



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

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2004

Institution: Pioneer Savings Bank
21 Second Avenue
Troy, NY 12180

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department 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 (“PSB”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2004.

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

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

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

PSB is rated "1," indicating an outstanding record of helping to meet community credit needs. The rating is based on the following factors:

Lending Test: "Outstanding"

Lending Activity: PSB's lending level, for HMDA-reportable and small business loans, continues to reflect excellent responsiveness to credit needs of its assessment area. During the evaluation period 1,215 loans were originated inside the assessment area, five loans less than the prior evaluation.

- The bank originated 1,114 HMDA-reportable loans totaling \$98.3 million, during the evaluation. Despite the slight decline of 1.7%, in the number of loans between evaluations, the bank's level of lending remained high. From 2002 to 2003, the number of HMDA-reportable loans decreased by 13.8%, but, increased by 51% between 2003 and 2004.
- The lending level of small business loans increased modestly to 16.1% by number between evaluations. During the current period, the bank originated 101 small business loans totaling \$18.6 million.
- To further enhance the availability of credit, PSB closed 569 modification/extension/consolidation loans (MECAs) during the evaluation period.

Assessment Area Concentration: PSB made a substantial majority of its loans (92.7%) by number inside the assessment area. This concentration rate demonstrates the bank's excellent effort in helping to meet assessment area credit needs, despite a 3 percentage points decline in the penetration ratios between evaluations.

Geographic Distribution of Loans: The geographic distribution of loans reflects good dispersion among census tracts of different income levels within the assessment area.

- During the evaluation period, the bank extended 13.6% of its HMDA-reportable loans in LMI geographies; this was substantially higher than the 6.7% from the prior evaluation. In 2003, the dispersion rate within LMI areas was slightly less than the aggregate and the percentage of owner-occupied housing units in the assessment area. Notwithstanding, in 2004, the rate increased substantially.
- During the evaluation period, the bank extended 32.7% of its small business loans in LMI geographies; this was a substantial increase of 17.2% from the prior evaluation. In 2003, the LMI tracts penetration rate was 41.2%, doubling the rate of the aggregate, and more than a 100% increase between 2002 and 2003. In 2004, however, the rate declined significantly, to 24%.

Distribution by Borrower Characteristics: The distribution of loans based on borrower characteristics reflects excellent penetration among individuals of different income levels and businesses of different revenue sizes.

- During the evaluation period, the bank extended 343 HMDA-reportable loans (30.8%) to LMI borrowers, a 43.5% increase between evaluation periods. In 2003, the LMI borrower penetration ratio was 20.6%, slightly lower than the aggregate's 22.7%. Nevertheless, in 2004, the bank's level improved significantly to 37.6%, impressively higher than the distribution rate of 23.9% of LMI families in the assessment area.
- During the evaluation period, 71.3% of the bank originations were to business with gross annual revenues of \$1 million or less. In 2003, the penetration rate for small businesses was 76.5%, which was more than double the aggregate's rate of 35%. The penetration rate in 2004 declined to 66%.

Community Development Lending: PSB demonstrated outstanding leadership in community development lending, given the bank's size, capacity and the limited opportunities within the assessment area. During the evaluation period, PSB's community development loans totaled \$5.4 million, of which over 84% was new money and 92% were to support affordable housing initiatives. The current balance was substantial higher than the \$1.9 million from the prior evaluation.

Innovative or Flexible Lending Practices: PSB uses innovative and/or flexible lending practices to serve the credit needs of its assessment area. During the evaluation period, the bank closed 123 loans totaling \$11.6 million with flexible lending terms. Notwithstanding the 45% decline in number and 39% by dollar volume between evaluation periods, the lending level was reasonable in term of the bank's size and resources.

Investment Test: "Outstanding"

PSB's level of qualified community development investments continues to be outstanding. During the evaluation period, the bank's qualified investments totaled approximately \$1.9 million, including grants of \$125 thousand. This was the same level as the prior evaluation.

Services Test: "Outstanding"

Retail Banking Services:

- The bank's retail delivery systems are readily accessible to all portions of its assessment area. As of the evaluation date there was a total of 13 branches; three or 23.1% were located in LMI tracts, and five or 38.5% were adjacent to LMI areas. Thus, the majority of the branches (61.6%) were either inside or adjacent to LMI areas.

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- The bank used several alternative delivery systems to enhance the accessibility of its services. Overall, these systems are effective and readily available to all portions of its assessment area.
 - The bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Of the three new branches opened during the evaluation, one was located in a moderate-income area.
 - The bank's business hours and services are reasonable and tailored to the convenience and needs of its assessment area, and are comparable to those of the other financial institutions. In order to make services more accessible to every segment of the community, all branches, except the main office, have extended hours including Saturday hours.

Community Development Services: "Outstanding"

The bank is a leader in providing community development services and demonstrates a high level of responsiveness to the needs of its assessment area. In addition to activities the bank sponsors and/or participates in, its employees serve on various boards and committees that promote community development initiatives.

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

PERFORMANCE CONTEXT

Institution's Profile:

Chartered in 1899 as a savings and loan association, Pioneer Savings Bank converted to a savings bank in 1972. PSB is located in Troy, the Capital District Region of New York State.

