



**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: September 30, 2017

Institution: Pioneer Savings Bank
652 Albany Shaker Road
Albany, NY 12211

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 Savings 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 September 30, 2017.

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 (“GRS”) 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 evaluation 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.

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated Pioneer under the intermediate small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The Department evaluated Pioneer's performance under the lending test in calendar years 2014, 2015 and 2016, and its performance under the community development test from January 1, 2014 through September 30, 2017. Pioneer is rated "2" or "Satisfactory." This rating means Pioneer had a satisfactory record of meeting community credit needs.

The rating is based on the following factors:

Lending Test: "Satisfactory"

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.

Pioneer's average LTD ratio of 90.2% for the evaluation period exceeded the peer's average LTD ratio of 88.2%.

Assessment Area Concentration: "Outstanding"

During the evaluation period, Pioneer originated 91.1% by number and 87.2% by dollar value of its HMDA-reportable, home mortgage loan modification, extension, and consolidation agreements ("MECA"), and small business loans within its assessment area. This substantial majority of lending inside its assessment area reflects an excellent concentration of lending.

Distribution by Borrower Characteristics: "Satisfactory"

Pioneer's HMDA-reportable lending demonstrated a reasonable distribution of loans among borrowers of different income levels. During the evaluation period, Pioneer's lending rate to LMI borrowers was 35.2%, which compared favorably with the aggregate's 30.1% rate. Despite its discontinuation of one-to-four family residential mortgage loan origination, overall lending to LMI borrowers remained above its aggregate group because of an active engagement in mortgage purchases from local mortgage lenders. Also, MECA and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

Geographic Distribution of Loans: "Satisfactory"

Pioneer's origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending for HMDA reportable, MECA and small business loans.

Action Taken in Response to Written Complaints With Respect to CRA: “N/A”

Neither DFS nor Pioneer received any written complaints during the evaluation period regarding Pioneer’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, qualified investments, and community development services, considering Pioneer’s capacity, and the need for and availability of opportunities for community development in its assessment area.

Community Development Lending: “Satisfactory”

During the evaluation period, Pioneer originated \$13 million in new community development loans and had \$838,000 outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period.

Community Development Investments: “Outstanding”

During the evaluation period, Pioneer made \$15.2 million in new qualified investments and had \$33,000 outstanding from prior evaluation periods. This demonstrated an excellent level of qualified investments over the course of the evaluation period.

Community Development Services: “Outstanding”

Pioneer demonstrated an excellent level of community development services.

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

PERFORMANCE CONTEXT

Institution Profile

Established in 1889, Pioneer is a New York state-chartered mutual savings bank that serves the Capital Region of the state and is headquartered in Albany, NY. Pioneer operates under the name of “Pioneer Bank” in order to reflect its business profile as both a residential and commercial lender. As a mutual savings bank, Pioneer has no parent company, but owns three subsidiaries. They are Pioneer Commercial Bank, Pioneer Financial Services, Inc., and Anchor Agency, Inc.

In January 2016, Pioneer made the strategic decision to no longer offer residential mortgage loans because of significant competition from large financial institutions and national mortgage lenders in the communities it serves. Instead, Pioneer chose to actively purchase 1-4 family mortgage loans from a local mortgage lender. Pioneer continues to offer home equity lines of credit.

Pioneer offers a variety of personal banking products such as checking and savings accounts, certificates of deposit, and auto loans. Other products include safe deposit boxes, direct deposit and payments, mobile and online banking, and banking by phone and mail. Commercial lending products include commercial mortgages, construction loans, equipment financing and business lines of credit.

As of September 30, 2017, Pioneer reported total assets of \$1.3 billion, of which \$956.1 million were net loans and lease financing receivables. When compared with the previous evaluation period, as of December 31, 2013, both total assets and net loans and leases grew significantly, by 70.7% and 57.2%, respectively, reflecting the bank’s strategic expansion throughout the Capital Region of New York State.

Total deposits for the period ended September 30, 2017 were \$1.2 billion, resulting in an LTD ratio of 82.1%. According to the latest available comparative deposit data, as of June 30, 2016, Pioneer had a market share of 3.4%, or \$869 million in a market of \$25.9 billion, ranking it 8th among 24 deposit-taking institutions in Albany, Greene, Rensselaer, Saratoga and Schenectady counties. As competitor banks left the municipal banking space, Pioneer has been able to service additional municipalities and increase its deposit base and customer relationships.

