



## PUBLIC DISCLOSURE

August 1, 2013

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pioneer Bank  
Charter Number 700450

3000 North Main Street  
Roswell, NM 88201-6676

Office of the Comptroller of the Currency  
Phoenix Field Office  
9633 South 48th Street, Suite 265  
Phoenix, AZ 85044-8629

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

**The Lending Test is rated: Outstanding**

**The Community Development Test is rated: Satisfactory**

Pioneer Bank (Pioneer or Bank) has an overall outstanding record of meeting community credit needs. The following factors support the rating.

- The loan-to-deposit ratio is reasonable.
- A majority of the loans are made within the combined assessment areas (AA).
- The distribution of lending to borrowers of different incomes reflects an excellent penetration.
- The lending to borrowers in different geographies has excellent dispersion.
- Pioneer demonstrated good responsiveness to community development needs.
- There were no Community Reinvestment Act (CRA) related complaints.

**Scope of Examination**

Pioneer's CRA performance was evaluated under the Intermediate Small Bank (ISB) criteria. Pioneer was evaluated under the ISB criteria because its asset size exceeded \$280 million, but remains below \$1.12 billion. The ISB procedures evaluate the Bank's CRA activities based on two broad performance criteria: a lending test and a community development (CD) test.

The lending test evaluates the Bank's lending activities based on five performance criteria. The CD test includes an evaluation of the Bank's performance relative to providing CD loans, CD investments, and CD services. The lending test and the CD test are weighted equally in determining the Bank's overall CRA rating.

In evaluating Pioneer's lending performance, we reviewed residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA). The evaluation period for the lending test is January 1, 2010, through December 31, 2012. As the review period encompasses lending activity that occurred before and after the release of demographic data based on the 2010 Census, this evaluation analyzes lending results based on two data sets. Loans originated between January 1, 2010, through December 31, 2011 are compared to 2000 Census demographic data. Loans

originated between January 1, 2012, through December 31, 2012, are compared to 2010 Census demographic data. Lending results are also compared to the aggregate lending of all HMDA reporters in each AA for 2011. As of this evaluation, aggregate data for 2012 was not available.

Pioneer provided data on the HMDA lending activity of its subsidiary, Pioneer Mortgage Company, to include in this evaluation. We determined that the majority of loans originated by the subsidiary were located outside of the Bank's AAs. Those loans that were originated within the AAs did not provide any additional value; therefore, we did not analyze this lending.

The CD test includes a review of provision of loans, investments and grants, and financial services made in the Bank's AAs that have the primary purpose of community development. The evaluation period for the CD test covers January 1, 2010, through August 19, 2013.

## **Description of Institution**

Pioneer Bank is a federally chartered stock savings bank, headquartered in Roswell, New Mexico. Pioneer is a wholly owned subsidiary of Pioneer Bancorp, Inc. Pioneer operates 15 retail bank branches: 12 branches in New Mexico and three branches in Texas. The branch offices include the opening of one new branch in New Mexico in January 2010, and two new branches in Texas in June 2012.

As of June 30, 2013, Pioneer had total assets of \$656 million with \$280 million in net loans, representing net loans to total assets of 43 percent. Pioneer is primarily a single-family mortgage lender, but also offers business and commercial loans and a variety of consumer loan products. Pioneer's deposit product offering includes a variety of checking and savings accounts, including low-cost and no cost accounts, and certificates of deposit. All of the branches offer the same products and services.

Pioneer's last CRA examination was dated February 28, 2010, at which time the Bank was rated "Outstanding." There are no legal or financial factors that impede Pioneer's ability to help meet the credit needs of its community.

Please refer to the Bank's CRA public file for more information about the institution.

## **Determination of Primary Loan Products**

Table 1 reflects the Bank's loan portfolio by dollar volume.

**Table 1**

<b>Pioneer Bank Loan Portfolio Composition As of 6/30/2013</b>		
Loan Type	Dollar (000)*	Percentage
Residential Mortgage Loans	219,163	74.0
Business/Commercial/ Construction Loans	72,991	24.6
Consumer Loans	4,136	1.4
<b>TOTAL</b>	<b>296,290</b>	<b>100.0</b>

Source: Call Report as of 6/30/13

\*Reflects total commitment amount and loans held for sale.

Residential mortgages are the Bank's primary loan product. While Pioneer originates a variety of commercial loans, this type of lending is not considered a primary loan product. For this evaluation, we analyzed all HMDA-reportable mortgage loans originated by the Bank.

### **Selection of Areas for Full-Scope Review**

A sample of Pioneer's AAs was selected for the full scope reviews. Pioneer operates 15 branches in two states, New Mexico and Texas.

In New Mexico, Pioneer operates nine branches in non-metropolitan statistical areas (non-MSA) counties and three branches in the Las Cruces Metropolitan Statistical Area (MSA). Due to the contiguous configuration of the non-MSA counties, performance is evaluated in the non-MSA counties as one AA. With 75 percent of the New Mexico branches in the non-MSA AA, 86 percent of state deposits held in non-MSA branches, and 73 percent of reportable lending granted within the non-MSA AA, we selected from this AA for a full-scope review and we conducted a limited-scope review of the Las Cruces MSA.

We also performed a full-scope review of performance in the El Paso, Texas MSA. Pioneer operates three branches in this MSA, two of which were opened in June 2012, late in this evaluation period.

### **Ratings**

The Bank's overall rating is a blend of the state ratings. Performance in New Mexico received the greatest weight in our determination of the overall rating. New Mexico accounts for 80 percent of the branch network, 93 percent of total deposits, and 78 percent of the HMDA reportable loans during the evaluation period.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the “Scope” section under each State for details regarding how the areas were weighted in arriving at the respective ratings.

### Conclusions with Respect to Performance Criteria

Pioneer’s performance under the lending test evaluates five performance criteria: loan-to-deposit (LTD) ratio; percentage of lending-related activity in the AAs; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA-related complaints.