As of December 31, 2004, the bank reported total assets of \$680.5 million and total deposits of \$602.6 million. It operates 13 full-service banking offices in four counties: Rensselaer, Saratoga, Albany and Schenectady.

According to the Federal Deposit Insurance Corporation's ("FDIC") Deposit Market Share Report dated June 30, 2004, the bank obtained a market share of 3.76%, or \$593 million inside its market, ranking it the 8th among 24 deposit taking institutions in the assessment area. Among the four counties, the bank obtained the largest deposit in Albany County and the highest market share rate in Rensselaer County.

The following table illustrates PSB's deposit market share in the assessment area as of June 30, 2004:

County	Deposits	Market Share	Ranking	% of Total Deposit	# of Branches	# of Institutions in the Market
Albany	259,770	2.8	8	43.8	5	17
Rensselaer	164,339	8.5	6	27.7	4	11
Schenectady	109,857	5.0	6	18.5	1	12
Saratoga	59,085	2.4	12	10.0	3	18
Total AA*	593,051	3.8	8	100.0	13	58

Per the FDIC's Consolidated Report of Condition (the Call Report) of December 31, 2004, PSB reported net loans of \$348.1 million. The bank is primarily a residential real estate lender with 82.4% of its loan portfolio in 1-4 family mortgage loans.

The following is a summary of the bank's lending portfolio based on the December 31, 2003 and December 31, 2004 Call Report:

TOTAL GROSS LOANS OUTSTANDING				
LOAN TYPE	12/31/2003		12/31/2004	
	\$000	%	\$000	%
1-4 Residential Mortgage Loans	282,985	81.7	291,035	82.4
Commercial Mortgage Loans	20,740	6.0	19,304	5.5
Commercial and Industrial Loans	6,181	1.8	9,958	2.8
Multifamily Mortgages	9,649	2.8	11,845	3.4
Construction and Land Dev.	8,022	2.3	8,819	2.5
Consumer Loans	18,291	5.3	11,771	3.3
Other Loans	376	0.1	544	0.2
Total Gross Loans	346,244	100.0	353,276	100.0

Included among the loan products offered by PSB are the following:

- Fixed rate & adjustable rate mortgages
- FHA & SONYMAs
- Home Improvement loans
- Home equity credit lines
- Consumer loans including student loans

There are no known financial or legal impediments that impacted the bank's ability to meet the credit needs of its community.

The bank received a rating of "1," reflecting an outstanding record of helping to meet community credit needs at its prior evaluation conducted by the New York State Banking Department as of December 31, 2002.

Assessment Area:

There were no changes in the assessment area since the prior evaluation. The area includes Schenectady County in its entirety and portions of the counties of Albany, Rensselaer and Saratoga. The following are the details:

- Rensselaer County - the cities of Troy and Rensselaer; the towns of Brunswick, Schaghticoke, Grafton, Pittstown, North Greenbush, East Greenbush, Poestenkill, Sand Lake, Schodack and Nassau; and the villages of Castleton and Valley Falls.
- Albany County - the cities of Albany, Watervliet, and Cohoes; the towns of Colonie, Guilderland, Bethlehem and New Scotland; and the villages of Altamont, Colonie, Menands, Green Island and Voorheesville.
- Saratoga County - the cities of Saratoga Springs and Mechanicville; the towns of Saratoga, Clifton Park, Waterford, Halfmoon, Stillwater, Malta, Ballston, Carlton, Galway, Milton; and the villages of Waterford, Ballston Spa and Schuylerville.

According to the 2000 U.S Census, in 2004 there were 183 census tracts in the area, which included: 20 (10.9%) low-income, 33 (18.0%) moderate-income, 84 (45.9%) middle-income, 45 (24.6%) upper-income and 1 (0.55%) zero-income tracts. Due to changes in the way geography income level is calculated, there are differences in the census tract income levels between 2003 and 2004. The percent of LMI areas has also changed since 1990.

In 2003, there were also 183 census tracts, of which, 18 (9.8%) were low-income, 32 (17.5%) were moderate-income, 82 (44.8%) were middle income, 50 (27.3%) were upper-income and 1 (0.55%) were zero-income tracts.

The following chart shows the distribution of census tracts in the assessment area:

Distribution of Census Tracts by Income Level							
County	2003 Geography Income Level						LMI %
	Zero	Low	Moderate	Middle	Upper	Total	
Albany	0	10	9	26	22	67	28.4
Rensselaer	0	3	8	20	5	36	30.6
Saratoga	1	0	2	20	10	33	6.1
Schenectady	0	5	13	16	13	47	38.3
Total	1	18	32	82	50	183	27.3
Total (%)	0.5	9.8	17.5	44.8	27.3	100.0	27.3
County	2004 Geography Income Level						LMI %
	Zero	Low	Moderate	Middle	Upper	Total	
Albany	0	10	10	29	18	67	29.9
Rensselaer	0	3	8	20	5	36	30.6
Saratoga	1	0	4	18	10	33	12.1
Schenectady	0	7	11	17	12	47	38.3
Total	1	20	33	84	45	183	29.0
Total (%)	0.5	10.9	18.0	45.9	24.6	100.0	29.0

The assessment area appears reasonable based upon the location of branches and lending patterns. There is no evidence that LMI areas are arbitrarily excluded.

