

# **PUBLIC DISCLOSURE**

September 18, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Pioneer Bank  
Certificate Number: 20741

652 Albany Shaker Road  
Albany, New York 12211

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
New York Regional Office

350 Fifth Avenue, Suite 1200  
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

**The Lending Test is rated High Satisfactory.**

- Lending levels reflect good responsiveness to assessment area credit needs.
- The bank made a substantial majority of its loans in its assessment area.
- The geographic distribution of loans reflects a good penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different sizes.
- The bank makes extensive use of innovative or flexible lending practices in order to serve the credit needs of its assessment area.
- The bank made an adequate level of community development loans.

**The Investment Test is rated Outstanding.**

- The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits excellent responsiveness to credit and community economic development needs.
- The bank rarely uses innovative or complex investments to support community development initiatives.

**The Service Test is rated Outstanding.**

- Delivery systems are accessible to essentially all portions of the bank's assessment area, including low- and moderate-income areas.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the bank's assessment area, particularly low- and moderate-income geographies and/or individuals.
- The bank is a leader in providing community development services.

## DESCRIPTION OF INSTITUTION

Pioneer Bank (Pioneer) is a state chartered institution headquartered in Albany, New York. Pioneer operates in the greater Capital District Region of New York State, including within Albany, Greene, Rensselaer, Saratoga, Schenectady, and Warren Counties. The bank operates under a two-tier holding company. Pioneer is wholly-owned by Pioneer Bancorp, Inc., which, in turn, is majority-owned by Pioneer Bancorp, MHC, Inc., the mutual holding company. Pioneer owns Anchor Agency, Inc., a subsidiary that provides consumer and commercial insurance, as well as benefits consulting products and services for businesses. In addition, Pioneer wholly-owns Pioneer Financial Services, Inc., doing business as Pioneer Wealth Management, which offers personal and business investment and financial planning services. Lastly, Pioneer owns Pioneer Commercial Bank, a separately chartered, limited purpose entity operating solely to accept municipal deposits.

Pioneer received a “Satisfactory” rating at its previous FDIC CRA evaluation dated September 1, 2020, based on Interagency Intermediate Small Institution CRA Examination Procedures.

### Operations

Pioneer operates 22 offices, 20 automated teller machines (ATMs), and 13 interactive teller machines (ITMs) within its assessment area. (ITMs provide access to tellers through video technology.) Pioneer’s ITMs open one hour before branch opening, and remain open for two hours after branch closing, enhancing customer access to tellers. In addition to the ATMs and ITMs, Pioneer’s alternative banking services include internet banking, mobile banking, telephone banking, and person-to-person payment. The following table details the bank’s operations in each county:

Description of Operations			
Assessment Area County	# of Branches	# of ATMs	# of ITMs
Albany County	9	9	5
Greene County	2	2	0
Rensselaer County	4	3	4
Saratoga County	4	4	2
Schenectady County	2	1	1
Warren County	1	1	1
<b>Total</b>	<b>22</b>	<b>20</b>	<b>13</b>
<i>Source: Bank Data</i>			

The bank did not open or close any branches since the prior evaluation.

Pioneer offers a range of deposit and loan products tailored to meet the needs of its local community. Deposit products include personal and commercial checking and savings accounts. Loan products include home equity, commercial mortgage, commercial and industrial, and consumer loans. Although Pioneer does not originate 1-4 family or multifamily loans, it purchases

loans of these property types within its assessment area exclusively from a prominent regional home mortgage company, Homestead Funding Corp.

Pioneer's strategic focus continues to be primarily on 1-4 family and small business lending throughout its assessment area.

### **Ability and Capacity**

As of June 30, 2023, the bank reported total assets of \$1.9 billion. Loans are the primary asset at \$1.2 billion, while securities total \$458 million. Deposits total \$1.6 billion.

The following table provides a breakdown of the loan portfolio as of June 30, 2023.

<b>Loan Portfolio Distribution</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land	59,529	5.1
Secured by Farmland	0	0
Secured by 1-4 Family Residential Properties	581,976	49.9
Secured by Multifamily (5 or more) Residential Properties	104,587	9.0
Secured by Non-farm Non-Residential Properties	306,422	26.2
<b>Total Real Estate Loans</b>	<b>1,052,514</b>	<b>90.2</b>
Commercial and Industrial Loans	94,480	8.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer	11,224	1.0
Obligations of States and Political Subdivisions	2,863	0.2
Other Loans	5,557	0.5
<b>Total Loans</b>	<b>1,166,638</b>	<b>100.0</b>
<i>Source: Report of Condition and Income 6/30/2023</i>		

There are no financial, legal, or other impediments affecting the bank's ability to meet the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas (AA) in which examiners will evaluate its CRA performance. Pioneer identified an AA composed of six counties in New York State, including all of Albany, Rensselaer, Saratoga, and Schenectady Counties, as well as portions of northern Greene and southern Warren Counties. Albany, Rensselaer, Saratoga, and Schenectady Counties are located in the Albany-Schenectady-Troy, NY Metropolitan Statistical Area (MSA) #10580. Warren County is located in the Glens Falls, NY MSA #24020. However, both MSAs compose part of the larger Albany-Schenectady, NY Combined Statistical Area (CSA) #104. In addition, while Greene County is part of the New York Statewide Non-MSA, it is immediately adjacent to the southern CSA boundary. Since the AA is largely within

the CSA and does not extend substantially beyond its boundaries, examiners analyzed the counties in the two MSAs and the small non-MSA portion as a single AA.

Pioneer's AA changed slightly during the evaluation period due to the nationally revised metropolitan area delineations published by the United States Office of Management and Budget (OMB), effective February 2023. The OMB published revised demographic data based on the 2020 U.S. Census. Census tract changes in the 2020 census data resulted in an increase of 35 total tracts, as well as some changes to existing geographic income classifications. As a result, the revised delineation reflects an increase of 3 low-, 15 middle-, 15 upper-, and 4 NA-income tracts, with 2 fewer moderate-income tracts. Because these changes occurred during the evaluation period, examiners used the revised delineations to analyze the bank's 2022 lending data and the prior delineations to analyze the 2020 and 2021 lending data.