The LTD ratio and the lending in AA performance criteria apply to the overall bank. These two performance criteria are discussed below. The conclusions with respect to the remaining lending test performance criteria, and the CD test performance criteria, are addressed in the ratings sections for each state.

### Loan-to-Deposit Ratio

The Bank’s quarterly average LTD ratio is reasonable. The Bank’s average LTD ratio from quarter-end of the last CRA exam to fourth-quarter 2012, is 65.32 percent, which is higher than the peer average of 55.49 percent. Four peer institutions were considered when completing the LTD test. Peer institutions were selected based on their location and average total assets. The average quarterly low LTD ratio among peers was 37.8 percent, and the average quarterly high LTD ratio among peer groups was 67.96 percent. Over this same period, the Bank’s quarterly low LTD ratio was 57.61 percent and the Bank’s quarterly high LTD ratio was 74.56 percent.

### Lending in Assessment Area

The Bank’s record of lending in the combined AAs is excellent. Pioneer originated a substantial majority of loans, by number and by dollar volume, inside its combined AAs. As shown in the table below, they originated 98 percent by both number and dollar volume of home mortgage loans within the combined AAs during the evaluation period.

**Table 2**

Combined Lending in the Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA Loans	2,590	98%	44	2%	2634	\$342,960	98%	\$6,553	2%	\$349,513

Source: HMDA data

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## State Rating

### State of New Mexico

**CRA Rating for New Mexico:<sup>1</sup> Outstanding**

**The Lending test is rated: Outstanding**

**The Community Development test is rated: Satisfactory**

The following major factors support the rating.

- The distribution of loans by borrower income characteristics reflects excellent overall penetration among individuals of different income (including low- and moderate-income) levels.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- CD performance demonstrates good responsiveness to the CD needs of the AA.

Note: The net LTD ratio and percentage of loans and other lending-related activity in the AA only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation relating to states and AAs.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW MEXICO

Pioneer maintains 12 branches in six counties in southern New Mexico. Based on CRA rules for delineating an AA, the Bank serves two AAs in New Mexico: Las Cruces MSA (Doña Ana County) and five contiguous non-metropolitan counties that are combined to make-up the New Mexico non-MSA AA. Based on the number of branches, volume of deposits, and the number and dollar volume of lending in this non-MSA AA, the New Mexico non-MSA AA was selected for full-scope review.

The New Mexico non-MSA AA is comprised of the contiguous counties of Chaves, Eddy, Lea, Lincoln, and Otero. Pioneer designated the whole counties in which it maintained branch offices. The AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income (LMI) areas. The following tables provide

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<sup>1</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

additional information about the demographics of the Bank's New Mexico non-MSA AA for both censuses.

**New Mexico non-MSA (2010 Census)**

<b>Demographic Information for Full Scope Area: NM non-MSA AA Chaves, Eddy, Lea, Lincoln, and Otero Counties</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	67	1.49	14.93	52.24	31.34
Population by Geography	268,495	0.59	17.28	48.38	33.75
Owner-Occupied Housing by Geography	68,710	0.53	14.23	46.59	38.65
Business by Geography	19,603	2.33	11.84	47.97	37.86
Farms by Geography	892	0.45	7.17	54.71	37.67
Family Distribution by Income Level	67,562	19.32	17.52	20.04	43.12
Distribution of Low and Moderate Income Families throughout AA Geographies	24,892	1.04	24.84	49.35	24.77
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		46,354 47,700 17%		Median Housing Value Unemployment Rate (2010 US Census)	108,898 3.21%

Source: 2010 US Census and 2012 HUD updated MFI

**New Mexico non-MSA (2000 Census)**

<b>Demographic Information for Full Scope Area: NM non-MSA AA Chaves, Eddy, Lea, Lincoln, and Otero Counties</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	56	0.00	16.07	66.07	17.86
Population by Geography	250,260	0.00	11.17	65.92	22.91
Owner-Occupied Housing by Geography	66,392	0.00	8.78	65.47	25.75
Business by Geography	20,162	0.00	11.01	63.44	25.56
Farms by Geography	890	0.00	8.31	72.70	18.99
Family Distribution by Income Level	67,796	20.16	16.66	20.87	42.31
Distribution of Low and Moderate Income Families throughout AA Geographies	24,959	0.00	16.14	67.93	15.93
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		33,667 47,100 18%		Median Housing Value Unemployment Rate (2000 US Census)	63,899 3.24%

Source: 2000 US Census and 2011 HUD updated MFI

As of the 2010 Census, the AA encompassed 67 CTs. There was one low-income CT, 10 moderate-income CTs, 35 middle-income CTs, and 21 upper-income CTs in the AA. In 2012, 16 of the 35 middle-income CTs were designated as distressed due to poverty levels. As of the 2000 Census, the AA had 56 CTs with no lower-income CTs, nine moderate-income CTs, 37 middle-income CTs, and 10 upper-income CTs. In 2011, 33 of the 37 middle-income CTs were designated as distressed due to poverty levels or net population migration out of the county.

The major townships in the AA are Alamogordo, Artesia, Dexter, Eunice, Hagerman, Hobbs, Lovington, Ruidoso, and Roswell. The key employment industries are government, the oil and gas industry, hospitality/tourism, the dairy industry, and other agriculture. Some of the largest employers in the area include Holloman Air Force Base, White Sands Missile Range, Holly Frontier Corporation (oil refinery), Eastern New Mexico Medical Center, Patterson-UTI Drilling Company, Mosaic Potash, and Wal-Mart Stores, Inc.

The unemployment rates across the AA varied by county but all of the counties experienced steady decline in the average annual unemployment rate between 2010 and 2012. The eastern section of the AA (Lea and Eddy Counties) had lower unemployment rates due to the strong mineral extraction industries (oil/gas and potash) in those counties. The unemployment rate for New Mexico over the same period ranged from 7.8 percent in 2010, to 6.6 percent in 2012.

