



PUBLIC DISCLOSURE

July 14, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PyraMax Bank, FSB
Charter Number 717954

7001 West Edgerton Avenue
Greenfield, WI 53220-4480

Office of the Comptroller of the Currency

1200 North Mayfair Road
Suite 200
Wauwatosa, WI 53226

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.

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

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Outstanding.

- The loan-to-deposit ratio is more than reasonable given the bank's size, business strategy, and lending capacity.
- The bank originates a substantial majority of loans inside the bank's assessment area.
- The distribution of borrowers reflects excellent penetration among individuals of different income levels.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The bank's community development performance through community development loans, qualified investments, and services demonstrates excellent responsiveness to community development needs in the assessment areas.

Scope of Examination

We evaluated PyraMax Bank's (PyraMax) Community Reinvestment Act (CRA) performance under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through CD lending, qualified investments, and community development services.

The lending test covers PyraMax's performance from January 1, 2012 to December 31, 2013, as this is representative of the bank's lending strategy since the last CRA examination. The evaluation period for the CD test is from January 13, 2011 to July 14, 2014.

PyraMax's primary loan products are residential real estate loans and commercial loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to conducting this evaluation, the HMDA data was tested and found to be reliable. Therefore, reported HMDA data was used for both years in our evaluation of residential real estate lending. To evaluate the bank's commercial lending performance, we selected a sample of commercial loans from bank-generated reports. Additionally, we obtained aggregate HMDA peer group data for the lending test.

Description of Institution

PyraMax is a federally chartered savings bank headquartered in Greenfield, Wisconsin. As of March 31, 2014, total assets are approximately \$429 million. The bank has a total loan portfolio of over \$288 million, representing 67 percent of total assets. PyraMax is primarily a residential real estate lender. Residential real estate loans make up approximately 55 percent of the total loan portfolio. The commercial portfolio makes up nearly 44 percent of the total loan portfolio. The commercial portfolio is primarily comprised of nonfarm nonresidential properties, at \$61 million, followed by \$43 million in loans secured by multifamily residential properties. *Table 1* details the bank's loan portfolio.

Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets*
Residential Real Estate	\$157,348	54.59%	36.66%
Commercial	\$125,698	43.60%	29.28%
Consumer	\$2,031	0.70%	0.47%
Agriculture	\$3,210	1.11%	0.75%
Total	\$288,287	100%	67.16%

*Percentage based on total assets of \$429,250,000

In addition to the bank's main office, PyraMax operates seven full-service branches. The main office is located in a moderate-income census tract (CT) in Greenfield, Wisconsin. The bank has one branch located in a low-income CT in the city of Milwaukee, Wisconsin. The West Allis branch is located in a moderate-income CT. Three branches are located in middle-income CTs in the cities of Mukwonago, South Milwaukee, and Waukesha, Wisconsin. The remaining two branches are in upper-income CTs in the cities of Franklin and Milwaukee, Wisconsin. Each branch offers the same services and, aside from the upper-income CT location in Milwaukee, which is closed Saturdays, the hours of operation do not vary significantly among the eight locations. Seven of the eight bank offices are equipped with drive-up facilities. Automated teller machines (ATMs) are located at all eight locations, as well as at the Italian Community Center in Milwaukee, which is located in an upper-income census tract. Customers may also use the bank's free online banking and mobile banking services to conduct transactions 24 hours a day, seven days a week. PyraMax closed the Muskego branch location during the review period, in April of 2013.

PyraMax offers a range of lending products, investment products, and services that are designed to fit the needs of individuals with different income levels. The bank primarily originates fixed and variable-rate mortgage loans for the purchase, improvement, or refinance of owner-occupied one-to four-family dwellings. In addition to traditional banking products, PyraMax offers residential mortgage loans in cooperation with the Wisconsin Housing and Economic Development Authority (WHEDA). WHEDA works with lenders, developers, and non-profits to provide low-cost, fixed interest rate mortgages for low- and moderate-income individuals and families so that they may purchase their first home. The bank's Build Your Credit Loan is a product designed to

work with the counselors provided by Select Milwaukee, an organization that helps people achieve and maintain homeownership, in anticipation of a future home purchase. Customers build or re-establish their credit with 12 monthly loan installments.