### **Economic and Demographic Data**

The AA is composed of 265 census tracts, including 24 low-, 39 moderate-, 127 middle-, 67 upper-, and 8 NA-income census tracts. The following table details the demographic information for this AA.

Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	265	9.1	14.7	47.9	25.3	3.0
Population by Geography	942,535	8.4	12.9	48.6	28.2	1.9
Housing Units by Geography	428,077	9.1	14.1	49.3	26.3	1.1
Owner-Occupied Units by Geography	239,767	3.5	9.1	53.2	34.0	0.2
Occupied Rental Units by Geography	136,368	16.8	20.9	42.5	17.3	2.6
Vacant Units by Geography	51,942	15.0	19.7	49.5	14.2	1.6
Businesses by Geography	89,321	7.1	9.0	47.9	27.5	8.5
Farms by Geography	2,376	1.8	5.0	61.7	30.0	1.4
Family Distribution by Income Level	224,273	20.7	16.8	21.7	40.8	0.0
Household Distribution by Income Level	376,135	23.7	16.1	17.6	42.6	0.0
Median Family Income: MSA 10580 Albany-Schenectady-Troy, NY MSA		\$95,438	Median Housing Value Median Gross Rent Families Below Poverty Level			\$216,278 \$1,043 6.0%
Median Family Income: MSA 24020 Glens Falls, NY MSA		\$77,435				
Median Family Income: NY Non-MSA New York Statewide Non-MSA		\$69,021				
Source: 2020 U.S Census and 2022 D&B Data; (*) the NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.						

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of the bank's small business loans by the gross annual revenue (GAR) of the business for each year. According to 2022 Dun & Bradstreet (D&B) data, there were 89,321 business establishments in the AA. Listed below are the GARs for these businesses:

- 86.2 percent have GARs of \$1 million or less;
- 3.8 percent have GARs of more than \$1 million; and
- 10.0 percent have unknown revenues.

According to Moody's Analytics, the healthcare and higher education industries largely support the local economy of the AA. The area's major employers, including several large hospitals, colleges, and universities, generally have remained stable and returned to pre-pandemic levels. Nonetheless, the Albany metro area experienced decreasing payrolls, particularly in early 2023, focused in manufacturing and construction. Since this time, payrolls have slowly begun to recover.

In general, the greater Albany area offers low business costs and remains a production hub for semiconductors. Housing is relatively affordable when compared to other northeast metro areas; however, an undersupply of housing has led to higher home prices. This environment poses affordability challenges, particularly for those with lower income levels. The area's local economy continues to rely on state government, as Albany is the state capital. As a result, the region exhibits heightened sensitivity to rising and falling tax revenues. There continues to be an outsized dependence on low-wage and service jobs that adversely affect general affordability, especially in light of the elevated inflation and cost of living. In addition, the area continues to experience population outmigration, with college-educated young adults tending to leave the area upon graduation. This weak population trend has a spillover effect into consumer industries, including leisure, hospitality, retail, and tourism-related businesses, which acts to impede economic growth.

The unemployment rate for the Albany-Schenectady, NY CSA was 2.8 percent as of May 2023, which is below both the state and national levels of 3.9 percent and 3.7 percent, respectively. The unemployment rate for the MSA reflects a stronger local economy relative to the state and nation in general. Although the AA's unemployment rate is relatively low in historical terms, it masks true economic weakness. A shrinking workforce is pushing the rate lower, with a labor force participation rate of only 62.3 percent. Specifically, older workers are retiring early and college graduates are leaving the area. The population outmigration trend impedes economic growth and recovery at the local level.

Top employers in the AA include the following: Albany Medical Center; St. Peter's Health Partners; Golub Corp.; Northeast Grocery, Inc.; Hannaford Supermarkets; General Electric; Stewart Shop's Corp.; Regeneron Pharmaceuticals, Inc.; Ellis Medicine; and Saratoga Hospital and Care Nursing Home.

### **Competition**

There is a high level of competition for 1-4 family mortgage loans among the area's banks, credit unions, and non-depository mortgage lenders. In 2022, 305 lenders reported 26,546 originations



and purchases of 1-4 family loans. The ten most prominent lenders accounted for 56.2 percent of total loans; however, these lenders predominantly include multi-billion dollar credit unions, a large regional bank, and national depository institutions and mortgage companies, as well as one multi-billion dollar local federal credit union.

There is also strong competition for small business loans within the AA. In 2021, 148 lenders reported 22,778 small business loans. The top ten lenders accounted for 67.3 percent of total loans; however, the top lenders are predominantly large national banks that originate credit cards.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2022, 23 financial institutions operated 294 offices within the AA. Of these institutions, Pioneer ranked sixth with a 4.6 percent deposit market share. The five institutions with the highest deposit market shares accounted for 67.8 percent of total market share. These entities are primarily multi-billion dollar depository institutions serving much larger multi-regional or multi-state areas, in addition to this AA.

### **Community Contact**

Examiners met with a local affordable housing and community development organization to identify the area's credit needs. According to the contact, the repair of distressed housing units is the primary need of the area. Considering many of the local neighborhoods within the city of Albany, the contact stated that the majority of existing housing stock is in poor condition. Housing stock is aging, with more than 50.0 percent of properties constructed before 1939 and, in many cases, properties are more than 100 years old. In addition, low-income individuals typically own these distressed homes and lack the technical knowledge and financial resources to obtain credit and repair their homes without assistance. These circumstances pose a significant challenge that often results in distressed homes lacking maintenance or repair, leading to further deterioration of neighborhoods. The contact suggested that local lenders could offer home repair credit programs targeted to homeowners of distressed properties.