Details of Assessment Area:

Population & Income Characteristics

According to the 2000 U.S Census, the assessment area has a population of 712 thousand including 101 thousand (14.2%) over the age of 65 and 148 thousand (20.9%) under the age of 16. The census median family income is \$57.6 thousand, while updated MSA median family income of Housing and Urban Development (HUD) is \$63 thousand.

There are 287 thousand households in the assessment area, of which 28 thousand or 10%

live below poverty level. Of the total of 180 thousand families, 19.0% are low-income and 17.9% are moderate-income families. Approximately 35% of total LMI families live in LMI areas.

Housing Characteristics

There are 310 thousand housing units in the assessment area, of which 82% are 1-4 family and 15% are multifamily units. Approximately 58% of the total housing units are owner occupied, 35% are rental, and 7% are boarded up. The owner occupied units in LMI geography account for 13.4% of the total housing units.

The following chart shows selected housing characteristics by income level of the assessment area for 2004:

Selected Housing Characteristics by Income Category of the Geography/Assessment Area									
Geography Income level	Percentage						Median		
	Census Tracts	House- Holds	Housing Units	Owner- Occupied	Rental Units	Vacant Units	Age	Home Value	Gross Rent
Low	10.9	8.9	10.0	3.3	18.2	24.3	49	69,489	461
Moderate	18.0	14.9	15.7	10.1	23.0	24.6	49	74,997	553
Middle	45.9	48.4	47.6	51.8	42.8	37.7	31	106,320	625
Upper	24.6	27.8	26.7	34.8	16.0	13.4	22	138,009	723
NA	0.6	0.0	0.0	0.0	0.0	0.0	0	-	0
Total	100.0	100.0	100.0	100.0	100.0	100.0	33	106,147	592

County Level Demographics

Population & Income Characteristics

Albany County accounts for 38.7% of the total population in the assessment area, followed by Saratoga County (21.1%), Schenectady County (20.6%) and Rensselaer County (19.6%). The distributions of LMI families in the assessment area are as follows: Schenectady County has the highest with 40.1%, Rensselaer County has 39.1%, Albany County has 37.2% and Saratoga County has 31.4%. LMI families living in LMI tracts are as follows: Schenectady County has the highest with 45.0%; Albany County has 40.8% Rensselaer County has 34.4% and Saratoga County has 12.3%.

Saratoga has the highest median family income of \$63 thousand, while Albany is next at \$58 thousand, followed by Schenectady at \$55 thousand and Rensselaer at \$54 thousand. Saratoga County has the lowest poverty level at 6%, Albany County at 11%, and 10% for both Schenectady and Rensselaer Counties.

Housing Characteristics

The owner-occupancy level within the assessment area is moderately high. The portion of Saratoga County included in the assessment area enjoys the highest level at 65%; Schenectady County has the second highest at 60%, while the portions of Rensselaer County and Albany County included in the area have 58% and 53%, respectively.

Schenectady County has the highest rate of owner-occupied units within LMI census tracts (18.9%); Rensselaer County is next with 14.4%; Albany County is at 13.9% and Saratoga County at 6.6%.

There is also a high level of 1-4 family units within the assessment area: 88% in Schenectady County, 84% in Rensselaer County, 81% in Albany County and 79% in Saratoga County.

Business Demographics

There are 46 thousand businesses within the assessment area. Of the total, 29 thousand or 62.4% show revenues of less than or equal to \$1 million, whereas 3 thousand or 6.7% have revenues greater than \$1 million and 14 thousand or 30.9% not reporting any revenues. Approximately 36 thousand or 77.9% of the total companies operate with less than 50 employees, while approximately 39 thousand or 84.0% operate from a single location.

Unemployment Rates:

In 2004, the average unemployment rate in the assessment area was 3.5%, lower than New York State unemployment rate of 4.8%.

PERFORMANCE TESTS AND ASSESSMENT FACTORS

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

This Performance Evaluation is based on a review of PSB's lending, investment and service activities during calendar years 2003 and 2004. Products considered include Home Mortgage Disclosure Act ("HMDA")-reportable and small business loans, with greater emphasis on the former products.

In addition to information provided by the bank, aggregate data for 2003 were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc.'s CRA WIZ, an external vendor. Aggregate data for 2004 was not yet available. Demographic data was derived from the 2000 U.S. Census, with the updated figures from HUD.

I. Lending Test: "Outstanding"

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

Lending Activity: "Outstanding"

The bank's lending level reflects excellent responsiveness to the credit needs of its assessment area, despite the slight decline between the two evaluation periods. During the current evaluation period, total number of loans decreased by five to 1,215 from 1,220; and the dollar volume decreased by \$9.9 million to \$116.9 million from \$126.8 million.

HMDA-Reportable Loans

During the evaluation period, the bank originated 1,114 HMDA-reportable loans totaling \$98.3 million a slight decrease of 1.7% by number and 11.8% by dollar volume from the prior evaluation period. The number of loans originated decreased by 13.8% between 2002 and 2003 but increased by 51.2% between 2003 and 2004. The increase was attributable to a 212.5% increase in home improvement loans and a 51.8% increase in home purchase loans, somewhat offset by a 17.3% decrease in refinance loans and 100% decrease in multifamily loans. The largest increases were in Albany (75%) and Rensselaer (61%) counties.