The following is a summary of Pioneer’s loan portfolio, based on Schedule RC-C of its December 31, 2014, 2015, 2016 and September 30, 2017 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	12/31/2014		12/31/2015		12/31/2016		9/30/2017	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	262,661	39.6	289,396	38.7	300,650	33.7	336,083	34.7
Commercial Mortgage Loans	202,036	30.5	201,666	26.9	240,915	27.0	275,401	28.4
Commercial & Industrial Loans	92,628	14.0	105,465	14.1	162,682	18.2	188,622	19.5
Construction Loans	53,835	8.1	79,096	10.6	99,328	11.1	77,474	8.0
Multifamily Mortgages	40,824	6.2	53,454	7.1	72,867	8.2	74,582	7.7
Consumer Loans	6,384	1.0	5,190	0.7	4,789	0.5	4,017	0.4
Obligations of States & Municipalities	4,068	0.6	12,419	1.7	10,586	1.2	10,967	1.1
Farm Loans	542	0.1	523	0.1	500	0.1	482	0.0
Other Loans	365	0.1	414	0.1	503	0.1	690	0.1
Total Gross Loans	663,343	100	747,623	100	892,820	100	968,318	100

As illustrated in the above table, despite its significant asset growth, Pioneer's lending remained consistent with the prior evaluation period. Pioneer primarily focuses on providing residential and commercial mortgage loans. More than 70% of its loan portfolio represents 1-4 family residential mortgage loans (34.7%), commercial mortgage loans (28.4%), and multifamily mortgage loans (7.7%). Pioneer also makes construction loans, small business loans, and consumer loans.

Pioneer originated \$314.3 million in loans during the evaluation period in New York State, including \$174.9 million in HMDA loans (55.7% of originations), \$128.2 million in small business loans (40.8% of originations), and \$11.1 million in MECA loans (3.5% of originations). According to 2016 peer mortgage data, Pioneer ranked 17th among 237 lenders originating or purchasing home mortgage loans in its assessment area, and had a market share of 1.7%. The market competition for residential mortgages remains high as nearly 50% of the market is dominated by only five large regional lenders: Homestead Funding Corp., SEFCU Services LLC, Trustco Bank, CCFCU Funding LLC, and Sunmark Federal Credit Union.

Pioneer operates 22 full-service branch offices, of which five (22.7%) are located in LMI areas. In addition, Pioneer has one off-site ATM facility, which is located in a low-income census tract. This off-site ATM provides greater access to bank customers because the facility is close to the Troy branch, the only branch with no ATM. The Green Island branch, located in a Banking Development District, was closed in 2017. The area has been reclassified as middle-income from moderate-income.

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 includes the entire county of Schenectady and parts of Albany, Saratoga, Rensselaer, and Greene counties. Since 2015, Pioneer has expanded its retail network south to include towns in Greene County, and north to

Warren County, following six new branch openings.

There are 197 income tracts in the area, of which 24 are low-income, 31 are moderate-income, 91 are middle-income, and 49 are upper-income; two tracts had no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Schenectady	0	8	6	21	8	43	32.6
Albany*	0	11	12	25	24	72	31.9
Rensselaer*	0	5	8	20	4	37	35.1
Saratoga*	1	0	4	22	10	37	10.8
Greene*	1	0	1	3	3	8	12.5
Total	2	24	31	91	49	197	27.9

* Partial county

Demographic & Economic Data

Population Characteristics: The assessment area had a population of 787,785 during the examination period. About 13.8% of the population were over the age of 65 and 18.5% were under the age of sixteen.

Of the 190,806 families in the assessment area, 20.2% were low-income, 17.4% were moderate-income, 21.6% were middle-income, and 40.8% were upper-income. There were 313,090 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 in the assessment area was \$76,870.

Housing Characteristics: There were 348,635 housing units within the assessment area, of which 81.8% were one-to-four family units and 15.3% were multifamily units. A majority (58.0%) of the area's housing units were owner-occupied, while 31.8% were rental units. Of the 202,278 owner-occupied housing units, 15.4% were in LMI census tracts while 84.6% were in middle- and upper-income census tracts.

The median age of the housing stock was 58 years, and the median home value in the assessment area was \$190,155.

Business Demographics: There were 45,690 non-farm businesses in the assessment area. Of these, 79.5% were businesses with reported revenues of less than or equal to \$1 million, 6.9% reported revenues of more than \$1 million and 14% did not report their revenues. Of the businesses in the assessment area, 95.7% were businesses with less than fifty employees, while 84.8% operated from a single

location.

The largest industries in the area were services (49.2%), retail trade (14.4%), finance, insurance & real estate (7.8%); 5.1% of businesses in the assessment area were not classified.

Unemployment: Statistics published by the New York State Department of Labor showed that the unemployment rates for the counties in the assessment area were highest in 2014 and declined during the evaluation period. Except for Greene County, the assessment area's unemployment rates were below the statewide rate. Greene County's average unemployment rate during the evaluation period was 5.8%, slightly higher than New York State's rate of 5.5%. The average unemployment rates for New York State and the five counties declined steadily as the economy improved in the Capital Region.

Assessment Area Unemployment Rate						
	Statewide	Schenectady	Albany	Rensselaer	Saratoga	Greene
2014	6.3	5.3	4.9	5.3	4.6	6.7
2015	5.3	4.7	4.3	4.6	4.1	5.6
2016	4.8	4.3	4.0	4.3	3.8	5.0
Average	5.5	4.8	4.4	4.7	4.2	5.8

Community Information

Examiners interviewed a nonprofit organization whose mission is to promote community development efforts for underserved people and communities, and provide access to capital by pooling investments and donations from individuals and organizations for affordable housing and community services. The organization provides community development lending, training, and technical assistance for start-up businesses, nonprofits, small businesses, women-owned businesses, and low-income individuals.