There are no known impediments limiting PyraMax’s ability to help meet the credit needs of its local community, including those of low- and moderate-income families and low- and moderate-income neighborhoods. The bank was rated Satisfactory at the last CRA examination dated January 13, 2011.

Description of Assessment Area

PyraMax’s single AA consists of Milwaukee and Waukesha Counties and contains census tracts only within the Milwaukee-Waukesha-West Allis Metropolitan Statistical Area (MSA), or the 33340 MSA. The number of census tracts within the bank’s AA represents 89.10 percent of the total number of census tracts in the 33340 MSA. Given PyraMax’s asset size, available resources, and limited branch locations, the designation for the entire 33340 MSA as the assessment area would be too large for the bank to reasonably serve. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

According to 2010 census data, the AA consists of 383 CTs: 86 (22.45 percent) are low-income; 76 (19.84 percent) are moderate-income; 124 (32.38 percent) are middle-income; and 96 (25.07 percent) are upper-income. One CT (0.26 percent) does not have an income designation.

The total population of the AA is 1,337,626. The average median family income is \$69,749, and the U.S. Department of Housing and Urban Development (HUD) 2013 updated MSA median family income is \$70,200. The percentage of families below the poverty level is 10.90 percent. Owner-occupied units comprise 55.70 percent of total housing units. Based on 2013 business demographic data, the total number of businesses with reported revenues in the assessment area is 86,564. Of these businesses, 60,860 (70 percent) had gross revenues of \$1 million or less, 5,946 (7 percent) had gross revenues of over \$1 million, and 19,758 (23 percent) had revenues not reported. The April 2014 unemployment rate for Milwaukee County was 7 percent, while the April 2014 unemployment rate for Waukesha County was 5 percent. The state unemployment rate at this time was 5.9 percent.

Demographic Data	2010 Census
Population	1,337,626
Total Families	328,351
One-to Four-Family Units	442,919
Multi-family Units	128,526
% Owner-Occupied Units	55.70%
% Occupied Rental Units	36.61%
% Vacant Housing Units	7.69%
HUD Estimated Median Family Income, 2013	\$70,200

Other financial institutions provide strong competition throughout Milwaukee and Waukesha Counties. The bank's competitors include large national banks, multi-state banks, and credit unions. There are 47 other institutions serving the needs of the counties. As of June 30, 2013, the bank has over \$339 million in deposits and ranks 19th, with a deposit market share of 0.66 percent.

Milwaukee's economy is similar to many Midwest-region markets in that recovery ahead of broader national trends has turned to slow, almost steady-state growth over the past few years. Traditionally a manufacturing-heavy economy, Milwaukee has been successful in diversifying its core industries. The local area boasts large concentrations in education, healthcare, business services, and finance, as well as several major corporate headquarters. A more rapidly improving U.S. economy remains necessary in order for Milwaukee to see local conditions advance further.

During this evaluation, we contacted a representative from the City of Milwaukee. The representative indicated that local financial institutions, including PyraMax, are satisfactorily meeting credit needs within the community. However, there continues to be an underlying need for additional extension of credit to low- and moderate-income individuals, primarily for housing purposes. Foreclosures have resulted in significant costs for Milwaukee homeowners, and neighborhood stabilization programs are needed. A current priority in the City of Milwaukee is access to mortgage products that allow for substantial rehabilitation required by homeowner purchasers of foreclosed homes.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusion with Respect to Lending Test

PyraMax's lending meets the standards for outstanding performance. The loan-to-deposit ratio is more than reasonable given the bank's size, business strategy, and lending capacity. The majority of loans are originated inside the bank's assessment area. The distribution of borrowers reflects excellent penetration among individuals of different income levels. The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank received no written complaints concerning its CRA performance during the review period.