Sixteen commercial banks and four savings institutions maintain 93 offices in the AA. Competition is also provided by local credit unions, pawnshops, and finance companies. Wells Fargo Bank has a leading deposit market share of 18.4 percent, followed by First American Bank, and Pioneer Bank, with market shares of 15 percent and 10.4 percent, respectively.

Based on HMDA Market Share reports for 2011 and 2012, the Bank ranked second in HMDA loans originated in the New Mexico non-MSA AA. The highest-ranking banks in terms of market share for 2011 were Wells Fargo at 12.58 percent, Pioneer Bank at 10.57 percent, and First American Bank at 6.23 percent. Many other banks and mortgage companies have a presence in these counties. In 2011, there were 212 HMDA reporters in the AA and this competition increased to 228 lenders in 2012. More than half of these HMDA reporters do not maintain deposit-taking facilities in the AA, reflecting the increasing level of competition for residential real estate loans in the area.

The counties in the AA have different economic and demographic characteristics as to warrant differentiation. This is important to explain the Bank's responsiveness to credit needs throughout the AA and its emphasis on the more distressed counties of the AA.

### Chaves County

As of the 2010 Census, Chaves County has 16 CTs: five moderate-, seven middle-, and four upper-income CTs. All of the middle-income CTs are designated as distressed due to poverty levels. The average annual unemployment rate declined during the evaluation period from 7.7 percent in 2010, to 6.6 percent in 2012. According to the U.S. Census Bureau's Five-Year American Community Survey (2007-2011), Chaves County's affordability ratio was 2.4, which is 69 percent of the national ratio, and the homeownership rate is 68.4 percent. The Affordability Ratio measures homeownership opportunity by dividing the median value of owner occupied housing by the median household income of the area.

### Eddy County

As of the 2010 Census, Eddy County has 12 CTs: six middle- and six upper-income CTs. In 2011, eight CTs were designated as distressed due to population migration out of the county but as of 2012, none of the tracts was designated as distressed or underserved. The average annual unemployment rate declined during the evaluation period from 5.7 percent in 2010, to 4.1 percent in 2012. According to the U.S. Census Bureau's Five-Year American Community Survey (2007-2011), Eddy County's affordability ratio was 2.0, which is 57 percent of the national ratio, and the homeownership rate is 74.8 percent.

### Lea County

As of the 2010 Census, Lea County has 18 CTs: three moderate-, nine middle-, and six upper-income CTs. In 2011, eight CTs were designated as distressed due to population migration out of the county but as of 2012, none of the tracts is designated as distressed or underserved. The average annual unemployment rate has declined significantly during the evaluation period from 7.3 percent in 2010, to 4.3 percent in 2012. According to the U.S. Census Bureau's Five-Year American Community Survey (2007-2011), Lea County's affordability ratio was 2.0, which is 57 percent of the national ratio, and the homeownership rate is 70.5 percent.

### Lincoln County

As of the 2010 Census, Lincoln County has five CTs: four middle- and one upper-income CT. None of the tracts was designated as distressed or underserved. The average annual unemployment rate declined during the evaluation period from 6.3 percent in 2010, to 5.5 percent in 2012. According to the U.S. Census Bureau's Five-Year

American Community Survey (2007-2011), Lincoln County's affordability ratio was 3.8, which is 109 percent of the national ratio, and the homeownership rate is 78.1 percent.

### Otero County

As of the 2010 Census, Otero County has 16 CTs: one low-, two moderate-, nine middle-, and four upper-income CTs. All of the middle-income CTs are designated as distressed due to poverty levels. The average annual unemployment rate declined slightly during the evaluation period from 6.8 percent in 2010, to 6.1 percent in 2012. According the U.S. Census Bureau's Five-Year American Community Survey (2007-2011), Otero County's affordability ratio was 2.7, which is 77 percent of the national ratio, and the homeownership rate is 67.2 percent.

## **SCOPE OF EVALUATION IN NEW MEXICO**

We conducted a full-scope review of Pioneer's performance in its New Mexico non-MSA AA under the lending test and the CD test. We performed a limited-scope review of the performance in the Las Cruces MSA.

For the loan distributions criteria under the lending test, we analyzed all residential mortgages reported under HMDA between January 1, 2010 and December 31, 2012.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW MEXICO**

Pioneer's lending performance and CD performance for the New Mexico non-MSA is rated Outstanding.

### **LENDING TEST**

The Bank's performance under the Lending Test in the State of New Mexico is rated Outstanding.

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

- Pioneer's lending reflects excellent penetration of borrowers of different incomes. Home refinance and home improvement had excellent performance and home purchase had reasonable performance.

- While the Bank's distribution of loans to lower-income borrowers may be below demographic comparators, the overall conclusion also considers performance relative to HMDA Aggregate lenders in the AA and its market share performance in the AA.
- Small business lending is not a primary loan product of the Bank. Therefore, we did not evaluate the Bank's small business lending.

Table 3 below shows the distribution of home mortgage loans to borrowers of different income levels by mortgage loan product.