The contact indicated that there is a high demand for small business lending and residential lending for low-income individuals. An individual or business who could not qualify for a loan should be informed of other alternatives offered by local community groups. Financial institutions have participated by investing in the organization's loan pool and have provided grants. However, the contact indicated that the financial institutions can further assist by being flexible with their funding structure. In addition, bank employees can be better trained to serve their LMI clients' credit needs, since some options given to these individuals were often not in their best interest.

Examiners interviewed another community-oriented organization that offers a variety of programs targeted to affordable homeownership in New York's Capital Region. The organization offers professional advice through classes and one-on-one coaching.

Homebuyers are connected to financial resources such as down-payment and closing costs assistance programs in the forms of grants, incentives, deferred loans, and gifts-to-assist income.

According to the contact, there is a lack of bank branches in LMI communities, and there is a great need for easy access to credit and mixed-loan products. Local banks are closing more and more branches, and certain people, such as senior citizens, are forced to use other alternatives like mobile banking and e-statements, that could pose a challenge in handling their finances. The contact noted a lack of bank participation and unwillingness to provide long-term financing to nonprofit community development groups.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated Pioneer under the intermediate small banking institution performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.

The lending test includes:

- 1. Loan-to-deposit 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.*

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

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Evidence of 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 ("FFIEC") 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 FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data were only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The assessment period included all lending activities for the three calendar years of 2014 through 2016, and community development activities from January 1, 2014 through September 30, 2017.

Examiners considered Pioneer's HMDA-reportable, MECA, and small business loans in evaluating factors (2), (3) and (4) of the lending test noted above. Those loans represented actual originations. DFS evaluated MECA loans at the request of the bank.

Since the bank made very few small farm loans, DFS based all analyses on small business lending only.

DFS gave HMDA-reportable lending greater weight among the loans considered during this evaluation period because those loans represented 55.6% by number and 54.7% by dollar value of total loans made in the assessment area, while the total numbers of MECA and small business loans represented 7.8% and 36.6%, respectively.

At its **prior** Performance Evaluation, as of December 31, 2013, DFS assigned Pioneer a rating of "1," reflecting an "Outstanding" record of helping to meet the credit needs of the bank's community.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

Pioneer's HMDA-reportable, MECA and consumer lending activities were reasonable in light of the bank's size, business strategy, and financial condition, as well as aggregate and peer group activity, and the demographic characteristics and credit needs of the assessment area.

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

Pioneer's average LTD ratio was reasonable considering its size, business strategy, financial condition, and peer group activity.

Pioneer's average LTD ratio of 90.2% was in line with its peer group's average ratio of 88.2%. Lending and deposit activities in the Capital Region have improved as the economy improved. In 2014, Pioneer's quarterly LTD ratios were well above the peer group; its LTD ratios were comparable to the peer group during the remainder of the evaluation period. Pioneer's lending has outpaced its deposit growth since the prior evaluation. The bank's current average LTD of 90.2% compares favorably with its 83.2% average at the prior evaluation period.

The table below shows Pioneer's LTD ratios in comparison with the peer group's ratios for the 12 quarters since the prior evaluation.

Loan-to-Deposit Ratios													
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	Avg.
Bank	89.7	91.6	93.1	93.6	87.1	87.9	86.8	93.7	89.7	90.8	85.3	93.7	90.2
Peer	83.4	84.8	85.6	87.5	87.0	87.4	87.8	88.0	88.2	89.4	94.4	94.4	88.2

Assessment Area Concentration: "Outstanding"

During the evaluation period, Pioneer originated 91.1% by number and 87.2% by dollar value of its total HMDA-reportable, MECA and small business loans within the assessment area. This substantial majority of lending inside of its assessment area is an excellent rate of lending.

HMDA-Reportable Loans

During the evaluation period, Pioneer originated 90.2% by number and 85.7% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of Pioneer's assessment area reflects an excellent rate of lending.

MECA Loans

Pioneer originated 95.3% by number and 95.2% by dollar value of its MECA-Reportable loans within the assessment area. This substantial majority of lending inside of its assessment area is an excellent rate of lending.

Small Business Loans

Pioneer originated 91.6% by number and 88.5% 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 reflects an excellent rate of lending.