Loan-to-Deposit Ratio

Given the bank's size, financial condition, and credit needs of the community, PyraMax's loan-to-deposit (LTD) ratio is more than reasonable at 79.61 percent. The LTD calculation is an average of all quarter-end LTD ratios since the last CRA exam on January 13, 2011.

The bank’s ratio ranks fourth in a group of five similarly situated financial institutions. We reviewed LTD ratios of five financial institutions with total assets between \$250 million and \$750 million located in Milwaukee and Waukesha Counties. Among the group of five, quarterly average LTD ratios range from 73.98 percent to 102.84 percent.

PyraMax’s asset size, resources, capacity to lend in the competitive environment in which the bank operates, and lending strategy were taken into consideration when determining that the bank’s LTD ratio is reasonable.

Lending in Assessment Area

PyraMax Bank originates a substantial majority of its loans to borrowers inside the AA. The bank granted 2,892HMDA-reportable loans totaling \$433.7million during the review period. We selected a random sample of business loans from bank-generated reports that includes 33 loans totaling \$12.15 million. Our analysis showed 82.15 percent of loans by number and 78.94 percent by dollar were originated inside of the AA.

Type of Loan	Number of Loans					Dollars of Loans (\$000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RE – Home Purchase	377	80.90%	89	19.10%	466	\$60,382	77.02%	\$17,830	22.80%	\$78,212
RE – Home Refinance	1,971	82.23%	426	17.77%	2,397	\$280,915	79.19%	\$73,819	20.81%	\$354,734
RE – Home Improvement	25	86.21%	4	13.79%	29	\$556	77.01%	\$166	22.99%	\$722
Commercial Loans	30	90.91%	3	9.09%	33	\$10,081	82.96%	\$2,070	17.04%	\$12,151
Total	2,403	82.15%	522	17.85%	2,925	\$351,934	78.94%	\$93,885	21.06 %	\$445,819

Source: 2012 and 2013 HMDA data and 2012 and 2013 random sample of bank loan files.

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

The borrower distribution is excellent among individuals of different income levels. Home mortgage loans to low- and moderate-income individuals originated by PyraMax, by number and amount, exceed 2012 aggregate HMDA data. As detailed in *Table 4*, PyraMax originated 9.69 percent of its HMDA-reportable loans to low-income borrowers and 19.68 percent of its loans to moderate-income borrowers. This slightly exceeds peer aggregate lending, which shows 5.88 percent of loans made to low-income borrowers and 15.88 percent of loans made to moderate-income borrowers.

PyraMax has 50 loans, or 2.11 percent of originations, reported on the HMDA LAR as income not available. It is difficult to appropriately assess and determine if these loans

were made to low- or moderate-income borrowers. These loans are reported in the following table as “Income NA”.

Borrower Income Level	2012		2013		Review Period 1/1/2012 – 12/31/2013		Aggregate 2012
	#	%	#	%	#	%	% by #
By Number							
Low	125	8.98%	105	10.70%	230	9.69%	5.88%
Moderate	275	19.76%	192	19.57%	467	19.68%	15.88%
Middle	397	28.52%	244	24.87%	641	27.01%	22.98%
Upper	574	41.23%	411	41.90%	985	41.51%	48.17%
Income NA	21	1.51%	29	2.96%	50	2.11%	7.09%
Total	1,392	100%	981	100%	2,373	100%	100%
By \$ Amount							
Low	\$9,039	4.47%	\$7,492	5.37%	\$16,531	4.84%	2.64%
Moderate	\$28,408	14.05%	\$19,546	14.00%	\$47,954	14.03%	10.33%
Middle	\$53,631	26.52%	\$29,150	20.88%	\$82,781	24.22%	18.72%
Upper	\$108,995	53.89%	\$73,140	52.38%	\$182,135	53.27%	58.60%
Income NA	\$2,159	1.07%	\$10,293	7.37%	\$12,452	3.64%	9.71%
Total	\$202,232	100%	\$ 139,621	100%	\$341,853	100%	100%

Source: 2012 and 2013 HMDA data and 2012 Peer Mortgage Data (Aggregate).