<b>Table 3 - Borrower Distribution of Residential Real Estate Loans in New Mexico non-MSA Assessment Area</b>										
Borrower Income Level	Low			Moderate			Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans		% of AA Families	% of Number of Loans		% of AA Families	% of Number of Bank Loans	% of AA Families	% of Number of Bank Loans
		Bank	HMDA Agg		Bank	HMDA Agg				
Home Purchase										
2010-2011	20.2%	3.7%	4.2%	16.7%	12.9%	13.9%	20.9%	28.5%	42.3%	54.9%
2012	19.3%	3.3%	3.6%	17.5%	16.6%	14.4%	20.0%	23.7%	43.1%	56.4%
Home Refinance										
2010-2011	20.2%	4.4%	3.9%	16.7%	11.6%	10.9%	20.9%	20.4%	42.3%	63.6%
2012	19.3%	2.6%	3.7%	17.5%	11.8%	10.2%	20.0%	19.3%	43.1%	66.2%
Home Improvement										
2010-2011	20.2%	22.8%	8.2%	16.7%	19.3%	16.4%	20.9%	26.3%	42.3%	31.6%
2012	19.3%	28.6%	8.3%	17.5%	25.0%	14.9%	20.0%	21.4%	43.1%	25.0%

Source: HMDA; 2000 and 2010 U.S. Census;

Note: 2010-2011 data compared to 2011 HMDA Aggregate; 2012 data compared to 2012 HMDA Aggregate

The Bank's percentage of lending for home purchases is significantly below the percentage of low-income families and is below the percentage of moderate-income families in the AA. The Bank's home purchase lending amongst LMI borrowers is slightly below the 2011 HMDA Aggregate, but its moderate-income borrower lending exceeds the 2012 HMDA Aggregate. In 2011, the Bank's market share of home purchase loans to low-income borrowers (8.5 percent) is below the Bank's overall market share of home purchase loans (11.4 percent) within the AA, and its market share of home purchase loans to moderate-income borrowers (7.2 percent) is also below its overall market share.

The Bank's percentage of lending for home refinance is significantly below the percentage of low-income families in the AA and is below the percentage of moderate-income families in the AA. The Bank's home refinance lending amongst LMI borrowers exceeds the 2011 HMDA Aggregate. In 2011, the Bank's market share of home refinance loans to low-income borrowers (14.1 percent) exceeds the Bank's overall market share of home refinance lending (9.5 percent) within the AA, and its market share of home refinance loans to moderate-income borrowers (13.0 percent) exceeds its overall market share.

The Bank's percentage of lending for home improvement exceeds the percentage of LMI families in the AA. The Bank's home improvement lending to LMI borrowers also exceeds the 2011 HMDA Aggregate. In 2011, the Bank's market share of home improvement loans to low-income borrowers (53.8 percent) exceeds the Bank's overall market share of home improvement lending (16.4 percent) within the AA, and its market share of home improvement loans to moderate-income borrowers (26.9 percent) exceeds its overall market share.

### **Conclusions for Areas Receiving Limited Scope Reviews**

Based on a limited scope review, the Bank's borrower penetration performance under the Lending Test in the Las Cruces MSA is consistent with the Bank's overall excellent performance under the Lending Test in the state of New Mexico. In the Las Cruces MSA, the Bank's performance overall is comparable to its overall performance in the state with strong home refinance and home improvement lending performance and reasonable home purchase lending performance.

### **Geographic Distribution of Loans**

#### **Conclusions for Areas Receiving Full Scope Reviews**

The distribution of the Bank's home mortgage loans within geographies of different income levels is excellent. The Bank's home purchase, home refinance, and home improvement lending activity each reflect excellent responsiveness.

While the Bank's distribution of loans to LMI geographies may be below demographic comparators, the overall conclusion also considers the Bank's performance relative to HMDA Aggregate lenders in the AA and its market share performance in the AA.

Small business lending is not a primary loan product of the Bank. As such, we did not evaluate the Bank's small business lending.

Table 4 below shows the distribution of home mortgage loans within geographies of different income levels by home mortgage loan product.

<b>Table 4 - Geographic Distribution of Residential Real Estate Loans in New Mexico non-MSA Assessment Area</b>										
Census Tract Income Level	Low			Moderate			Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans		% of AA Owner Occupied Housing	% of Number of Loans		% of AA Owner Occupied Housing	% of Number of Bank Loans	% of AA Owner Occupied Housing	% of Number of Bank Loans
		Bank	2011 HMDA Agg		Bank	2011 HMDA Agg				
Home Purchase										
2010-2011	NA	NA	NA	8.8%	4.4%	3.5%	65.5%	54.3%	25.8%	41.4%
2012	0.5%	0.0%	0.3%	14.2%	11.9%	6.5%	46.6%	33.7%	38.7%	54.5%
Home Refinance										
2010-2011	NA	NA	NA	8.8%	3.5%	2.0%	65.5%	58.6%	25.8%	37.9%
2012	0.5%	0.0%	0.0%	14.2%	9.2%	5.0%	46.6%	41.1%	38.7%	49.8%
Home Improvement										
2010-2011	NA	NA	NA	8.8%	9.3%	12.1%	65.5%	69.3%	25.8%	21.3%
2012	0.5%	0.0%	0.0%	14.2%	29.0%	18.1%	46.6%	36.8%	38.7%	34.2%

Source: HMDA; 2000 and 2010 U.S. Census;

Note: 2010-2011 data compared to 2011 HMDA Aggregate; 2012 data compared to 2012 HMDA Aggregate

The percentage of lending for home purchases is below the percentage of owner-occupied housing in moderate-income CTs. The Bank's home purchase lending within moderate-income CTs exceeds the 2011 HMDA Aggregate. In 2011, the Bank's market share of home purchase lending in moderate-income geographies of 18.3 percent exceeds its overall market share of home purchase lending at 11.3 percent within the AA. There were no low-income CTs in the New Mexico non-MSA as of the 2000 Census. As of the 2010 Census, one CT was designated as low-income. In 2012, Pioneer did not penetrate this tract. There is limited owner-occupied housing in the tract and the 2012 HMDA Aggregate also shows limited penetration in the CT.

Pioneer's percentage of lending for home refinance is significantly below the percentage of owner-occupied housing in moderate-income CTs. The Bank's home refinance lending within moderate-income CTs exceeds the 2011 and 2012 HMDA Aggregates. In 2011, the Bank's market share of home refinance lending in moderate-income geographies of 17.1 percent exceeds its overall market share of home refinance lending of 9.5 percent within the AA. The Bank's percentage of home refinance loans to middle-income CTs, many of which are distressed, was near to the percentage of owner-

occupied housing both for loans originated in 2010 and 2011 (and compared to the 2000 Census) and for loans originated in 2012 (and compared to the 2010 Census).