According to the Institution Market Share Report for 2003, PSB achieved a market share of 1.16% based on number of HMDA-reportable loans and ranked 19th out of 306 lenders within the assessment area.

The following table illustrates the bank's distribution of HMDA-reportable loans by purpose:

Type	Distribution of HMDA-Reportable Loans by Purpose											
	2003				2004				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
Purchase	137	30.9	15,361	36.3	208	31.0	34,432	61.5	345	31.0	49,793	50.7
Home Improv	96	21.7	3,863	9.1	300	44.7	5,948	10.6	396	35.5	9,811	10.0
Refinance	197	44.5	18,351	43.4	163	24.3	15,623	27.9	360	32.3	33,974	34.6
Multi-family	13	2.9	4,685	11.1	-	-	-	-	13	1.2	4,685	4.8
Total	443	100.0	42,260	100.0	671	100.0	56,003	100.0	1,114	100.0	98,263	100.0

Type	Distribution of HMDA-Reportable Loans by County											
	2003											
	Albany		Resselaer		Saratoga		Schenectady		Total			
#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	%	\$(000s)	%	
Purchase	36	4,322	42	4,448	32	4,094	27	2,497	137	30.9	15,361	36.3
Home Improv	31	1,369	24	1,255	27	871	14	368	96	21.7	3,863	9.1
Refinance	58	5,021	55	5,125	39	4,158	45	4,047	197	44.5	18,351	43.4
Multi-family	1	125	8	2,790	1	675	3	1,095	13	2.9	4,685	11.1
Total	126	10,837	129	13,618	99	9,798	89	8,007	443	100.0	42,260	100.0

Type	2004											
	Albany		Resselaer		Saratoga		Schenectady		Total			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	%	\$(000s)	%
Purchase	62	11,534	64	7,885	51	8,429	31	6,584	208	31.0	34,432	61.5
Home Improv	102	2,116	92	1,592	67	1,436	39	804	300	44.7	5,948	10.6
Refinance	57	6,338	52	4,760	30	2,791	24	1,734	163	24.3	15,623	27.9
Multi-family									-	-	-	-
Total	221	19,988	208	14,237	148	12,656	94	9,122	671	100.0	56,003	100.0

Small Business Loans

The bank originated 101 small business loans totaling \$18.6 million during the evaluation period an increase of 16.1% by number and 21.3% by dollar volume since the prior evaluation. Between 2002 and 2003 small business loans declined 10.5% by number and 7.6% by dollar volume. However, between 2003 and 2004 the number and dollar amount of loans remained virtually the same.

According to the Institution Market Share Report for 2003, PSB ranked 28th among 67 small business lenders with a market share of 0.29% based on number of loans.

Other Lending Activity

During the evaluation period, PSB closed 569 MECAs, further enhancing the availability of credit. MECA's are not reported as HMDA loans, because the existing mortgages on these loans were not discharged.

Assessment Area Concentration: "Outstanding"

PSB originated a substantial majority of its HMDA-reportable and small business loans within the assessment area.

Lending within the assessment area accounted for 92.7% by number of loans and 89.7% by dollar volume. This demonstrated the bank's excellent effort in helping to meet the assessment area credit needs.

The following table summarizes PSB's distribution of loans inside and outside the assessment area during the evaluation period:

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$000's	%	\$000's	%	
HMDA-reportable										
2003	443	91.5	41	8.5	484	42,260	90.4	4,485	9.6	46,745
2004	671	93.1	50	6.9	721	56,003	91.3	5,316	8.7	61,319
Subtotal	1,114	92.4	91	7.6	1,205	98,263	90.9	9,801	9.1	108,064
Small business										
2003	51	92.7	4	7.3	55	9,238	72.2	3,550	27.8	12,788
2004	50	98.0	1	2.0	51	9,379	99.9	10	0.1	9,389
Subtotal	101	95.3	5	4.7	106	18,617	83.9	3,560	16.1	22,177
Total	1,215	92.7	96	7.3	1,311	116,880	89.7	13,361	10.3	130,241

HMDA-Reportable Loans

The bank originated 1,205 HMDA-reportable loans during the evaluation period, of which 1,114 or 92.4% of the loans were originated inside the assessment area. Nevertheless, between evaluations, the penetration rate decreased by approximately 4 percentage points. In 2003 and 2004, the penetration rates were 91.5% and 93.1% respectively.

Small Business Loans

Small business loan originations totaled 106 of which 101 or 95.3% were originated inside the assessment area. This compared favorably with the prior evaluation's level of 94.6%. In 2003 and 2004, the penetration rates were 92.7% and 98.0% respectively.

Geographic Distribution of Loans: "High Satisfactory"

The geographic distribution of HMDA-reportable and small business loans reflects good dispersion among census tracts of different income levels within the assessment area.

HMDA-reportable Loans

During the evaluation period, the bank extended 13.6% of its HMDA-reportable loans in LMI geographies; this was a substantial increase from the prior evaluation's rate of 6.7%.

The following table illustrates the distribution of HMDA-reportable loans during 2003.