The contact also identified the need for credit counseling and education for homeowners with poor credit histories. The contact stated that access to traditional banking services is a challenge within the city of Albany. They have observed that many residents do not maintain a traditional bank account and are unbanked. Instead, these individuals seek financial services from high cost check cashing facilities. The contact attributed this situation to a general lack of physical banking offices in the area and limited banking hours at existing locations.

### **Credit and Community Development Needs and Opportunities**

Based on information from the community contact, bank management, and the demographic and economic data, the most urgent and ongoing credit need in the AA is affordable housing, especially for low- and moderate-income individuals and families. In particular, there is a need for targeted home repair programs for distressed properties within the city of Albany. Additionally, a need exists for financial education and financial literacy outreach, particularly those that may address home mortgage financing and personal finance topics.

## **SCOPE OF EVALUATION**

### **General Information**

Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate Pioneer's performance since the previous evaluation dated September 1, 2020, to the current evaluation date of September 18, 2023. Examiners used full-scope procedures to evaluate Pioneer's performance in its single AA. The procedures consist of the Lending, Investment, and Service Tests (see Appendices).

### **Activities Reviewed**

Examiners analyzed Pioneer's CRA performance using 1-4 family (including home equity lines of credit) and small business loan data, as these loan types represent the bank's major product lines based on a review of bank records, business strategy, loan portfolio composition, and discussions with management. Pioneer also originated multifamily loans; however, this loan type was not a major product line during the review period, as the bank originated or purchased only 40 such loans during the evaluation period. Given the nominal volume, this evaluation presents the bank's multifamily lending within the Assessment Area Concentration criterion only, since the product did not affect the bank's overall performance and rating. The bank made no small farm loans since the prior evaluation.

Examiners reviewed the bank's home mortgage lending in 2020, 2021, and 2022, which included loans recorded on the loan application registers (LARs) maintained by the bank pursuant to the Home Mortgage Disclosure Act's (HMDA) data reporting requirements. The HMDA-reportable loans include home purchase and home improvement loans, including refinancing, on 1-4 family and multifamily (five or more unit) properties. The bank's HMDA activity during the review period primarily included 1-4 family mortgage loans, with 1,153 loans totaling \$255.3 million purchased inside its AA. Examiners compared the bank's 1-4 family lending to 2015 American Community Survey (ACS) data for calendar years 2020 and 2021 data, 2020 U.S. Census data for calendar year 2022 data, and aggregate HMDA data for 2020, 2021, and 2022.

Examiners reviewed the bank's small business lending in 2020, 2021, and 2022 using the small business loan registers maintained by the bank pursuant to CRA. Small business loans include commercial real estate or commercial and industrial loans and lines of credit in amounts of \$1 million or less. The bank reported 1,190 small business loans totaling \$155.6 million during the three-year review period within its AA. Examiners compared the bank's record of small business lending to D&B demographic data for 2020, 2021, and 2022, and to the aggregate small business loan data for 2020 and 2021, which reflects the most recently available data.

Under the Lending Test, examiners placed more weight on Pioneer's 1-4 family lending given the bank's historical performance and strategic focus of being primarily a 1-4 family lender. Pioneer's small business lending was also material to the performance conclusions, particularly given the increase in loan volume in 2020 and 2021 due to its participation with the Small Business Administration's temporary Paycheck Protection Program (PPP) during the COVID19 pandemic.

The review included originations and purchases, since the bank purchases both 1-4 family and multifamily loans. In addition, while the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

Examiners also reviewed the bank's community development loans, investments, and services for the period since the previous CRA evaluation. Qualified investments included new investments and grants, as well as outstanding qualified investments from prior evaluation periods.

Under the Service Test, in addition to the bank's branch network, examiners reviewed its alternative delivery systems, as well as any impact of branch openings or closings since the prior evaluation. Examiners also reviewed retail banking products or services targeted to low- and moderate-income individuals or small businesses.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Pioneer's Lending Test performance is rated "High Satisfactory." The bank's good performance in the Lending Activity, Geographic Distribution, and Borrower Profile criteria primarily supports this rating. The rating also considered the bank's excellent performance under the Assessment Area Concentration and Innovative or Flexible Lending criteria, and its adequate performance under the Community Development Lending criterion.

#### **Lending Activity**

Lending levels reflect good responsiveness to AA credit needs, based primarily on Pioneer's market rank among all lenders reporting 1-4 family and small business loans. According to the 2022 aggregate HMDA data, the bank ranked fourteenth by number of 1-4 family originations and purchases out of 305 reporting lenders inside this AA. For small business lending, the 2021 aggregate CRA data shows that Pioneer ranked seventeenth by number of loans out of 148 reporting lenders inside this AA. The loan portfolio remained unchanged from the prior evaluation, with a continued focus on 1-4 family and small business lending throughout its AA. However, Pioneer's small business lending volume temporarily increased in 2020 and part of 2021, due to its extensive participation with the Small Business Administration's (SBA) temporary Paycheck Protection Program (PPP) during the COVID-19 pandemic.

During the evaluation period, Pioneer originated a combined total of 2,376 1-4 family, small business, and multifamily loans totaling \$469.4 million within this AA. In addition, Pioneer extended \$19.2 million in community development loans in the AA, which supported affordable housing, community services, economic development, and the revitalization and stabilization of low- and moderate-income geographies.