Pioneer's percentage of lending for home improvement exceeds the percentage of owner-occupied housing in moderate-income CTs. The Bank's percentage of home improvement lending within moderate-income CTs is below the 2011 HMDA Aggregate. In 2011, the Bank's market share of home improvement lending in moderate-income geographies of 10 percent was below its overall market share of home improvement lending of 16.4 percent within the AA. The Bank's percentage of home improvement loans to middle-income CTs, many of which are distressed, exceeded the percentage of owner-occupied housing for loans originated in 2010 and 2001, and was near to the percentage of owner-occupied housing for loans originated in 2012.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the Bank's geographic performance under the lending test in the Las Cruces MSA is weaker than the Bank's overall excellent performance under the lending test in the state of New Mexico. In the Las Cruces MSA, the Bank's performance is weak relative to both home purchase and home refinance lending. Home improvement lending volume is too low to evaluate. Given the percentage of deposits in this AA compared to the full-scope AA, performance in the limited-scope AA does not negatively affect overall performance under the lending test.

### **Responses to Complaints**

Pioneer did not receive any CRA-related complaints during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

The Bank's performance under the CD test in New Mexico is rated Satisfactory.

Pioneer demonstrates good responsiveness to CD needs in the AA. While the Bank remains active in the community, many of the CD activities presented were excluded from our assessment because they did not meet the eligibility criteria of the CRA. The Bank conducts a formal self-assessment of its CD activity annually, however it does not adequately document the CD needs in its AA and does not maintain sufficient documentary materials about many of the organizations it serves to support the primary purpose of community development.

## **Number and Amount of Community Development Loans**

### **Conclusions for Areas Receiving Full-Scope Reviews**

Pioneer's CD lending demonstrates good responsiveness to credit needs of the New Mexico non-MSA AA. Pioneer funded or renewed \$2.0 million in CD loans that meet both the size and purpose tests. The Bank's CD lending contributes to improving the quality of life and economic conditions of lower income persons residing in distressed and underserved communities by providing affordable housing and CD through construction activities, lending, training, and employment opportunities. Pioneer presented several other loans for CRA consideration and while not all of the loans qualify as CD, they do demonstrate a commitment to giving back to the communities they service.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Pioneer's CD lending demonstrates excellent responsiveness to credit needs in the Las Cruces MSA. Pioneer funded or renewed \$9 million in CD loans in the AA. The loans were granted to an affordable housing organization and the proceeds facilitated individual home loans granted to LMI homebuyers.

## **Number and Amount of Qualified Investments**

### **Conclusions for Areas Receiving Full-Scope Reviews**

Pioneer's qualified investments demonstrate good responsiveness to credit needs of the New Mexico non-MSA AA. Pioneer made \$1.2 million in qualified investments, encompassing a \$1 million investment in a Community Capital Management fund that invests in Mortgage-Backed Securities for mortgages to LMI borrowers. During the evaluation period, the initial \$1 million investment resulted in seven loans totaling \$1.2 million to LMI borrowers in the AA. Pioneer also donates funds to local community organizations, many of which do not meet the requirements to qualify as CD activities but this financial support demonstrates a strong commitment to serving and giving back to the communities in which it operates.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Pioneer's qualified investments demonstrate adequate responsiveness to credit needs of the Las Cruces MSA. Pioneer's initial \$1 million investment in the Community Capital Management fund translated into two mortgage loans totaling \$148,800 to LMI

borrowers in this AA. Pioneer also donates funds to local community organizations; however, many do not meet the strict definition of CD to qualify for CRA consideration.

### **Extent to Which the Bank Provides Community Development Services**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

Pioneer's CD services demonstrate good responsiveness to the needs in the AA. Employees of Pioneer contributed over 800 hours of service to several organizations since the last examination. The CD services included the provision of managerial skills, technical expertise, financial education, or time dedicated to fundraising efforts. Each employee involved in providing CD services used their financial expertise to benefit the AA. The Bank also services loans for a local Habitat for Humanity free of charge.

This qualifying service activity is only a small portion of staff involvement. Although employees at Pioneer are extremely active in their communities, many activities and organizations do not meet the requirements to qualify for CRA or further supporting documentation is needed in order to determine CRA eligibility.

Pioneer's delivery systems for retail services are readily accessible to all segments of the community, including LMI individuals and geographies. As of the 2000 Census, three branches were located in moderate-income CTs and one branch was located in a distressed middle-income CT. As of the 2010 Census, two of the AA branches are located in a low- or moderate-income CT. The Bank offers a variety of services to the community ranging from checking and savings accounts to certificates of deposits and individual retirement accounts. Within its checking and savings account product lines, Pioneer offers low-fee, low-minimum balance deposit accounts. The Bank also offers free checking accounts.

#### **Conclusions for Areas Receiving Limited Scope-Reviews**

Pioneer provided an excellent level of CD services within the Las Cruces MSA. The Bank performed a good level of CD services similar to those provided in the New Mexico non-MSA and an excellent level of more complex service activities through participation in specialized housing programs.

Employees of Pioneer contributed over 300 hours of CD services to several organizations since the last examination. As noted in the full-scope review, the Bank's staff is very active in their communities. While we could verify CD purpose for certain organizations, there were many more that we could not readily verify the CD purpose.

In addition to financial services provided directly to CD organizations, Pioneer participated in the Federal Home Loan Bank of Dallas' Affordable Housing Program (FHLB AHP). As a member of the FHLB, member banks sponsor CD organizations for AHP grant funds through annual competitions. In 2010, Pioneer sponsored two CD organizations and facilitated the awarding of \$191,000 in grants for affordable housing development or down-payment assistance. The AHP application process is labor intensive and time-consuming as most projects entail affordable housing development that includes a variety of social services and funding that involves a complex combination of public and private sources including grants, loans, and investment.