The following table shows the percentages of Pioneer's HMDA-reportable, MECA, and small business 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										
2014	226	89.7%	26	10.3%	252	37,185	80.8%	8,842	19.2%	46,027
2015	311	92.6%	25	7.4%	336	62,810	90.2%	6,819	9.8%	69,629
2016	190	87.2%	28	12.8%	218	49,911	84.2%	9,333	15.8%	59,244
Subtotal	727	90.2%	79	9.8%	806	149,906	85.7%	24,994	14.3%	174,900
MECA										
2014	36	97.3%	1	2.7%	37	5,284	96.4%	200	3.6%	5,484
2015	19	95.0%	1	5.0%	20	1,035	89.0%	128	11.0%	1,163
2016	47	94.0%	3	6.0%	50	4,297	95.4%	205	4.6%	4,502
Subtotal	102	95.3%	5	4.7%	107	10,616	95.2%	533	4.8%	11,149
Small Business										
2014	174	95.6%	8	4.4%	182	32,840	91.0%	3,240	9.0%	36,080
2015	161	91.5%	15	8.5%	176	40,893	89.0%	5,050	11.0%	45,943
2016	144	87.3%	21	12.7%	165	39,745	86.0%	6,464	14.0%	46,209
Subtotal	479	91.6%	44	8.4%	523	113,478	88.5%	14,754	11.5%	128,232
Grand Total	1,308	91.1%	128	8.9%	1,436	274,000	87.2%	40,281	12.8%	314,281

Distribution by Borrower Characteristics: "Satisfactory"

Pioneer's HMDA-Reportable, MECA, and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans

Pioneer's HMDA-reportable lending demonstrated a reasonable distribution of loans among borrowers of different income levels. During the evaluation period, Pioneer's lending rate to LMI borrowers was 35.2% by number of loans and 17.3% by dollar value of loans. This exceeded the aggregate's rate of 30.1% by number of loans, but trailed the aggregate's rate of 20.8% for dollar value of loans. In 2016, Pioneer's one-to-four family loan originations were reduced significantly because the bank stopped offering residential mortgage loans. However, as a result of purchases from a local mortgage lender, Pioneer's overall lending to LMI borrowers remained above the aggregate in number of loans made. Pioneer still trailed the aggregate in dollar value of loans in 2016. Pioneer's rates of lending to LMI borrowers during the prior evaluation were 36.1% by number of loans and 21.5% by dollar value.

The following table provides a summary of the distribution of Pioneer's one-to-four family loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2014									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	23	10.6%	1,101	3.4%	852	7.3%	78,450	3.8%	20.3%
Moderate	58	26.9%	5,067	15.6%	2,554	21.8%	330,921	15.8%	17.4%
LMI	81	37.5%	6,168	19.0%	3,406	29.0%	409,371	19.6%	37.8%
Middle	50	23.1%	5,268	16.2%	3,151	26.9%	499,882	23.9%	21.5%
Upper	80	37.0%	18,989	58.4%	4,811	41.0%	1,047,065	50.1%	40.8%
Unknown	5	2.3%	2,084	6.4%	363	3.1%	132,356	6.3%	0.0%
Total	216		32,509		11,731		2,088,674		
2015									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	34	11.5%	1,824	3.9%	1,107	8.1%	107,531	4.3%	20.3%
Moderate	61	20.6%	5,280	11.3%	3,224	23.5%	439,853	17.7%	17.4%
LMI	95	32.1%	7,104	15.2%	4,331	31.5%	547,384	22.1%	37.8%
Middle	74	25.0%	9,061	19.4%	3,608	26.3%	615,978	24.8%	21.5%
Upper	113	38.2%	27,123	58.1%	5,003	36.4%	1,158,226	46.7%	40.8%
Unknown	14	4.7%	3,428	7.3%	788	5.7%	158,061	6.4%	0.0%
Total	296		46,716		13,730		2,479,649		
2016									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	30	16.1%	2,445	7.8%	1,179	7.5%	116,228	4.0%	20.2%
Moderate	40	21.5%	3,426	10.9%	3,476	22.1%	484,520	16.6%	17.4%
LMI	70	37.6%	5,871	18.7%	4,655	29.6%	600,748	20.6%	37.7%
Middle	41	22.0%	5,240	16.7%	4,208	26.8%	726,017	24.9%	21.6%
Upper	70	37.6%	19,311	61.4%	6,025	38.4%	1,412,384	48.5%	40.8%
Unknown	5	2.7%	1,004	3.2%	814	5.2%	172,385	5.9%	0.0%
Total	186		31,426		15,702		2,911,534		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	87	12.5%	5,370	4.9%	3,138	7.6%	302,209	4.0%	
Moderate	159	22.8%	13,773	12.4%	9,254	22.5%	1,255,294	16.8%	
LMI	246	35.2%	19,143	17.3%	12,392	30.1%	1,557,503	20.8%	
Middle	165	23.6%	19,569	17.7%	10,967	26.6%	1,841,877	24.6%	
Upper	263	37.7%	65,423	59.1%	15,839	38.5%	3,617,675	48.4%	
Unknown	24	3.4%	6,516	5.9%	1,965	4.8%	462,802	6.2%	
Total	698		110,651		41,163		7,479,857		

MECA Loans

Pioneer's MECA lending demonstrated a reasonable distribution of loans among borrowers of different income levels. During the evaluation period, Pioneer's average lending rate to LMI individuals was 34.3% by number and 20.8% by dollar value of loans. Because MECA loans are not reportable, there are no comparable aggregate data. The current LMI rate of MECA loans is considered reasonable because LMI families represent approximately 37% of total families in the assessment area.