## Assessment Area Concentration

Pioneer made a substantial majority of its loans inside its AA. As shown in the following table, the bank originated 90.8 percent of its total loans by number and 83.6 percent by dollar volume inside its AA.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
1-4 Family										
2020	325	91.3	31	8.7	356	71,890	84.6	13,116	15.4	85,006
2021	309	90.4	33	9.6	342	60,371	84.3	11,240	15.7	71,611
2022	519	83.6	102	16.4	621	123,015	80.1	30,614	19.9	153,629
<b>Subtotal</b>	<b>1,153</b>	<b>87.4</b>	<b>166</b>	<b>12.6</b>	<b>1,319</b>	<b>255,276</b>	<b>82.3</b>	<b>54,970</b>	<b>17.7</b>	<b>310,246</b>
Small Business										
2020	706	95.3	35	4.7	741	77,168	93.4	5,432	6.6	82,600
2021	377	95.4	18	4.6	395	53,995	92.6	4,342	7.4	58,337
2022	107	88.4	14	11.6	121	24,485	85.4	4,174	14.6	28,659
<b>Subtotal</b>	<b>1,190</b>	<b>94.7</b>	<b>67</b>	<b>5.3</b>	<b>1,257</b>	<b>155,648</b>	<b>91.8</b>	<b>13,948</b>	<b>8.2</b>	<b>169,596</b>
Multifamily										
2020	12	85.7	2	14.3	14	13,011	90.5	1,360	9.5	14,371
2021	8	72.7	3	27.3	11	30,670	93.0	2,316	7.0	32,986
2022	13	86.7	2	13.3	15	14,819	43.5	19,250	56.5	34,069
<b>Subtotal</b>	<b>33</b>	<b>82.5</b>	<b>7</b>	<b>17.5</b>	<b>40</b>	<b>58,500</b>	<b>71.9</b>	<b>22,926</b>	<b>28.1</b>	<b>81,426</b>
<b>Total</b>	<b>2,376</b>	<b>90.8</b>	<b>240</b>	<b>9.2</b>	<b>2,616</b>	<b>469,424</b>	<b>83.6</b>	<b>91,844</b>	<b>16.4</b>	<b>561,268</b>

*Source: 2020, 2021, and 2022 HMDA data; 2020, 2021, and 2022 CRA data. Due to rounding, totals may not equal 100.0.*

## Geographic Distribution

The geographic distribution of loans reflects good penetration throughout this AA. Examiners based this conclusion primarily on the bank's 1-4 family lending performance in low- and moderate-income census tracts, with secondary emphasis upon the bank's small business lending, which was temporarily elevated during 2020 and part of 2021 due to Pioneer's participation with the SBA's PPP.

### 1-4 Family Loans

The geographic distribution of 1-4 family loans reflects a good penetration throughout the AA. The following table details the distribution of home mortgage loans by tract income level.

Geographic Distribution of 1-4 Family Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.8	2.0	6	1.8	807	1.1
2021	2.8	2.6	6	1.9	566	0.9
2022	3.5	4.3	16	3.1	2,905	2.4
Moderate						
2020	11.8	9.8	32	9.8	3,543	4.9
2021	11.8	11.9	40	12.9	5,460	9.0
2022	9.1	10.7	36	6.9	5,920	4.8
Middle						
2020	55.7	55.9	158	48.6	32,062	44.6
2021	55.7	55.1	148	47.9	26,696	44.2
2022	53.2	51.1	225	43.4	50,979	41.4
Upper						
2020	29.7	32.2	129	39.7	35,479	49.4
2021	29.7	30.3	115	37.2	27,649	45.8
2022	34.0	33.5	242	46.6	63,211	51.4
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.2	0.4	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>325</b>	<b>100.0</b>	<b>71,890</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>309</b>	<b>100.0</b>	<b>60,371</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>519</b>	<b>100.0</b>	<b>123,015</b>	<b>100.0</b>
Source: 2015 ACS Census and 2020 U.S. Census; 2020, 2021, and 2022 Bank Data, 2020 and 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

As shown in the table, the bank's percentage of loans in the low-income geographies trailed both the demographic comparison and aggregate data for each year during the review period, but not to a significant degree. Furthermore, Pioneer's lending percentage increased each year during the review period. As a result, the bank's distribution of 1-4 family loans in the low-income tracts is adequate.

The bank's percentage of 1-4 family loans within the moderate-income tracts in 2020 was marginally below the demographic data, but equaled the aggregate level. Since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison. In

2021, Pioneer's lending performance increased solidly, exceeding both the demographic comparison and the aggregate level, even as the aggregate lending level increased. In 2022, the bank's percentage of lending in the moderate-income tracts decreased and was lower than both the demographic and aggregate data, which both also decreased. Overall, the bank's 1-4 family performance in the moderate-income tracts was good, based mainly on its lending performance in 2020 and 2021.

Given the considerably higher concentration of owner-occupied housing units located within the moderate-income geographies and the higher level of demand per the aggregate lending levels, as compared to the low-income geographies, examiners placed more emphasis upon Pioneer's performance within the moderate-income census tracts; as a result, its overall performance is good.

#### Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout this AA, based primarily on performance in the moderate-income tracts. The following table details the distribution of small business loans by tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	11.3	9.0	121	17.1	12,931	16.8
2021	12.6	10.1	73	19.4	7,861	14.6
2022	7.1	--	19	17.8	2,127	8.7
Moderate						
2020	11.7	11.5	121	17.1	13,292	17.2
2021	12.0	11.3	61	16.2	10,192	18.9
2022	9.0	--	13	12.2	3,549	14.5
Middle						
2020	48.6	49.2	294	41.6	34,520	44.7
2021	47.3	48.6	154	40.8	22,408	41.5
2022	47.9	--	53	49.5	14,125	57.7
Upper						
2020	28.0	30.0	170	24.1	16,425	21.3
2021	27.8	29.8	88	23.3	13,234	24.5
2022	27.5	--	20	18.7	4,451	18.2
Not Available						
2020	0.4	0.4	0	0.0	0	0.0
2021	0.3	0.3	1	0.3	300	0.6
2022	8.5	--	2	1.9	233	1.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>706</b>	<b>100.0</b>	<b>77,168</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>377</b>	<b>100.0</b>	<b>53,995</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>107</b>	<b>100.0</b>	<b>24,485</b>	<b>100.0</b>
Source: 2015 ACS Census and 2020 U.S. Census; 2020, 2021, and 2022 Bank Data, 2020 and 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

According to the table, the bank's percentage of small business loans within the low-income census tracts in 2020 materially exceeded both the demographic data and the aggregate level, which reflects excellent performance. In 2021, Pioneer's lending level increased and further exceeded both the demographic comparison and the aggregate level, and was excellent. The bank's percentage of loans within the low-income tracts decreased slightly in 2022, though it still significantly exceeded the demographic comparison. As a result, the bank's overall distribution of small business loans in the low-income tracts is excellent.