### **Responsiveness to Community Development Needs**

Overall, Pioneer Bank demonstrates good responsiveness to CD needs in the AA. Pioneer could be more responsive to the AA through better documentation of the CRA needs and by maintaining better documentation of the organizations they serve.

## State Rating

### State of Texas

#### CRA Rating for Texas:<sup>2</sup> Satisfactory

The Lending test is rated: Satisfactory

The Community Development test is rated: Satisfactory

The following major factors support the rating.

- The distribution of loans by borrower income characteristics reflects reasonable overall penetration among individuals of different income, including LMI, levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- CD performance demonstrates good responsiveness to the CD needs of the AA.

Note: The net LTD ratio and percentage of loans and other lending-related activity in the AA only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation relating to states and AAs.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN TEXAS

El Paso MSA is comprised of El Paso County. The city of El Paso is the sixth largest city in Texas. The Bank delineated the whole of El Paso County in which it maintains branch offices. The AA meets regulatory requirements and does not arbitrarily exclude LMI areas.

The following tables provide additional information about the demographics of the El Paso MSA for both censuses.

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<sup>2</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

**EI Paso MSA (2010 Census)**

Demographic Information for Full Scope Area: EI Paso, TX MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	161	5.59	35.40	29.19	29.19	0.62
Population by Geography	800,647	3.86	32.18	32.26	31.70	0.00
Owner-Occupied Housing by Geography	155,280	1.70	28.43	31.58	38.29	0.00
Business by Geography	52,587	7.06	28.72	27.39	36.17	0.65
Farms by Geography	639	3.60	31.92	26.76	37.72	0.00
Family Distribution by Income Level	186,687	23.57	17.04	17.75	41.64	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	75,814	7.27	44.77	30.53	17.43	0.00
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		40,329 41,700 24%	Median Housing Value Unemployment Rate (2010 US Census)		109,330 3.09%	

(\* The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2012 HUD updated MFI

**EI Paso MSA (2000 Census)**

Demographic Information for Full Scope Area: EI Paso, TX MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	126	6.35	32.54	32.54	28.57	0.00
Population by Geography	679,622	3.70	30.92	33.98	31.40	0.00
Owner-Occupied Housing by Geography	133,596	0.92	26.70	34.90	37.48	0.00
Business by Geography	54,909	6.19	26.37	28.59	38.85	0.00
Farms by Geography	621	3.22	32.85	25.12	38.81	0.00
Family Distribution by Income Level	167,276	22.11	17.46	18.92	41.51	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	66,179	6.71	42.58	33.73	16.99	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		33,472 41,100 22%	Median Housing Value Unemployment Rate (2000 US Census)		70,141 3.71%	

(\* The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

In 2012, the population of El Paso County was estimated to be 827,398, according to the U.S. Census. As of the 2010 Census, the MSA consisted of 161 CTs, of which, nine were low- and 57 were moderate-income CTs, accounting for approximately 41 percent of the total number of CTs within the MSA. Per the 2010 Census, 36 percent of the

MSA's population resided within LMI CTs. The 2000 Census shows 126 CTs in the AA. Of those eight were low- and 41 were moderate-income CTs, comprising approximately 39 percent of CTs within the MSA. The 2000 Census shows that 35 percent of the MSA's total population resided within LMI CTs.

Economic growth in the El Paso MSA has slowed compared to prior years with an expected 0.2 percent annualized growth rate for 2012. The annual average unemployment rate increased from 9.8 percent in 2010, to 10.4 percent in 2011, and then dropped to 9.3 percent in 2012. The unemployment rate in El Paso exceeds the national rate of 7.8 percent.

El Paso is the second largest conduit for trade along the Mexico-US border after San Diego. Manufacturing is El Paso's most important industry. El Paso has a significant military presence that experienced a material expansion beginning in 2007. The area expects to receive upwards of 50,000 residents as part of the direct and indirect effects of gaining 11,000 troops at the future home of the Army's Future Combat Systems (FCS) group. In that role, El Paso will also host some of the largest defense contractors that are linked to FCS, like Boeing and SAIC. The El Paso housing market will continue to do well due to ongoing expansion at Fort Bliss. It is anticipated that roughly 9,000 people will arrive in El Paso in 2013, because of the expansion.

Manufacturing continues to contract, but at a slower pace, as Maquiladora operations expand and related trade activity increases. Increased border security and the uncertain global outlook continue to pose risks. A scenic setting and access to resorts in the region make El Paso an attractive site for tourism development. In addition to the impact of the expanding Army presence, El Paso's role as a distribution center for the Southwest will help the metro area remain an average performer in the long run.

Top employers in El Paso, after State and Local Governments, include the Fort Bliss Army Base, University of Texas at El Paso, Sierra Providence Health Network, El Paso Community College, Wal-Mart Stores, Inc., University Medical Center, T & T Staff Management LP, Dish Network, Alorica, Texas Tech University Health Sciences Center, RM Personnel, El Paso Electric Company, and Echostar Satellite Corp.

Housing in El Paso County is moderately expensive. According the U.S. Census Bureau's Five-Year American Community Survey (2007-2011), El Paso County's affordability ratio was 2.8, which is 80 percent of the national ratio. However, the National Association of Home Builder's (NAHB) Housing Opportunity Index (HOI) for Fourth Quarter 2012, indicates relatively high housing costs in the county. The HOI for the El Paso MSA was 70.3 based on the Median Family Income in 2012, and the median home sales price of \$128,000 during the fourth quarter 2012. This MSA ranked

195 out of 226 metropolitan areas monitored nationally. The HOI is defined as the share of homes sold in that area that would have been affordable to a family earning the median income. Based on these measures, homeownership opportunities are limited for LMI individuals.