The following table provides a summary of the distribution of Pioneer's MECA one-to-four family loans by borrower income.

MECA Distribution of 1-4 Family Loans by Borrower Income					
2014					
Borrower Income	Bank				Fam.Dem.
	#	%	\$000's	%	%
Low	1	2.8%	100	1.9%	20.3%
Moderate	7	19.4%	467	8.8%	17.4%
LMI	8	22.2%	567	10.7%	37.8%
Middle	12	33.3%	1,399	26.5%	21.5%
Upper	16	44.4%	3,318	62.8%	40.8%
Unknown	0	0.0%	0	0.0%	0.0%
Total	36		5,284		
2015					
Borrower Income	Bank				Fam.Dem.
	#	%	\$000's	%	%
Low	2	10.5%	78	7.5%	20.3%
Moderate	7	36.8%	383	37.0%	17.4%
LMI	9	47.4%	461	44.5%	37.8%
Middle	5	26.3%	210	20.3%	21.5%
Upper	5	26.3%	364	35.2%	40.8%
Unknown	0	0.0%	0	0.0%	0.0%
Total	19		1,035		
2016					
Borrower Income	Bank				Fam.Dem.
	#	%	\$000's	%	%
Low	7	14.9%	414	9.6%	20.2%
Moderate	11	23.4%	769	17.9%	17.4%
LMI	18	38.3%	1,183	27.5%	37.7%
Middle	11	23.4%	782	18.2%	21.6%
Upper	18	38.3%	2,332	54.3%	40.8%
Unknown	0	0.0%	0	0.0%	0.0%
Total	47		4,297		
GRAND TOTAL					
Borrower Income	Bank				Fam.Dem.
	#	%	\$000's	%	%
Low	10	9.8%	592	5.6%	
Moderate	25	24.5%	1,619	15.3%	
LMI	35	34.3%	2,211	20.8%	
Middle	28	27.5%	2,391	22.5%	
Upper	39	38.2%	6,014	56.7%	
Unknown	0	0.0%	0	0.0%	
Total	102		10,616		

Small Business Loans

Pioneer's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes. During the evaluation period, Pioneer's number

of loans to businesses with annual revenues of \$1 million or less was 56.4%, which exceeded the aggregate level of 45.3%. The current period's performance was consistent with the prior evaluation's level of 57.9%.

The following table provides a summary of the distribution of Pioneer's small business loans by the revenue size of the business.

Distribution of Small Business Lending by Revenue Size of Business									
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	101	58.0%	14,339	43.7%	4,165	39.9%	127,267	27.7%	70.1%
Rev. > \$1MM	73	42.0%	18,501	56.3%					5.8%
Rev. Unknown	0	0.0%	0	0.0%					24.1%
Total	174		32,840		10,450		459,500		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	86	53.4%	18,912	46.2%	5,100	48.0%	162,723	33.4%	74.4%
Rev. > \$1MM	75	46.6%	21,981	53.8%					6.0%
Rev. Unknown	0	0.0%	0	0.0%					19.6%
Total	161		40,893		10,631		486,625		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	83	57.6%	20,786	52.3%	5,417	47.7%	149,937	31.9%	79.1%
Rev. > \$1MM	61	42.4%	18,959	47.7%					6.9%
Rev. Unknown	0	0.0%	0	0.0%					14.0%
Total	144		39,745		11,347		470,050		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	270	56.4%	54,037	47.6%	14,682	45.3%	439,927	31.1%	
Rev. > \$1MM	209	43.6%	59,441	52.4%					
Rev. Unknown	0	0.0%	0	0.0%					
Total	479		113,478		32,428		1,416,175		

Geographic Distribution of Loans: "Satisfactory"

Pioneer's origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

HMDA-Reportable Loans

The distribution of Pioneer's HMDA-reportable loans among census tracts of different income levels was reasonable. During the evaluation period, Pioneer's average rate of lending to LMI geographies of 17.9% by number and 12.2% by dollar value, exceeded the aggregate's averages of 12.1% and 10.6%, respectively. However, in 2016, the total

dollar value of HMDA-reportable loans made to LMI geographies was 5.4% which was significantly below the aggregate's level of 9.0%.