The bank's percentage of small business loans within the moderate-income census tracts in 2020 materially exceeded both the demographic data and the aggregate level, which also reflects

excellent performance. In 2021, Pioneer's lending level decreased slightly, yet still solidly exceeded both the demographic comparison and the aggregate level, and was excellent. The bank's percentage of loans within the moderate-income tracts decreased in 2022, though it still exceeded the demographic comparison. As a result, the bank's overall distribution of small business loans in the moderate-income tracts is excellent, based primarily upon Pioneer's lending performance in 2020 and 2021.

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different sizes. Examiners based this conclusion primarily on the bank's 1-4 family lending performance throughout the entire evaluation period.

#### **1-4 Family Loans**

The distribution of 1-4 family loans represents a good penetration among retail customers of different income levels. This conclusion is based primarily on the bank's performance in making loans to low- and moderate-income borrowers. The following table details the distribution of home mortgage loans by borrower income level.



Distribution of 1-4 Family Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	19.8	8.8	38	11.7	3,046	4.2
2021	19.8	8.3	21	6.8	1,406	2.3
2022	20.7	10.5	35	6.7	3,259	2.6
Moderate						
2020	19.8	8.8	38	11.7	3,046	4.2
2021	19.8	8.3	21	6.8	1,406	2.3
2022	16.8	23.6	107	20.6	16,517	13.4
Middle						
2020	22.1	24.0	67	20.6	9,989	13.9
2021	22.1	24.7	66	21.4	8,267	13.7
2022	21.7	25.7	126	24.3	27,756	22.6
Upper						
2020	40.8	32.2	153	47.1	49,654	69.1
2021	40.8	33.6	140	45.3	41,756	69.2
2022	40.8	31.1	241	46.4	73,690	59.9
Not Available						
2020	0.0	12.8	9	2.8	2,713	3.8
2021	0.0	11.1	11	3.6	869	1.4
2022	0.0	9.1	10	1.9	1,794	1.5
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>325</b>	<b>100.0</b>	<b>71,890</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>309</b>	<b>100.0</b>	<b>60,371</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>519</b>	<b>100.0</b>	<b>123,015</b>	<b>100.0</b>
Source: 2015 ACS Census and 2020 U.S. Census; 2020, 2021, and 2022 Bank Data, 2020 and 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

Pioneer's percentage of 1-4 family loans among low-income borrowers in 2020 was less than the demographics, but notably above the aggregate level. Since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison; as a result, the bank's performance in 2020 is good. In 2021, Pioneer's percentage of loans to low-income borrowers decreased notably, but was only marginally below the aggregate data and remained good. In 2022, the bank's percentage of loans to low-income borrowers was nearly unchanged from the prior year, and remained below the aggregate comparison. Overall, the distribution of 1-4 family loans among low-income borrowers was good, based mainly on the bank's performance in 2020 and 2021.

Similar to the low-income category, Pioneer's percentage of 1-4 family loans among moderate-income borrowers in 2020 was less than the demographics, but notably above the aggregate level. Again, since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison; as a result, the bank's performance in 2020 is good. In 2021, Pioneer's percentage of loans to moderate-income borrowers decreased notably, but was only marginally below the aggregate data and remained good. In 2022, the bank's percentage of loans to moderate-income borrowers increased significantly from the prior two years, though remained below the aggregate comparison that also had increased substantially. As a result, the distribution of 1-4 family loans among moderate-income borrowers was good.

### Small Business Loans

The distribution of borrowers reflects an excellent penetration of small business loans among business customers of different sizes. Examiners focused on the percentage of small business loans made to businesses with GARs of \$1 million or less by the number of loans, as detailed in the following table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2020	84.2	34.3	379	53.7	11,535	14.9
2021	85.7	41.4	229	60.7	56,346	24.4
2022	86.2	--	45	42.1	9,287	36.4
<b>&gt;\$1,000,000</b>						
2020	4.9	--	230	32.6	13,153	73.0
2021	4.1	--	144	38.2	38,903	72.0
2022	3.8	--	60	56.1	1,939	60.3
<b>Revenue Not Available</b>						
2020	10.9	--	97	13.7	8,914	12.1
2021	10.2	--	4	1.1	14,771	3.6
2022	10.0	--	2	1.8	800	3.3
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>706</b>	<b>100.0</b>	<b>77,168</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>377</b>	<b>100.0</b>	<b>53,995</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>107</b>	<b>100.0</b>	<b>24,485</b>	<b>100.0</b>
<i>Source: 2020, 2021, and 2022 D&amp;B Data; 2020, 2021, and 2022 Bank Data; 2020 and 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.</i>						

As shown in the table above, the bank's percentage of small business loans to businesses with GARs of \$1 million or less was lower than the demographic measure, but significantly above the aggregate level in 2020 and 2021. Since the aggregate data is generally a better indicator of

demand, the evaluation gave more weight to this comparison; as a result, the bank's performance in 2020 and 2021 was excellent. In 2022, Pioneer's percentage of total loans made to small businesses decreased, though remained at a good level. Overall, in light of the bank's particularly strong performance in 2020 and 2021, its overall performance during the evaluation period is excellent.