The FDIC Market Share Report as of June 30, 2012, shows 15 commercial banks and three savings institutions in the AA. Local credit unions, pawnshops, and finance companies also provide competition. Wells Fargo Bank has a leading deposit market share of 31.5 percent, followed by competitors JP Morgan Chase and WestStar Bank, with market shares of 17.5 percent and 14.2 percent, respectively. Pioneer ranked 15th with 0.47 percent deposit market share in 2012.

Based on HMDA Market Share reports for 2011 and 2012, the Bank ranked 15th and 18th, respectively, in HMDA loans originated in the El Paso MSA. The highest-ranking banks in terms of market share for 2011 were GECU of El Paso at 15.33 percent, Rocky Mountain Mortgage Company at 11.96 percent, and Wells Fargo at 9.03 percent. Many other banks and mortgage companies have a presence in these counties. In 2011, there were 255 HMDA reporters in the AA and this competition increased to 272 lenders in 2012. A majority of these HMDA reporters do not maintain deposit-taking facilities in the AA, thereby reflecting the high level of competition for residential real estate loans in the area.

A community contact with an organization knowledgeable of the local business conditions was performed by another regulatory agency. The contact noted that low-cost business banking services were a significant benefit to the truly small businesses that operate in the area. The contact also identified a need for more finance- and credit-related counseling and training for small business owners.

## **SCOPE OF EVALUATION IN TEXAS**

We conducted a full-scope review of Pioneer's performance in the El Paso MSA under the lending test and the CD test.

For the loan distributions criteria under the lending test, we analyzed all residential mortgages reported under HMDA between January 1, 2010, and December 31, 2012.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS**

The Bank's lending performance and CD performance for the El Paso MSA is rated Satisfactory.

## LENDING TEST

The Bank’s performance under the Lending Test in the State of Texas is rated Satisfactory. The following factors contributed to the rating.

- Pioneer’s lending reflects reasonable penetration of borrowers of different incomes. Both home purchase and home refinance had reasonable performance.
- The distribution of loans to lower-income borrowers may be below demographic comparators; however, the overall conclusion considers Pioneer’s performance relative to HMDA Aggregate lenders in the AA and its market share performance in the AA.
- Small business lending is not a primary loan product of the Bank. As such, we did not evaluate the Bank’s small business lending.

Table 3 below shows the distribution of home mortgage loans to borrowers of different income levels by mortgage loan product.

<b>Table 3 - Borrower Distribution of Residential Real Estate Loans in El Paso MSA</b>										
Borrower Income Level	Low			Moderate			Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans		% of AA Families	% of Number of Loans		% of AA Families	% of Number of Bank Loans	% of AA Families	% of Number of Bank Loans
		Bank	HMDA Agg		Bank	HMDA Agg				
Home Purchase										
2010-2011	22.1%	0.4%	2.0%	17.5%	5.4%	12.2%	18.9%	25.6%	41.5%	68.6%
2012	23.6%	2.9%	2.6%	17.0%	8.8%	12.9%	17.8%	22.1%	41.6%	66.2%
Home Refinance										
2010-2011	22.1%	0.9%	2.3%	17.5%	3.6%	7.4%	18.9%	24.6%	41.5%	70.9%
2012	23.6%	0.0%	2.6%	17.0%	8.7%	8.0%	17.8%	21.7%	41.6%	69.6%
Home Improvement										
2010-2011	22.1%	0.0%	3.2%	17.5%	0.0%	9.8%	18.9%	0.0%	41.5%	0.0%
<b>2012</b>	<b>23.6%</b>	<b>0.0%</b>	<b>3.2%</b>	<b>17.0%</b>	<b>0.0%</b>	<b>9.3%</b>	<b>17.8%</b>	<b>0.0%</b>	<b>41.6%</b>	<b>0.0%</b>

Source: HMDA; 2000 and 2010 U.S. Census

Note: 2010-2011 data compared to 2011 HMDA Aggregate; 2012 data compared to 2012 HMDA Aggregate

Pioneer’s percentage of lending for home purchases is significantly below the percentages of LMI families in the AA. The Bank’s home purchase lending amongst

LMI borrowers is significantly below the 2011 HMDA Aggregate. In 2012, the Bank's lending to LMI borrowers improved and exceeded the 2012 HMDA Aggregate for lending to low-income borrowers. In 2011, the Bank's market share of home purchase loans to low-income borrowers (0.9 percent) is below the Bank's overall market share of home purchase loans (1.9 percent) within the AA, and its market share of home purchase loans to moderate-income borrowers (0.8 percent) is also below the overall market share. Although the Bank's market share of home purchase lending to LMI borrowers is below the overall home purchase market share, the market share of lending to LMI borrowers exceeds the deposit market share of 0.47 percent. This comparison reflects a reasonable level of LMI lending relative to deposits from the community.

The Bank's percentage of lending for home refinance is significantly below the percentages of LMI families in the AA. The Bank's home refinance lending to LMI borrowers is also significantly below the 2011 HMDA Aggregate. In 2012, the Bank's lending to moderate-income borrowers improved and exceeded the 2012 HMDA Aggregate. In 2011, Pioneer's market share of home refinance loans to moderate-income borrowers of 0.7 percent is below the overall market share of home refinance lending of 1.1 percent within the AA. The Bank did not make any home refinance loans to low-income borrowers in 2011. Although the Bank's market share of home refinance lending to both LMI borrowers is below its overall home refinance market share, its market share of lending to moderate-income borrowers exceeds its deposit market share of 0.47 percent. This comparison reflects a reasonable level of moderate-income lending relative to deposits from the community.

The Bank only granted two home improvement loans in this AA during the evaluation period. As such, we did not evaluate this loan product in this AA.

### **Geographic Distribution of Loans**

The distribution of the Bank's home mortgage loans within geographies of different income levels is reasonable. The Bank's home purchase lending activity reflects reasonable responsiveness, while home refinance lending reflects weak responsiveness. Given that 69 percent of the Bank's lending in the AA represented home purchase financing, most weight was given to the home purchase performance.