Distribution of HMDA-reportable Loans by Geography Income Level*						
Census Tract Income Level	Aggregate Lending Data % of #	% Owner-Occupied Units	2003			
			#	%	\$(000s)	%
Low	2.7	3.0	8	1.8	658	1.6
Moderate	7.8	9.3	36	8.1	5227	12.4
LMI	10.4	12.3	44	9.9	5885	13.9
Middle	48.4	49.8	243	54.9	20013	47.4
Upper	41.2	37.9	156	35.2	16362	38.7
N/A	0.0	0.0	0	0.0	0	0.0
Total	100.0	100.0	443	100.0	42260	100.0

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

In 2003, PSB originated 9.9% (44) of its HMDA-reportable loans in LMI areas; this was slightly less than the aggregate's 10.4% and reasonable in comparison to the owner-occupied rate of 12.3%. The bank originated 33% more loans in LMI areas in 2003 than in 2002.

The following table shows the bank's distribution of HMDA-reportable loans in 2004:

Distribution of HMDA-reportable Loans by Geography Income Level*					
Census Tract Income Level	% Owner-Occupied Units	2004			
		#	%	\$(000s)	%
Low	3.3	22	3.3	5006	8.9
Moderate	10.1	86	12.8	4376	7.8
LMI	13.4	108	16.1	9382	16.8
Middle	51.8	347	51.7	23113	41.3
Upper	34.8	216	32.2	23508	42.0
N/A	0.0	0	0.0	0	0.0
Total	100.0	671	100.0	56003	100.0

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

The number of HMDA-reportable loans originated in LMI geographies increased by 145% between 2003 and 2004; this increase was significantly higher than the 51% increase in the total number of HMDA-reportable loans for the same period. In 2004, PSB originated 16.1%(108) of its loans in LMI areas; this was 6.2 percentage points above the 2003 rate and 2.7 percentage points more than the rate of owner-occupied units in LMI areas. The aggregate data for 2004 was not available.

Small Business Loans

During the evaluation period, the bank extended 32.7% of its small business loans in LMI geographies, substantially higher than the 17.2% at the prior evaluation.

The following table illustrates the geographic distribution of the bank's small business loans extended during 2003:

Distribution of Small Business Loans by Geographic Income level					
Census Tract Income Level	Aggregate Lending Data (% of #)	2003			
		#	%	\$(000s)	%
Low	8.9	10	19.6	1,571	17.0
Moderate	10.6	11	21.6	2,373	25.7
LMI	19.5	21	41.2	3,944	42.7
Middle	47.5	18	35.3	3,320	35.9
Upper	33.0	12	23.5	1,974	21.4
N/A	0.00	0	0.0	0	0.0
Total	100.0	51	100.0	9,238	100.0

In 2003, the bank originated 21 small business loans in LMI census tracts, resulting in a penetration rate of 41.2%, more than double the rate of the aggregate. The number of loans originated in LMI areas between 2002 and 2003 increased by 110%.

The following table depicts the geographic distribution of the bank's small business loans during 2004. The geographical distribution of businesses within the assessment area was included as a reference point.

Distribution of Small Business Loans by Geographic Income Level					
Census Tract Income Level	Distribution of Businesses (% of #)	2004			
		#	%	\$(000s)	%
Low	15.6	6	12.0	1,925	20.5
Moderate	11.1	6	12.0	376	4.0
LMI	26.7	12	24.0	2,301	24.5
Middle	45.6	26	52.0	5,258	56.1
Upper	27.8	12	24.0	1,820	19.4
Total	100.0	50	100.0	9,379	100.0

In 2004, the number of loans extended to small business in LMI areas decreased by 75%. The bank extended 12 of its small business loans in LMI census tracts, resulting in a LMI penetration rate of 24%. The LMI penetration rate appears reasonable compared to the percentage of businesses located in LMI census tracts.

Distribution by Borrower Characteristics: "Outstanding"

The distribution of HMDA-reportable and small business loans based on borrower characteristics reflects excellent penetration among individuals of different income levels and businesses of different revenue sizes.

HMDA-reportable Loans

During the evaluation period, the bank extended 343 HMDA-reportable loans (30.8%) to LMI borrowers which was 43.5% more than the prior evaluation and the penetration rate was 9.7 percentage points higher than the prior evaluation.

The following table summarizes the distribution of the bank's HMDA-reportable loans by borrower income level for 2003 and 2004. The family by tract income levels shown in this table was based on assessment area data and included as a point of reference.

Distribution of HMDA-reportable Loans by Borrower Income Level*									
2003									
Borrower Income Level	Family by tract Income	Bank				Aggregate			
		#	%	\$(000s)	%	#	%	\$(000s)	%
Low	18.4	10	2.3	416	1.0	1,790	4.7	118,720	2.7
Moderate	17.5	81	18.3	5,065	12.0	6,842	18.0	577,950	13.1
LMI	35.9	91	20.6	5,481	13.0	8,632	22.7	696,670	15.8
Middle	22.4	118	26.6	9,560	22.6	9,964	26.1	1,026,407	23.3
Upper	41.7	221	49.9	22,534	53.3	16,370	43.0	2,292,408	52.0
N/A		13	2.9	4,685	11.1	3,125	8.2	392,424	8.9
Total	100.0	443	100.0	42,260	100.0	38,091	100.0	4,407,909	100.0
2004									
Borrower Income Level	Family by tract Income	Bank				Aggregate			
		#	%	\$(000s)	%	#	%	\$(000s)	%
Low	19.0	71	10.6	2,181	3.9	<i>(Aggregate data for 2004 was unavailable when this report was written.)</i>			
Moderate	17.9	181	27.0	9,719	17.4				
LMI	23.9	252	37.6	11,900	21.2				
Middle	22.7	169	25.2	11,026	19.7				
Upper	40.4	239	35.6	24,085	43.0				
N/A	0.0	11	1.6	8,992	16.1				
Total	100.0	671	100.0	56,003	100.0				
Evaluation Total		1,114	100.0	98,263	100.0				
LMI Total		343	30.8	17,381	17.7				

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income ("MFI") figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120% and upper-income is at least 120%.

