	<b>18</b>	<b>11,704</b>	<b>6</b>	<b>503</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	4	7		
Economic Development				
Community Services	15	178		
<b>Total</b>	<b>19</b>	<b>185</b>		

Below are highlights of Pioneer’s community development investments and grants.

*Investments*

The majority of Pioneer’s current qualified community development investments were in various local bond anticipation notes (“BAN”) issued by municipal governments to finance projects for public improvements that are located in low- to moderate-income tracts or designated empire zones. Some of these municipal projects include but are not limited to the following:

- In 2010 Pioneer invested \$2.0 million in a BAN issued by the City of Schenectady to finance public improvements, specifically the removal of soil at a municipal building and other costs. The property is located in a moderate-income census tract.
- In 2010 Pioneer participated in a \$3.0 million BAN issued by Rensselaer County to fund two county projects. The two projects are located in LMI census tracts. One project was for a community college the majority of whose students receive financial aid. The other project was for the county jail. Both of these projects are located in a designated empire zone.
- Pioneer purchased two \$1.5 million BANs issued by the City of Troy to finance various city infrastructure improvements, such as road, dam and channel reconstruction. The city is located in a designated empire zone. In addition to these notes, the bank invested in another six BANs issued by Troy for a total of \$1.0 million.

In addition to the above, there were outstanding community development investments of \$503,000 from prior evaluation periods that also financed various municipal projects in the assessment area.

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## Grants

During the evaluation period, Pioneer's qualified community development grants totaled \$190,296. One nonprofit organization, whose mission is to improve lives in the capital region through its support of various community partners that provide services to LMI individuals and families, received a majority of the grants for a total \$155,000. Another nonprofit that assists people living in poverty and victims of domestic violence, among other life circumstances, received a total of \$20,000 during the evaluation period.

### Community Development Services: "Outstanding"

Pioneer demonstrated an excellent level of community development services over the course of the evaluation period.

Below are highlights of Pioneer's community development services.

Pioneer's CRA officer is also the community development ("CD") officer who works directly with various community organizations and local governments to support Pioneer's community development mission. The CRA/CD officer acts as a liaison between Pioneer's management and various organizations and presents opportunities for the bank to participate in community development activities. In total, Pioneer's CRA/CD officer is involved in twenty various local government agencies, departments and community organizations that support affordable housing, community services, as well as a cooperative that provides the knowledge to maximize the agricultural and natural resources of the State of New York. Pioneer's CRA/CD officer participates in housing fairs in the City of Albany and the City of Schenectady to identify and ascertain the banking and credit needs of these communities.

Through its direct community development services, Pioneer offers a loss mitigation program to assist its borrowers who are encountering legitimate hardships, such as loss of jobs, medical emergencies or changes in family circumstance. For the four-year period Pioneer modified, extended and/or refinanced loans for forty-eight borrowers through this program.

Pioneer is a member of the Rensselaer County Regional Chamber of Commerce which was founded in 1900 and currently represents more than 1,000 diverse businesses and community organizations in Rensselaer County. The county has 73.1% of its business demographics in companies with \$1.0 million or less in gross annual revenues. The regional chamber fosters economic development in Rensselaer County and the neighboring communities through the Chamber's Economic Development Partnership.

The following are examples of some members of the executive management team providing financial expertise through their board or committee memberships with community organizations:



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- The president and CEO is the chair of the board of a local nonprofit family service organization that provides business management and program guidance to its nonprofit affiliated agencies. These agencies provide services such as foster care, child guidance, and therapy to homeless children and families. He was also a board member of the regional chamber of commerce.
  - Pioneer’s executive vice president and chief financial officer is a board member of a local nonprofit public benefit industrial development agency, the goal of which is to retain and promote employment by supporting projects that will have a positive impact on one of the towns in the assessment area.
  - Another executive vice president and chief administrative officer is chairman of the board of a nonprofit family service organization that provides crisis intervention and advocacy for disadvantaged people in Troy.
  - Pioneer’s senior vice president and chief lending officer serves as board president of a community development corporation the mission of which is to promote affordable, responsible, and sustainable homeownership, and to provide affordable rental opportunities.

**Innovative or Complex Practices**

Pioneer demonstrated an excellent level of flexible or complex community development lending or investment practices.

Pioneer has an affordable housing program for LMI individuals which is promoted by various local community nonprofit organizations and local government agencies. Various bank employees have helped individuals with housing problems, banking services and/or financing needs. During 2012 and 2013, Pioneer’s employees served the following number of families:

Banking Services	172
Homeownership Counseling	65
Credit Repair Counseling	86
Default Counseling	13

In addition, through this program in years 2012 and 2013, Pioneer closed 14 loans in the amount of \$460,500. Nine recipients received grant funding averaging \$14,395 per grant.