While Pioneer's distribution of loans to LMI geographies may be below demographic comparators, the overall conclusion also considers the Bank's performance relative to HMDA aggregate lenders in the AA and its market share performance in the AA.

Small business lending is not a primary loan product of the Bank. As such, we did not evaluate the Bank’s small business lending.

Table 4 below shows the distribution of home mortgage loans within geographies of different income levels by home mortgage loan product.

Table 4 - Geographic Distribution of Residential Real Estate Loans in El Paso MSA										
Census Tract Income Level	Low			Moderate			Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans		% of AA Owner Occupied Housing	% of Number of Loans		% of AA Owner Occupied Housing	% of Number of Bank Loans	% of AA Owner Occupied Housing	% of Number of Bank Loans
		Bank	HMDA Agg		Bank	HMDA Agg				
Home Purchase										
2010-2011	0.9%	0.0%	0.1%	26.7%	5.0%	9.7%	34.9%	25.2%	37.5%	69.8%
2012	1.7%	0.0%	0.4%	28.4%	16.2%	15.9%	31.6%	33.1%	38.3%	50.7%
Home Refinance										
2010-2011	0.9%	0.0%	0.3%	26.7%	8.0%	9.5%	34.9%	36.6%	37.5%	55.4%
2012	1.7%	0.0%	0.5%	28.4%	5.8%	10.9%	31.6%	37.7%	38.3%	56.5%
Home Improvement										
2010-2011	0.9%	0.0%	0.2%	26.7%	0.0%	16.0%	34.9%	0.0%	37.5%	100.0%
2012	1.7%	0.0%	1.0%	28.4%	0.0%	20.4%	31.6%	0.0%	38.3%	100.0%

Source: HMDA; 2000 and 2010 U.S. Census

Note: 2010-2011 data compared to 2011 HMDA Aggregate; 2012 data compared to 2012 HMDA Aggregate

The Bank did not grant any loans within low-income CTs during the evaluation period. The Bank’s percentage of lending for home purchases is significantly below the percentage of owner-occupied housing in moderate-income CTs. The Bank’s home purchase lending within moderate-income CTs is below the 2011 HMDA Aggregate. In 2012, the Bank’s lending within moderate-income CTs improved and exceeded the 2012 HMDA Aggregate. In 2011, the Bank’s market share of home purchase lending in moderate-income geographies (1.3 percent) is below its overall market share of home purchase lending (1.9 percent) within the AA. Although the Bank’s market share of home purchase lending within LMI borrowers is below its overall home purchase market share, its market share of lending within moderate-income CTs exceeds its deposit market share of 0.47 percent. This comparison reflects a reasonable level of LMI lending relative to deposits from the community.

Pioneer did not grant any loans within the low-income CTs during the evaluation period. Pioneer's percentage of lending for home refinance is significantly below the percentage of owner-occupied housing in moderate-income CTs. Home refinance lending within moderate-income CTs is below the 2011 HMDA Aggregate. In 2011, Pioneer's market share of home refinance lending in moderate-income geographies of 0.6 percent is below the overall market share of home refinance lending of 1.1 percent within the AA.

Pioneer only granted two home improvement loans in this AA during the evaluation period. As such, we did not evaluate this loan product in this AA.

### **Responses to Complaints**

Pioneer had no CRA-related complaints during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

Pioneer's performance under the CD test in Texas is rated Satisfactory.

Pioneer demonstrates good responsiveness to CD needs in the AA. While the Bank remains active in the community, many of the CD activities presented were excluded from our assessment because they did not meet the eligibility criteria of the CRA. The Bank conducts a formal self-assessment of its CD activity annually; however, it does not adequately document the CD needs in its AA and does not maintain sufficient documentary materials about many of the organizations it serves to support the primary purpose of community development.

### **Number and Amount of Community Development Loans**

CD lending demonstrates good responsiveness to the needs in the AA. Since the last CRA examination, Pioneer granted a \$1.8 million CD loan to a church that routinely provides food and clothing to the needy. Relative to deposits, this loan represents a significant commitment to the community.

### **Number and Amount of Qualified Investments**

Pioneer's qualified investments demonstrate excellent responsiveness to the credit needs of the El Paso MSA. Pioneer made \$701,000 in qualified investments. These investments encompass a \$1.0 million investment in a Community Capital Management fund that invests in Mortgage-Backed Securities for mortgages to LMI borrowers. During the evaluation period, the initial \$1.0 million investment resulted in four loans totaling \$701,000 to LMI borrowers in this AA. Pioneer also donates funds to local

community organizations, many of which do not meet the requirements to qualify as CD activities but this financial supports demonstrates a strong commitment to serving and giving back to the communities it services.

### **Extent to Which the Bank Provides Community Development Services**

The Bank demonstrates good responsiveness to the CD service needs in the AA. Employees of Pioneer contributed over 250 hours of service to several organizations since the last examination. The CD services included the provision of managerial skills, technical expertise, financial education, or time dedicated to fundraising efforts. Each employee involved in providing CD services used their financial expertise to benefit the AA.

This qualifying service activity is only a small portion of staff involvement. Although employees at Pioneer are extremely active in their communities, many activities and organizations do not meet the requirements to qualify for CRA and further supporting documentation is needed in order to determine CRA eligibility.

Pioneer's delivery systems for retail services are readily accessible to all segments of the community, including LMI individuals and geographies. As of the 2010 Census, one of the AA branches is located in a moderate-income CT. The Bank offers a variety of services to the community ranging from checking and savings accounts to certificates of deposit and individual retirement accounts. Within its checking and savings account product lines, Pioneer offers low-fee, low-minimum balance deposit accounts. The Bank also offers free checking accounts.

### **Responsiveness to Community Development Needs**

Overall, Pioneer Bank demonstrates good responsiveness to CD needs in the AA. Pioneer could be more responsive to the AA through better documentation of CRA needs and by maintaining better documentation of the organizations they serve.