In 2003, the bank's LMI borrower penetration ratio was 20.6%, slightly lower than that of the aggregate's 22.7% and reasonable in comparison to the 35.9% of LMI families residing in the assessment area. In 2004, the number of HMDA-reportable loans the bank made to LMI individuals increased by 177% from 91 loans in 2003 to 252 in 2004. The penetration rate was excellent, 37.6% of the HMDA-reportable loans were made to LMI borrowers while only 23.9% of the families in the assessment area were LMI families.

Small Business Loans

During the evaluation period, the bank originated 71.3% of its small business loans to business with gross annual revenues of \$1 million or less.

The following table illustrates the distribution of small business loans by gross annual revenues in 2003 and 2004.

Distribution of Small Business by Gross Annual Revenues of Businesses								
Gross Annual Revenues	Aggregate		Bank					
	2003		2003		2004		Total	
	#	%	#	%	#	%	#	%
<=\$1 million	5,747	35.0	39	76.5	33	66.0	72	71.3
>\$1 million	10,668	65.0	12	23.5	17	34.0	29	28.7
Total	16,415	100.0	51	100.0	50	100.0	101	100.0

In 2003, approximately 76.5% of the bank's loans were made to small businesses; this was 41.5 percentage points higher than the aggregate's 35.0%. In 2004, the number of loans made to small businesses decreased by 10.5 percentage points to 66.0%.

Community Development Lending: "Outstanding"

PSB is a leader in making community development loans, notwithstanding its size, capacity and the limited community development opportunities within the assessment area.

During the evaluation period, PSB's community development loans totaled \$5.4 million. Of this amount, 84% was new money and 92% was used for affordable housing initiatives. Between evaluation periods, the dollar volume increased approximately 184% from the prior evaluation's \$1.9 million.

The following is summary of community development loans reported by PSB:

Qualified Community Development Lending Activity				
Loan Description	# of Loans	% of #	\$ of Loans (\$000)	% of \$
Affordable Housing	5	50.0	4,950	92.1
Economic Development	2	20.0	215	4.0
Community Service	2	20.0	186	3.5
Revitalization/Stabilization	1	10.0	25	0.5
Total	10	100.0	5,376	100.0

Following are examples of qualified community development loans provided by PSB during the evaluation:

PSB committed a \$115 thousand to a nonprofit federally certified community development financial institution serving the Capital Region of New York State. The fund provides equitable access to capital for economically disadvantaged communities. It does so by pooling funds from investors and then lending them for housing, community services and economic development.

PSB extended \$3.5 million to a privately owned for-profit company to refinance an existing HUD mortgage. The property provides housing to low-income, elderly and disabled tenants restricted to HUD Section 8.

PSB provided a line of credit for \$136 thousand to a not-for-profit organization in the City of Troy. The mission of the organization is to provide educational and financial assistance as well as to subsidize programs to further the goal of providing low-income housing in the city of Troy.

Innovative or Flexible Lending Practices: “High Satisfactory”

PSB makes use of innovative and/or flexible lending practices in serving the assessment area credit needs.

The following table summarizes PSB’s innovative and/or flexible lending practices during the evaluation period:

Innovative and/or Flexible Lending Practices						
Type	2003		2004		Total	
	#	\$000	#	\$000	#	\$000
FHA	28	2,748	22	2,565	50	5,313
SONYMA	20	1,664	34	3,213	54	4,877
PSB AHP*	4	248	15	1,178	19	1,426
Total	52	4,660	71	6,956	123	11,616

*PSB AHP = Pioneer Savings Bank Affordable Housing Program

During the evaluation period, the bank closed 123 loans totaling \$11.6 million with flexible lending terms. Between evaluation periods, PSB’s level of innovative or flexible lending decreased by 45% or 100 by number and 39% or \$7.4 million by dollar volume. Notwithstanding the decrease in originations, the lending level remains reasonable in light of the bank’s size and resources.

Examples of innovative or flexible programs promoted with during the evaluation included but not limited to the following:

- Target Area Affordable Housing Rehab/Repair Program

Under this program, the costs of structural repairs are incorporated into the mortgage. Since the beginning of this program in 2004, PSB closed two loans during the evaluation period and one was pending.

- Target Area Affordable Housing

This program allows borrowers to finance up to 110% of the sales price of the loan. They are required to have \$500 of their own funds. The qualifying ratios are more flexible than those on a standard conventional mortgage. The target areas consist of LMI areas and areas targeted by the State of New York Mortgage Agency (SONYMA).