The following table provides a summary of the distribution of Pioneer's HMDA-reportable loans by the income level of the geography where the property is located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	5.3%	1,691	4.5%	407	3.4%	165,559	6.9%	5.2%
Moderate	28	12.4%	5,123	13.8%	1,066	8.9%	177,612	7.4%	10.5%
LMI	40	17.7%	6,814	18.3%	1,473	12.4%	343,171	14.2%	15.7%
Middle	126	55.8%	16,676	44.8%	6,360	53.4%	1,155,876	47.9%	52.5%
Upper	60	26.5%	13,695	36.8%	4,082	34.3%	913,131	37.9%	31.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	226		37,185		11,915		2,412,178		
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	16	5.1%	2,979	4.7%	468	3.4%	96,030	3.3%	5.2%
Moderate	42	13.5%	5,761	9.2%	1,178	8.5%	177,971	6.1%	10.5%
LMI	58	18.6%	8,740	13.9%	1,646	11.8%	274,001	9.4%	15.7%
Middle	167	53.7%	31,282	49.8%	7,489	53.8%	1,521,095	52.0%	52.5%
Upper	86	27.7%	22,788	36.3%	4,795	34.4%	1,131,237	38.7%	31.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	311		62,810		13,930		2,926,333		
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	6.8%	1,300	2.6%	520	3.3%	77,900	2.4%	5.0%
Moderate	19	10.0%	1,404	2.8%	1,423	8.9%	211,920	6.6%	10.5%
LMI	32	16.8%	2,704	5.4%	1,943	12.2%	289,820	9.0%	15.4%
Middle	106	55.8%	19,067	38.2%	8,556	53.7%	1,697,757	52.6%	52.7%
Upper	52	27.4%	28,140	56.4%	5,435	34.1%	1,239,531	38.4%	31.9%
Unknown	0	0.0%	0	0.0%	1	0.0%	80	0.0%	0.0%
Total	190		49,911		15,935		3,227,188		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	41	5.6%	5,970	4.0%	1395	3.3%	339,489	4.0%	
Moderate	89	12.2%	12,288	8.2%	3,667	8.8%	567,503	6.6%	
LMI	130	17.9%	18,258	12.2%	5,062	12.1%	906,992	10.6%	
Middle	399	54.9%	67,025	44.7%	22,405	53.6%	4,374,728	51.1%	
Upper	198	27.2%	64,623	43.1%	14,312	34.3%	3,283,899	38.3%	
Unknown	0	0.0%	0	0.0%	1	0.0%	80	0.0%	
Total	727		149,906		41,780		8,565,699		

MECA Loans

The distribution of Pioneer's MECA loans among census tracts of different income levels was reasonable. During the evaluation period, Pioneer's average rate of lending in LMI

geographies was 13.7% by number and 12.0% by dollar value of loans. The Department could not compare Pioneer's performance on MECA loans with aggregate data because those loans are not reportable. Pioneer's LMI penetration of MECA loans is slightly below the 15.4% demographic of owner-occupied housing units located in LMI geographies.

The following table provides a summary of the distribution of Pioneer's MECA loans by the income level of the geography where the property is located.

Distribution of MECA Lending by Geographic Income of the Census Tract					
2014					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	2	5.6%	334	6.3%	5.2%
Moderate	5	13.9%	399	7.6%	10.5%
LMI	7	19.4%	733	13.9%	15.7%
Middle	15	41.7%	2,759	52.2%	52.5%
Upper	14	38.9%	1,792	33.9%	31.9%
Unknown	0	0.0%	0	0.0%	0.0%
Total	36		5,284		
2015					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	5.2%
Moderate	1	5.3%	45	4.3%	10.5%
LMI	1	5.3%	45	4.3%	15.7%
Middle	12	63.2%	659	63.7%	52.5%
Upper	6	31.6%	331	32.0%	31.9%
Unknown	0	0.0%	0	0.0%	0.0%
Total	19		1,035		
2016					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	5.0%
Moderate	6	12.8%	492	11.4%	10.5%
LMI	6	12.8%	492	11.4%	15.4%
Middle	31	66.0%	2,594	60.4%	52.7%
Upper	10	21.3%	1,211	28.2%	31.9%
Unknown	0	0.0%	0	0.0%	0.0%
Total	47		4,297		
GRAND TOTAL					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	2	2.0%	334	3.1%	
Moderate	12	11.8%	936	8.8%	
LMI	14	13.7%	1,270	12.0%	
Middle	58	56.9%	6,012	56.6%	
Upper	30	29.4%	3,334	31.4%	
Unknown	0	0.0%	0	0.0%	
Total	102		10,616		

Small Business Loans

The distribution of Pioneer's small business loans among census tracts of varying income levels was excellent. Pioneer's small business lending of 29.4% by number and 24.1% by dollar value in LMI geographies outperformed the aggregate's 20.1% and 22.5%, respectively. In addition, the current loan distribution compared favorably with the demographics of its assessment area, where about 24% of businesses were located in LMI census tracts during the evaluation period.