Pioneer also offers the following special lending programs:

Federal Housing Administration (“FHA”) loans have been helping people become homeowners since 1934, offering low down payments, low closing costs and easy credit qualifying. Federal National Mortgage Association (“FNMA”), commonly known as Fannie

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Mae, provides access to affordable mortgage credit. The State of New York Mortgage Agency (“SONYMA”) assists first-time homebuyers with the purchase of a home in New York State. The following is a summary of Pioneer’s loans through these programs:

	<u>Total Amount</u>	<u># of Loans</u>
FHA	\$ 5,635,925	33
FNMA	\$ 42,591,658	239
SONYMA	\$ 104,900	1

In conjunction with the provisions of the City of Troy’s Homebuyer Incentive Program, Pioneer has continued to support their program by making the bank’s program available to the entire city and not solely for LMI census tracts. This program is available only to grant approved participants.

#### Responsiveness to Community Development Needs

Pioneer demonstrated an excellent level of responsiveness to credit and community development needs as demonstrated in its lending and investments activities.

#### Additional Factors

##### **The extent of participation by the banking institution’s board of directors or board of trustees in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act**

The bank has a CRA committee which was formed to coordinate the efforts made by the bank’s trustees, officers and employees. The CRA officer provides reports to the CRA committee, which then reports all of the bank’s CRA activities to the board of trustees. Each year the board of trustees reviews and reaffirms the bank’s CRA statement.

#### **Discrimination and other illegal practices**

DFS examiners did not note evidence that Pioneer used any practices intended to discourage applications for the types of credit offered by Pioneer.

DFS examiners did not note evidence of prohibited discriminatory or other illegal practices.

#### **Record of opening and closing offices and providing services at offices**

Pioneer opened two branches during the evaluation period; one in Delmar (opened in 2010) located in Albany County and one in Clifton Park (opened in 2013) in Saratoga County. Both branches are located in upper-income tracts. Pioneer also relocated the

Albany branch, from 488 Broadway to 90 State Street (both addresses are in moderate-income tracts), to a more convenient and visible location and to further expand and enhance its outreach in Albany.

Pioneer operates 17 banking offices. Eight are located in Albany County, four each in Rensselaer and Saratoga counties, and one is in Schenectady County. Four branches are located in moderate-income tracts (three are in Albany County and one in Rensselaer County). Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of one ATM at each branch location except for the Troy branch. Pioneer has one off-site ATM at the Hudson Valley Community College campus which is located in a moderate-income tract and mainly services the students of the college. Hours of operation are generally from 9:00AM to 5:00PM with 14 branches offering late hours and 13 having limited Saturday hours. Twelve of the 17 branches have drive-up windows. Two branches, located in moderate-income tracts, are in office buildings in a commercial area; therefore, they do not provide late night or Saturday hours.

Pioneer offers alternative services for customer convenience, such as telephone banking, online banking, cash management, ACH, wires, bill-pay, business bill-pay, mobile banking, remote deposit capture and bank cards.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Albany*			3	1	4	8	38%
Rensselaer*			1	3		4	25%
Saratoga*				2	2	4	0%
Schenectady					1	1	0%
<b>Total</b>			<b>4</b>	<b>6</b>	<b>7</b>	<b>17</b>	<b>24%</b>

\*Partial county

## 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.

Pioneer ascertains the credit needs of its community primarily through involvement of its board of trustees, executive management and its CRA/CD in various community groups and organizations.

The chairman of the board has served on the boards of a local hospital, a regional college, and a community foundation and community center. A trustee and former Pioneer president and CEO was actively involved with statewide bankers’ associations and has served as director and past board chair of the Commission on Economic Opportunity and as a board member of the New York State Higher

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Education Services Corporation. She currently serves on the board of a regional public service media organization. Various trustees had also served on the boards of community and regional organizations.

Pioneer ascertains the credit needs of the communities it serves and is able to communicate its banking and financial services throughout its assessment area.

- *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*

Pioneer markets its products and services through local and regional newspapers, and radio and television ads. In addition, Pioneer's affordable housing is promoted by 32 local agencies and affordable housing organizations in the assessment area.

**Other factors that in the judgment of the Superintendent bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community**

DFS noted no other factors.

## **GLOSSARY**

### **Aggregate Penetration Rate**

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

### **Community Development**

“Community development”:

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.

### **Community Development Loan**

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

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving 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.

## **Community Development Service**

Service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

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

## **Geography**

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

## **Home Mortgage Disclosure Act (“HMDA”)**

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

## **Income Level**

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

## **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 where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a 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 cases 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**

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

### **LMI Penetration Rate**

A number that represents the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

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

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

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

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

### **Qualified Investment**

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;



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