- Non-Target Area Affordable Housing

This program allows borrowers to put as little as 3% down from their own funds, gifts,

municipal grants, sellers' concessions and secured or unsecured loans. Again, qualifying ratios are more flexible than those on a standard conventional mortgage. The non-target areas include all areas within PSB's assessment area except LMI geographies.

- Government Home Mortgage Loan Programs

PSB only participates in the Federal Housing Administration (FHA) and SONYMA.

FHA Program – Provides federally insured loans with down payment as low as 2.25%. The bank also participates in the FHA's 203B program. Its underwriting guidelines are slightly liberal with higher income qualifying ratios.

SONYMA programs – These programs target the first time homebuyer, but also lend to borrowers for both existing dwellings and new constructions. The rates offered are lower than those of standard conventional loans, and the borrowers can be qualified with higher income ratios.

Since 2000, PSB participated in Individual Development Account Program ("IDA") administered by the Federal Home Loan Bank of New York (FHLBNY). IDA is a savings account designed to assist LMI first time home buyers to save money toward buying a new home. The assistance is provided through matching funds (\$3 to every \$1 saved) up to \$5 thousand. Currently there are 27 participants and as of the evaluation date eight loans were closed under this program.

Although PSB is not a direct SBA lender, the bank partnered with *New York Business Development Corporation ("NYBDC")* to make SBA loans available to its communities. However, no SBA loans were closed through this partnership.

To keep the cost of new homes affordable, PSB partners with a private builder and provides a \$20 thousand grant to each purchaser. The builder constructs new affordable homes in a low-income area in the City of Albany. During the evaluation, the bank approved two loans under this partnership.

II. Investment Test: "Outstanding"

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 credit and community development needs; 4) the degree to which the qualified investments are not routinely provided by private investors.

During the evaluation period PSB's provided an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position. The total amount of investment the bank made did not change between evaluation periods. Investment within the assessment remained at

\$1.9 million.

Of the investments, \$1.8 million was a renewal of commitment to Community Preservation Corporation (CPC). CPC was created specifically to provide financing for affordable housing and related projects located in New York State, which are not routinely available from conventional lenders. Including in the qualified investment were six grants totaling \$125 thousand.

III. Service Test: “Outstanding”

The service test evaluates a banking institution’s record of helping to meet the credit needs of its assessment area by analyzing 1) the availability and effectiveness of the bank’s systems for delivering retail banking services; and 2) the extent and innovativeness and responsiveness of the bank’s community development services.

Retail Banking Services: “Outstanding”

Accessibility of Delivery Systems

The bank’s retail delivery systems are readily accessible to all portions of its assessment area. As of the evaluation date, PSB had 13 branches, four in Rensselaer County, including the main office; three in Saratoga County, five in Albany County and one in Schenectady County. Three or 23.1% of the branches were located in LMI areas, and five or 38.5% were adjacent to LMI areas. Thus, the majority of the branches (61.6%) were either in or adjacent to LMI areas.

The following table illustrates the distribution of the bank's branches and ATMs within the assessment area during the evaluation period:

Pioneer Savings Bank Location of Branches										
Branches	County	Census Tracs	# of Branches	Geography Income Level					ATM	
				Low	Moderate	LMI	Adj. to LMI	Middle		Upper
Colonie	001	0139.01	1					1		1
Glenmont	001	0142.01	1				1		1	1
Green Island	001	0131.00	1		1	1				1
Latham	001	0135.02	1						1	1
Watervliet	001	0132.00	1		1	1				1
Albany			5	0	2	2	1	1	2	5
Brunswick	083	0520.04	1						1	1
East Greenb	083	0524.04	1				1	1		1
Wyantskill	083	0523.04	1				1	1		1
Troy	083	0407.00	1	1		1				
Rensselaer			4	1	0	1	2	2	1	3
Clifton Park	091	0626.02	1						1	1
Malta	091	0619.01	1						1	1
Waterford	091	0627.00	1				1	1		1
Saratoga			3	0	0	0	1	1	2	3
Rotterdam	093	0329.02	1				1	1		1
Schenectady			1	0	0	0	1	1	0	1
Total			13	1	2	3	5	5	5	12

Alternative Delivery Systems

The bank used several alternative delivery systems to enhance the accessibility of its services. Overall, these systems are effective and are readily available to all portions of its assessment area.

The following are brief examples of the bank's alternative delivery systems:

- Supplementing the banking offices was a network of automated teller machines ("ATMs"). There were 12 ATMs, one on the premises of each branch except the main office. All, except the Green Island Branch, are deposit-taking. There was an off-site non-deposit taking ATM at the Hudson Valley Community College.
- PSB cashes government checks and "well known companies" payroll checks at no charge for non-depositors who have acceptable identifications.
- PSB offers to all customers a free Better Checking Account, an alternative to the Basic Banking Account required by New York State Banking Law. The account bears no

monthly service charges, no per check charges, no minimum balance and no requirements to maintain another account. This account is linked to a debit/ATM card without charges if used at the bank's ATMs. The card can also be used, in lieu of writing a check, at retailers that accept MasterCard.