The following table provides a summary of the distribution of Pioneer's small business loans by the income level of the geography where the business is located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	5.7%	1,470	4.5%	791	7.6%	42,567	9.3%	8.4%
Moderate	34	19.5%	4,082	12.4%	1,304	12.5%	60,286	13.1%	16.0%
LMI	44	25.3%	5,552	16.9%	2,095	20.0%	102,853	22.4%	24.4%
Middle	82	47.1%	19,707	60.0%	5,081	48.6%	235,955	51.4%	46.9%
Upper	48	27.6%	7,581	23.1%	3,273	31.3%	120,662	26.3%	28.6%
Unknown	0	0.0%	0	0.0%	1	0.0%	30	0.0%	0.0%
Total	174		32,840		10,450		459,500		
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	6.8%	3,435	8.4%	836	7.9%	42,137	8.7%	8.3%
Moderate	34	21.1%	7,679	18.8%	1,343	12.6%	66,354	13.6%	15.5%
LMI	45	28.0%	11,114	27.2%	2,179	20.5%	108,491	22.3%	23.8%
Middle	77	47.8%	19,136	46.8%	5,094	47.9%	233,691	48.0%	46.9%
Upper	39	24.2%	10,643	26.0%	3,358	31.6%	144,443	29.7%	29.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	161		40,893		10,631		486,625		
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	22	15.3%	5,082	12.8%	823	7.3%	45,498	9.7%	8.2%
Moderate	30	20.8%	5,568	14.0%	1,436	12.7%	62,406	13.3%	15.9%
LMI	52	36.1%	10,650	26.8%	2,259	19.9%	107,904	23.0%	24.0%
Middle	60	41.7%	19,206	48.3%	5,473	48.2%	229,835	48.9%	47.0%
Upper	32	22.2%	9,889	24.9%	3,615	31.9%	132,311	28.1%	29.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	144		39,745		11,347		470,050		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	43	9.0%	9,987	8.8%	2,450	7.6%	130,202	9.2%	
Moderate	98	20.5%	17,329	15.3%	4,083	12.6%	189,046	13.3%	
LMI	141	29.4%	27,316	24.1%	6,533	20.1%	319,248	22.5%	
Middle	219	45.7%	58,049	51.2%	15,648	48.3%	699,481	49.4%	
Upper	119	24.8%	28,113	24.8%	10,246	31.6%	397,416	28.1%	
Unknown	0	0.0%	0	0.0%	1	0.0%	30	0.0%	
Total	479		113,478		32,428		1,416,175		

Action Taken In Response to Written Complaints With Respect to CRA: "N/A"

Neither DFS nor Pioneer received any written complaints during the evaluation period 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, qualified investments, and community development services, considering Pioneer’s capacity, and the need for and availability of opportunities for community development in its assessment area.

Pioneer originated \$13 million in new community development loans during the evaluation period, and had \$838,000 outstanding from prior evaluation periods. Pioneer also made \$15.2 million in new qualified investments, and had \$33,000 outstanding from prior evaluation periods. Pioneer’s community development services activities showed satisfactory performance.

Community Development Lending: “Satisfactory”

During the evaluation period, Pioneer originated \$13 million in new community development loans, and had \$838,000 outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period.¹ When annualized, total community development loans represented 0.39% of average assets during the evaluation period. Pioneer’s volume of lending activities remained the same as the previous evaluation period. However, due to the significant average asset increase of 30.1%, the current performance of 0.39% decreased when compared with the prior evaluation performance of 0.45%.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	3	236	2	475
Economic Development	4	1,345	0	0
Community Services	29	10,883	1	136
Revitalize/Stablize	2	500	2	227
Total	38	12,964	5	838

Below are highlights of Pioneer’s community development lending:

- In 2014, Pioneer provided a \$50,000 line of credit as working capital to support the mission of a nonprofit organization that provides affordable housing for families with limited resources. Part of the organization’s primary purpose is to stimulate economic development within underserved neighborhoods by providing the appropriate support.
- In 2015, Pioneer provided a \$750,000 working capital line of credit to support the

¹ For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

mission of a not-for-profit organization with programs dedicated to enhancing the quality of life for people living in poverty, adults with mental illnesses, and victims of domestic violence. The organization provides programs other than housing, which include a food pantry, crisis help, employment training, advocacy and counseling.

- In 2017, Pioneer provided a \$250,000 loan for a revitalization project which was a joint effort between private individuals and City of Schenectady to stabilize a neighborhood in a moderate-income census tract. This organization will acquire properties from the city, redevelop them and then sell them to owner occupants.

Qualified Investments: “Outstanding”

During the evaluation period, Pioneer made \$15.2 million in new qualified investments, including \$15 million in community development investments and \$195,000 in community development grants, and had \$33,000 outstanding from prior evaluation periods. When annualized, the current level of community development investments and grants represent 0.43% of average assets during the evaluation period. 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	3,000		
Revitalize and Stabilize	9	12,023	1	33
Total	10	15,023	1	33
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	21	14		
Economic Development	20	29		
Revitalize and Stabilize	9	15		
Community Services	118	137		
Total	168	195		

Below are highlights of Pioneer’s qualified investments:

- Pioneer continued to support investment activities that are revitalizing and stabilizing LMI census tracts in its assessment area through participating in various local bond anticipation notes (“BAN”) issued by municipal governments. For example, in 2016, Pioneer renewed its previously invested \$2 million in a BAN issued by Rensselaer County. The investment supports reconstruction of various county improvements, including road reconstruction, dam and channel reconstruction, marina/boat launch reconstruction, and court and police facilities

renovations which are located in LMI census tracts.