### **Innovative or Flexible Lending Practices**

Pioneer makes extensive use of innovative or flexible lending practices in order to serve AA credit needs. Pioneer's loan volume within the flexible lending programs since the previous evaluation was largely driven by the bank's extensive participation in the SBA's PPP. The following table shows the loan activity attributed to the bank's innovative or flexible programs.

<b>Innovative or Flexible Lending Programs</b>								
<b>Type of Program</b>	<b>2020</b>		<b>2021</b>		<b>2022</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
SBA – PPP	658	75,298	305	40,056	0	0	<b>963</b>	<b>115,354</b>
First-time Homebuyer	33	11,922	18	7,320	133	36,204	<b>184</b>	<b>55,446</b>
USDA	0	0	0	0	0	0	<b>0</b>	<b>0</b>
VA	0	0	1	162	0	0	<b>1</b>	<b>162</b>
FHA	7	1,428	7	1,381	3	560	<b>17</b>	<b>3,369</b>
<b>Totals</b>	<b>698</b>	<b>88,648</b>	<b>331</b>	<b>48,919</b>	<b>136</b>	<b>36,764</b>	<b>1,1</b>	<b>174,331</b>
<i>Source: Bank Records</i>								

The following discusses the lending programs and products in detail:

- **SBA PPP:** The bank actively participated in the SBA's PPP, which was an emergency loan program to provide financial relief and assistance to small businesses experiencing financial hardship and duress due to the COVID-19 pandemic. PPP financing featured a 100.0 percent SBA loan guarantee for loans up to \$10 million. Additionally, businesses paid a below-market fixed interest rate of 1.0 percent over a two-year term, which was fully forgiven if the business retained the required minimum percentage of workers on the payroll. The federal government launched the PPP on April 3, 2020, with an expiration date of May 31, 2021.
- **First-Time Homebuyer:** This program features lower fees, reduced mortgage insurance requirements, and a low 5.0 percent down payment requirement, and primarily serves first-time and low- and moderate-income homebuyers.
- **Federal Housing Administration (FHA):** The FHA program offers flexible underwriting, including lower credit score requirements, smaller down payments, and higher debt-to-income ratios, compared to conventional mortgage products. The down payment can also come from a family member as a gift or grant. Pioneer referred all FHA loan applicants to Homestead Funding Corp. (Homestead), a prominent regional mortgage company with

which the bank maintains a correspondent relationship to originate home mortgage loans on behalf of the bank. Pioneer subsequently purchases these loans.

- Veteran Affairs (VA): The VA program offers no down payment requirements, as well as higher debt-to-income ratios relative to conventional mortgages. This program is only available for members of one of the branches of the United States Armed Forces for the purchase or new construction of a home. The bank refers VA applicants to Homestead for underwriting and origination.
- United States Department of Agriculture (USDA): The USDA program offers more flexible underwriting, including a low down payment option, lower credit scores, and higher debt-to-income ratios, for applicants with homes located in suburban and rural areas within the bank's AA. The bank referred four applicants to Homestead, although none resulted in origination during the review period.

In response to COVID-19, Pioneer implemented other lending-related practices that offered flexibility to consumers experiencing financial hardship or duress due to the pandemic, including:

- allowing a 90-day deferment for loan payments on residential mortgage loans, home equity lines of credit, and all consumer installment loan products;
- allowing a 60-day deferment for loan payments on commercial-related loans in general, and up to 180-day at borrower request;
- waiving late fees for all residential, consumer, and commercial loans;
- temporarily halting all foreclosure and eviction activities for delinquent loans; and
- refraining from reporting late residential mortgage loan payments to credit reporting agencies during the forbearance period.

### **Community Development Loans**

Pioneer made an adequate level of community development loans.

During the evaluation period, the bank originated 16 community development loans totaling approximately \$19.2 million throughout its AA. The bank's community development lending primarily focused on promoting economic development, which funded small business operations and supported job creation or retention, and community services targeted to low- and moderate-income individuals.

Pioneer's dollar volume of community development lending decreased moderately since the prior evaluation, by 17.6 percent. The current level of activity represents 1.0 percent of \$1.9 billion in total assets and 1.6 percent of \$1.2 billion in total loans, as of June 30, 2023. These metrics have decreased from the previous evaluation. In addition, given Pioneer's increase in total assets during this timeframe, at 26.7 percent, it had the financial resources available to pursue additional community development lending opportunities.

The following table illustrates the bank’s community development activities by year and purpose.

<b>Community Development Loans</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	0	0	1	1,750	0	0	0	0	<b>1</b>	<b>1,750</b>
2021	1	169	1	2,500	4	8,409	2	1,665	<b>8</b>	<b>12,743</b>
2022	3	818	2	2,650	0	0	1	280	<b>6</b>	<b>3,748</b>
2023 year to date	0	0	1	1,000	0	0	0	0	<b>1</b>	<b>1,000</b>
<b>Total</b>	<b>4</b>	<b>987</b>	<b>5</b>	<b>7,900</b>	<b>4</b>	<b>8,409</b>	<b>3</b>	<b>1,945</b>	<b>16</b>	<b>19,241</b>
<i>Source: Bank Records</i>										

The following are examples of Pioneer’s community development loans in this AA.

- During 2020 and 2021, the bank made four PPP loans totaling \$5.8 million that qualified as community development loans. These loans were not reportable as small business loans and were not presented in the Lending Test analyses. One PPP loan for \$1.4 million helped to stabilize a primarily low- and moderate-income area by retaining jobs, businesses, and residents during the COVID-19 pandemic. The remaining three PPP loans, totaling \$4.4 million, promoted economic development by funding small business operations and supporting job retention.
- In 2022, the bank made a \$2.3 million loan to fund the working capital needs of a non-profit community service organization located in Albany, New York. The organization helps low- and moderate-income individuals and families gain access to food assistance programs. The organization assists eligible individuals and families with enrollment in federal- and state-funded nutrition assistance programs, including the Women, Infants, and Children (WIC) Help NY Program, the Supplemental Nutrition Assistance Program (SNAP), the School Breakfast Program, and the National School Lunch Program.
- During 2021 and 2022, the bank originated four loans totaling \$1 million to finance the purchase of multifamily residential rental properties. These loans support affordable housing, as a majority of the unit rents are below the United States Department of Housing and Urban Development’s fair market rent levels for the areas.