- PSB offers a statement savings account with no monthly service charges and a \$5 minimum balance each month. If the balance falls below \$5, there will be a \$1 monthly service charge. Accompanying this account is an ATM card, which incurs no service charges if used at any Pioneer ATM.
- Pioneer's on-line banking services give customers 24/7 access to their Pioneer accounts. Customers can check balances, transfer funds, and pay bills at any location, as well as export data to Money® and Quicken® for easy record keeping.
- PSB offers cash management services specifically to meet the needs of local businesses.
- PSB provides an account called "Community Checking" specifically for community organizations and local non-profit entities. This account does not bear monthly service fees or minimum balance requirements.

Changes in Branch Locations

The bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in LMI geographies and LMI individuals.

During the evaluation period, the bank opened three new full-service branches; two in Albany County, in the town of Colonie and in the village of Green Island; the third branch was opened in Rensselaer County in the town of East Greenbush. The Green Island branch is in a moderate-income area and the Colonie and East Greenbush offices are each located in middle-income geography. All three new branches have an ATM on site, of which two are deposit-taking. No offices were closed during the evaluation.

Reasonableness of Business hours and Services in Meeting Assessment Area Needs

The bank's business hours and services are tailored to the convenience and needs of its assessment area. In order to make services more accessible to every segment of the community, all branches, except the main office in Troy, have extended hours including Saturday hours. The hours are convenient and comparable to those of the other financial institutions.

Community Development Services: "Outstanding"

The bank demonstrated a high level of responsiveness to community development needs and is a leader in providing community development services.

PBS's Community Development Officer is actively engage in community development services within the assessment area. The officer works with local lenders, housing and non-profit agencies in promoting affordable housing. Currently, the officer is a member of the board of various civic and community development organizations throughout the assessment area. The bank's employees are also active participants on the board and committees of various organizations that promote community development initiatives.

The following is a brief description of some of the bank's significant community development services:

- *Banking Development District in the Village of Green Island:* Together with the Village of Green Island, PSB created a Banking Development District (BDD) in Green Island. This occurred after Green Island's only banking branch was closed, causing the area to become financially underserved. In September of 2004, the New York State Banking Department approved the Green Island's application to be a BDD. Three months later, PSB opened its branch on Green Island, providing the community with needed financial services. This effort demonstrates the bank's strong commitment to local community development.
- *IDA and Home Ownership Workshops:* PSB sponsored and conducted several workshops for IDA and home ownership during the evaluation. Topics of the workshops included the use of a FDIC financial education curriculum, closing procedures and home maintenance programs. Scores of potential home owners attended.
- *Better Neighborhoods, Inc. (BNI):* In 2004, PSB participated in a first-time home buyer workshop, sponsored by BNI a New York State Neighborhood Preservation Company (NPC) dedicated to rebuild Schenectady neighborhoods through housing revitalization and affordable homeownership.
- *Great North East Home Show:* In 2003, PSB participated twice in the home show in Albany. The bank maintained a booth with brochures and information concerning construction loans, home equity loans, checking and savings accounts.
- *Rensselaer Gateway Development Corporation (RGDC):* PSB is a member of the organization, which is a private, independent Local Development Corporation (LDC) funded by member-investor businesses. Through partnerships with businesses, private and public economic development communities, government agencies, such as municipalities like the City of Troy, this LDC promotes economic development in Rensselaer County. Pioneer's President and CEO served as chairman of the board.

The following are examples of community development services provided by PSB's senior management, officers and employees:

- Community Bankers Association of New York State (CBANY): PSB is a member of CBANY. An officer serves on two committees of this organization, community investment and affordable housing, and mortgage and real estate. Another officer is a member of the accounting and tax committee.
- Albany-Colonie Chamber of Commerce: An officer is a member of the micro-loans committee of the entity. In addition, a bank officer is a member of its Women's Business Council and Programs Committee.
- Habitat for Humanity Schenectady County, Inc. (Habitat): An officer sits on the finance committee of Habitat, which is a not-for profit organization developing affordable housing for LMI families in Schenectady County.

IV. Discrimination or Other Illegal Practices

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

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report concurrent with this assessment indicated a satisfactory performance in terms of adherence to antidiscrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

V. Process Factors

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

PSB's ascertainment efforts are multifaceted and activities are various. Activities included communications and meetings with local government officials and community groups, participation in housing credit/banking services, trade shows and fairs attended by members of the local communities, and contacts with general public and local real estate and mortgage brokers.

Through these activities, the bank gains valuable information on the changing credit needs of and feedbacks from the communities 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.

Advertising in mass media is the primary marketing method to inform local members about the bank's services. The bank regularly places advertisements in three major local daily newspapers and in programs and yearbooks of community and charitable organizations. Additionally, the Community Development Officer visits various non-profit and community groups to ascertain their needs and to promote affordable housing programs.

This officer's contacts with the local city government agencies allow PSB to be more aware of the various housing grant programs available to LMI individuals.

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

PSB's board of directors keeps abreast of the bank's CRA programs through periodic updates and recommendations provided by senior management at regularly scheduled meetings. The CRA committee is composed of representatives of all relevant departments within the bank and is chaired by a member of the board and the CRA officer. The committee is responsible for CRA program development, monitoring CRA performance and recommendations to senior management.

VI. Other Factors

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

None.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

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

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

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

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

- ❖ advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

Home Mortgage Disclosure Act (“HMDA”)

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

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tract 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 tract areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

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

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.