- Pioneer made grants of \$7,600 to five affordable housing organizations in the assessment area that assist with affordable rental units, as well as promote successful and sustainable home ownership.
- Pioneer made grants of \$109,636 to 21 community service not-for-profits. These organizations address domestic violence, drug abuse, workforce development, mental illness, women's empowerment, and provide services such as food pantries and emergency housing to LMI individuals.
- Pioneer made grants of \$12,500 to two organizations that promote revitalization and stabilization. The organizations focus on improving the quality of life within LMI areas with small business assistance and workforce creation and retention.

Community Development Services: "Outstanding"

Pioneer demonstrated an excellent level of community development services over the course of the evaluation period. Below are examples of Pioneer's community development services:

- Pioneer's employees volunteered at a nonprofit housing organization that is part of a global organization dedicated to helping build affordable homes in local communities. The organization is dedicated to eliminating substandard housing locally and worldwide.
- The senior vice president and chief lending officer of Pioneer are on the board of an organization that is committed to meeting the immediate needs of homeless people, women, and dependent children fleeing domestic violence, persons living with HIV/AIDS, children, those who are food insecure, and low-income individuals.
- A Pioneer sales assistant volunteered with the Empty Stocking project, which is the largest and most widely recognized project of the Saratoga County Children's Committee. It services hundreds of low-income children in the county.

Responsiveness to Community Development Needs:

Pioneer demonstrated an excellent level of responsiveness to community development needs, as demonstrated in its flexible community development lending practices, its qualified investments, and its community development services.

Pioneer offered an affordable housing loan product that was designed to assist LMI borrowers in all census tracts with a home purchase or for the purchase, rehabilitation, and repair of a home. During the evaluation period, a Pioneer originated 35 such loans totaling \$4.1 million under this program.

With the bank's decision to stop originating residential mortgage loans, Pioneer entered into a relationship with a nonprofit organization to purchase loans originated by the organization. Under this affordable homeownership program, the borrower had to complete certain training, such as homebuyer education, early delinquency intervention counseling, and landlord training, prior to being qualified for a flexible loan program such as 2% down payment, closing cost assistance, or lower debt-to-income ratio restriction. During the evaluation period, Pioneer purchased eight such loans totaling \$1.2 million.

As a Preferred Small Business Administration ("SBA") Lender, Pioneer offered both 504 and basic 7(a) loan products and originated three such loans totaling \$412,000 during this evaluation period. These loans provided access to low or zero-down payment financing for small business, or flexible terms for borrowers starting, acquiring, or expanding small businesses.

Additional Factors

The extent of participation by the banking institution's Board of Directors or Board of Trustees in formulating CRA policies and reviewing CRA performance

To effectively elevate and strengthen support for CRA initiatives and to increase resource commitments in support of CRA, Pioneer has established a CRA Committee, chaired by the Associate Counsel, Compliance & CRA Officer. To assist the CRA Officer in achieving the goals of the plan across departmental lines, the committee further consisted of the senior vice president and chief risk officer; executive vice president and chief customer experience officer; senior vice president and chief lending officer; and senior vice president and chief customer support officer. The committee meets on a quarterly basis and the CRA Officer presents annually to the bank's board of trustees a report regarding CRA compliance.

Discrimination and other illegal practices

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

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

- *Evidence of prohibited discriminatory or other illegal credit practices.*

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's assessment area has been expanded since the prior evaluation to reflect the

geographic expansion of the bank's branch network following six branch openings in Greene and Warren counties. As of September 30, 2017, Pioneer had a total of 22 full-service offices, of which five (22.7%) were located in LMI areas. In addition, Pioneer has one off-site ATM facility, which is located in a low-income census tract. This off-site ATM provides greater access to bank customers because the facility is close to the Troy branch, the only branch with no ATM. The Green Island branch, located in a Banking Development District, was closed in 2017 and the area was reclassified to a middle-income census tract from moderate-income one. Hours of operation are generally from 9:00 AM to 5:00 PM with late hours or Saturday hours. Pioneer has six branch locations with ITM/ATM facilities, which offer customers the ability to interact with customer care representatives and conduct transactions normally conducted in-person with a teller, at hours after which the branch is closed, including evenings and Saturdays.

Distribution of Branches within the Assessment Area							
County	N/A (#)	Low (#)	Moderate (#)	Middle (#)	Upper (#)	Total (#)	LMI (%)
Albany*		1	2	5	1	9	33.3
Rensselaer*		1		2	1	4	25.0
Saratoga*				2	2	4	0.0
Schenectady		1		1		2	50.0
Greene*				1	1	2	0.0
Warren*				1		1	0.0
Total		3	2	12	5	22	22.7

*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 identifies the credit needs of its community through the involvement of its board of trustees, executive and senior management, and bank officers and employees in various community groups and organizations. The bank accomplishes this through its employees' participation in community development activities as the bank believes the most effective method to determine the community's credit needs is to be part of and involved in the community it serves.

- *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, radio and television ads, and online and social media outlets. All advertisements are reviewed by the compliance officer prior to distribution.

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

DFS examiners 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.

Income level of individual or geography	% of the area median income
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

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.

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.