## INVESTMENT TEST

Pioneer’s Investment Test performance is rated “Outstanding.” The bank’s excellent performance in the Investment and Grant Activity criterion primarily supports this rating.

## **Investment and Grant Activity**

Pioneer has an excellent level of qualified community development investments and grants, often in a leadership position, although these investments are routinely provided by private investors. The bank had a significant total dollar volume of qualified investments relative to other financial institutions in the area. Pioneer's qualified investments and grants largely support community services and the revitalization or stabilization of low- and moderate-income areas.

During the evaluation period, Pioneer had 221 qualified community development investments and grants totaling \$101.1 million. The bank's performance by dollar volume significantly increased by \$73.6 million, or 267.6 percent, compared to the prior evaluation. Pioneer's level of qualified investments and grants as a percentage of total assets and securities is 5.3 percent and 22.1 percent, respectively, which reflects excellent performance. Furthermore, Pioneer's performance substantially exceeds that of other lenders headquartered within, or maintaining significant operations within, the greater Capital Region and Mid-Hudson Valley area, including several institutions with far greater financial resources and increased capacity to pursue such investments.

Pioneer made 23 qualified investments totaling about \$23.3 million directly within its AA, and 9 other investments totaling \$15.7 million in other areas immediately nearby and surrounding the AA, which also provided some benefits to its AA. In addition, Pioneer made 20 qualified investments for \$62.6 million throughout the broader statewide area of New York, which further supports an overall excellent performance level. Although a portion of Pioneer's community development investments are outside its AA, the bank received credit for these investments, as it demonstrated excellent responsiveness to its AA's community development needs.

Management attributed the increase in securities since the prior evaluation to a significant surge in deposits resulting from the COVID-19 pandemic and the government's distribution of stimulus funds. Consequently, this increased deposit level outpaced loan demand. As a result, the bank deployed excess liquidity into the bank's securities portfolio in a manner consistent with Pioneer's pledging requirements, asset and liability strategies, and safety and soundness considerations.

The following table illustrates the bank's qualified investments.

Qualified Investments, Donations, and Grants										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	1	43	1	43
2020	0	0	0	0	0	0	2	4,000	2	4,000
2021	0	0	2	4,165	0	0	19	27,665	21	31,830
2022	0	0	4	15,875	0	0	20	42,873	24	58,748
2023 year to date	0	0	1	3,984	0	0	3	2,156	4	6,140
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>24,024</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>76,737</b>	<b>52</b>	<b>100,761</b>
Qualified Grants	8	17	153	296	5	4	3	4	169	321
<b>Total</b>	<b>8</b>	<b>17</b>	<b>160</b>	<b>24,320</b>	<b>5</b>	<b>4</b>	<b>48</b>	<b>76,741</b>	<b>221</b>	<b>101,082</b>
<i>Source: Bank Records</i>										

The following are notable examples of the bank's qualified investments:

- The bank purchased numerous bonds issued by municipalities that included primarily low- and moderate-income census tracts across New York State. Within Pioneer's immediate AA, the municipal bonds supported projects for the City of Watervliet and the Village of Hoosick Falls. The bond purchases helped to revitalize and stabilize these primarily low- and moderate-income areas through the improvement of critical public infrastructure and remediation of environmental hazards, which will serve to attract and retain businesses and residents in these communities.
- Since the prior evaluation, Pioneer purchased 18 new school district bonds totaling \$46.3 million. These bonds benefitted schools located in low- or moderate-income geographies or those with student populations where a majority of individuals are eligible to receive free- or reduced-price lunch through the USDA's National School Lunch Program. These bonds, including those issued by AA schools located in Lake Luzerne, South Glens Falls, and Green Island, funded the purchase of school buses and improvements to school district buildings. The investments support youth educational community services and serve to stabilize low- and moderate-income tracts by providing an essential service to those communities.
- In 2022, the bank purchased a \$5 million municipal bond issued by the City of Glens Falls, an AA city. In 2016, the New York State Regional Economic Development Council designated the city as a recipient of the Downtown Revitalization Initiative grant. The funding provided will support the revitalization and stabilization of Glens Falls, as the activity is consistent with a statewide government revitalization and stabilization plan to attract residents and businesses to downtown. The investment supports various projects, including the construction of a new market and parking garage, streetscape and infrastructure improvements, and the implementation of high-speed broadband. Downtown Glens Falls is located in a low-income census tract and, according to the CDFI Fund, is an Opportunity Zone as designated by the U.S. Department of the Treasury.

The following are examples of the bank's grants and donations within its AA:

- During the evaluation period, Pioneer made two donations totaling \$18,000 to a non-profit housing group focused on preventing, reducing, and combating homelessness in the New York Capital Region. This organization partners with community housing providers to reduce evictions, code violations, and other conditions that cause homelessness.
- Pioneer made two donations totaling \$1,587 to an organization in the Capital Region that provides low-interest loans to small businesses owned by women, minorities, and low-income individuals. Additionally, the organization provides training and technical assistance to help business owners and non-profit leaders grow. This donation helps to support economic development efforts in the area.
- In 2021 and 2022, Pioneer made three donations totaling \$1,750 to an affordable housing non-profit organization located in Schenectady County. The organization supports the construction and rehabilitation of affordable housing stock in the area. Notably, these donations are responsive to the affordable housing needs identified by the community contact.

### **Responsiveness to Credit and Community Development Needs**

Pioneer exhibits excellent responsiveness to credit and community development needs. The bank's qualified investments and grants are responsive to existing AA credit needs by primarily providing community services and helping to revitalize and stabilize low- and moderate-income areas, including those in the immediately surrounding areas of the broader Capital Region and the statewide area of New York.

### **Community Development Initiatives**

Pioneer rarely uses innovative or complex investments to support community development initiatives in this AA. Municipal and school bonds exclusively compose the bank's investments since the prior evaluation, and although they help to provide community services and revitalize and stabilize low- and moderate-income areas, they are not innovative or complex.

## **SERVICE TEST**

Pioneer's Service Test performance is rated "Outstanding." The bank's strong performance in the Community Development Services criterion primarily supports this rating.

### **Accessibility of Delivery Systems**

The bank's delivery systems are accessible to essentially all portions of its AA. Examiners focused on accessibility within the low- and moderate-income census tracts for this performance criterion.



The following table illustrates the distribution of the bank's branches and ATMs by geography income level.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	24	9.1	78,942	8.4	3	13.6	2	10.0
Moderate	39	14.7	121,582	12.9	1	4.5	1	5.0
Middle	127	47.9	458,208	48.6	11	50.0	10	50.0
Upper	67	25.3	265,601	28.2	5	22.7	5	25.0
NA	8	3.0	18,202	1.9	2	9.1	2	10.0
<b>Total</b>	<b>265</b>	<b>100.0</b>	<b>942,535</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census Data; Bank Data</i>								

As shown in the table above, the distribution of the bank's branch offices and ATMs compares favorably to the percentage of the population residing in the low- and moderate-income census tracts, particularly within the low-income geographies. Additionally, four of the bank's branch offices and ATMs located in middle- and NA-income geographies are located immediately nearby several moderate-income census tracts and one low-income tract in the area. Branches and ATMs are also accessible through low-cost public bus transportation for the several cities and the surrounding suburbs throughout its AA. These services are generally convenient and improve the accessibility to services for all residents and businesses for much of the AA in general, including those who are low or moderate income.

In addition to physical access to branches and ATMs, the bank offers other alternative delivery systems that improve accessibility. These alternative delivery systems include online, mobile, and telephone banking, as well as debit cards, person-to-person payments, direct deposit for payroll and government benefits, and remote deposit capture for commercial customers. Examiners were not able to determine the extent to which these systems specifically benefitted small businesses and low- and moderate-income individuals or geographies, as the bank does not maintain such information. However, these additional services allow customers to conduct banking transactions without physically accessing an office, enhancing the accessibility of financial services for all community segments, including low- and moderate-income individuals and small businesses.

### **Changes in Branch Locations**

The bank did not open or close any branches since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and/or to low- and moderate-income individuals. Pioneer's branches offer regular business hours during the week, with most branches maintaining extended hours on Thursday and Friday. In addition, the bank's Brunswick, Cairo,

Clifton Park East, Glenmont, Greenbush Commons, Latham, Malta, Rotterdam, Watervliet, and Wyanskill branches offer Saturday banking hours. All of the offices offer ATMs that are available 24-hours a day, except for the Rotterdam and Troy offices. Furthermore, all branches offer similar deposit and loan products. In addition, the bank offers internet, mobile, and telephone banking, as well as person-to-person payment services, direct deposit, debit card access, and remote deposit capture as free alternative options for customers to conduct banking transactions after regular business hours.

### **Community Development Services**

Pioneer is a leader in providing community development services.

During the evaluation period, bank employees engaged in 107 community development services with organizations throughout the AA. This activity included 2,012 hours of involvement from directors, officers, and bank employees. This level of service activity represents a 127.7 percent increase in the number of qualified services and a 312.3 percent increase in hours from the prior evaluation period, which is substantial. This significant increase occurred even as the COVID-19 pandemic adversely impacted the availability of service opportunities through the cancellations necessitated by the government's lockdown and other mitigation measures for part of the evaluation period. Furthermore, Pioneer's number of community development services and dedicated hours exceed those of other lenders headquartered within, or maintaining significant operations within, the greater Capital Region or nearby Mid-Hudson Valley area, including several institutions with far greater financial resources and increased capacity to pursue such activities.

Pioneer's directors, executive officers, managers, and employees provided financial expertise and technical assistance as Board or committee members and in executive roles of multiple community development organizations. In addition, Pioneer engaged in a substantial number of financial literacy programs throughout the community, at 30.0 percent of total community development services, which directly benefitted low- and moderate-income individuals.

The following table highlights the number of community development services by type and year during the evaluation period, which were primarily focused on community services.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	3	12	1	1	<b>17</b>
2021	2	28	3	1	<b>34</b>
2022	2	31	2	3	<b>38</b>
2023 year to date	2	14	2	0	<b>18</b>
<b>Total</b>	<b>9</b>	<b>85</b>	<b>8</b>	<b>5</b>	<b>107</b>
<i>Source: Bank Records</i>					

The following are examples of the bank's community development services:

- A vice president served on the Board of a non-profit organization that works to revitalize and stabilize residential and commercial buildings in Albany through preservation and advocacy work. The organization also provides technical assistance to property owners seeking to restore or rehabilitate buildings. This service is responsive to critical needs identified by the community contact, including the repair of distressed properties to attract new residents and retain existing homeowners.
- The president served on the Board of an economic development organization, which serves businesses seeking to grow or move to New York's Capital Region. The organization primarily helps small businesses navigate the governmental, financial, and logistical complexities of the eight counties within and surrounding the Albany area.
- A branch manager provided technical assistance for a non-profit organization that promotes and preserves affordable housing within the AA. For example, the manager reviewed financial documents for potential homebuyers to help strengthen personal credit quality in order to assist individuals in obtaining mortgage financing. This service activity is responsive to credit counseling and homeowner education in the area.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## **APPENDICES**

### **LARGE BANK PERFORMANCE CRITERIA**

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## **Service Test**

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**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 statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.



**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.