A review was also conducted to determine the reasonableness of the bank’s lending to businesses of different sizes within the AA, in particular its level of lending to small businesses. According to the definition contained in the CRA regulation, small businesses are defined as businesses having annual gross revenues of \$1 million or less.

Based on a random sample of business loans from bank-generated reports, the borrower distribution of loans to small businesses within the AA is reasonable. As detailed below in *Table 5*, the bank originated 46.67percent of loans by number and 21.21percent by dollar to businesses with revenues less than \$1 million. The is less than the 70.31 percent of assessment area business but still viewed as reasonable.

Business Revenues (or Sales)	<=\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	70.31%	6.87%	22.82%	100%
% of Bank Loans in AA by #	46.67%	53.33%	0.00%	100%
% of Bank Loans in AA by \$	21.21%	78.79%	0.00%	100%

Source: 2012 and 2013 random sample of bank loan files and U.S. Census Demographic Data.

Additionally, as detailed in *Table 6*, 29 loans, or 96.67 percent of the number and 78.27 percent of the dollar value, were small business loans. An excellent number of small business loans originated by the bank during the review period were in amounts of \$1,000,000 or less. This demonstrates PyraMax’s willingness to grant small business loans in small loan amounts, which is viewed favorably under CRA.

Table 6 – Borrower Distribution of Loans to Businesses in the Assessment Area By Loan Size				
Loan Size	Number of loans	Percent of Number	Dollar Volume of Loans	% of Dollars
\$100,000 or Less	12	40.00%	\$481,523	4.78%
Greater than \$100,000 up to \$250,000	6	20.00%	\$1,160,402	11.51%
Greater than \$250,000 up to \$500,000	7	23.34%	\$2,876,740	28.54%
Greater than \$500,000 up to \$1 million	4	13.33%	\$3,371,306	33.44%
Greater than \$1 million	1	3.33%	\$2,191,285	21.73%
Total	30	100%	\$10,081,256	100%

Source: 2012 and 2013 random sample of bank loan files.

Overall, PyraMax's borrower income distribution of loans is excellent, as lending to low- and moderate-income borrowers is significantly above HMDA aggregate data. In addition, the number and volume of small business loans to businesses of different sizes is excellent.

Geographic Distribution of Loans

A review was performed to determine the reasonableness of the bank's geographic distribution of HMDA loans within the AA, particularly PyraMax's lending in low- and moderate-income areas. PyraMax has an excellent geographic distribution of loans throughout the AA.

During the review period, PyraMax originated 2.70 percent of its loans in low-income CTs and 9.52 percent of its loans in moderate-income CTs. Loans originated by PyraMax within low-income census tracts during the review period exceed 2012 aggregate HMDA data for number of loans, but the dollar amount is slightly less than the aggregate. Loans originated in the review period, by number and amount, significantly exceed 2012 aggregate HMDA data for lenders making loans within moderate-income census tracts within the AA. *Table 7* below details PyraMax's distribution of loans by geography income level.

Table 7 - Distribution of Residential Mortgage Loans By Geography Income Level in the Assessment Area (\$000's)							
Geography Income Level	2012		2013		Review Period 1/1/2012– 12/31/2013		Aggregate 2012
	By Number	#	%	#	%	#	%
Low	35	2.51%	29	2.96%	64	2.70%	2.19%
Moderate	121	8.69%	105	10.70%	226	9.52%	7.47%
Middle	526	37.79%	416	42.41%	942	39.70%	30.03%
Upper	710	51.01%	431	43.93%	1,141	48.08%	60.31%
Total	1,392	100%	981	100%	2,373	100%	100%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Low	\$2,229	1.10%	\$1,587	1.14%	\$3,816	1.12%	1.63%
Moderate	\$11,407	5.64%	\$10,031	7.18%	\$21,438	6.27%	4.57%
Middle	\$61,733	30.53%	\$49,423	35.40%	\$111,156	32.52%	23.29%
Upper	\$126,863	62.73%	\$78,580	56.28%	\$205,443	60.09%	70.51%
Total	\$202,232	100%	\$139,621	100%	\$341,853	100%	100%

Source: 2012 and 2013 HMDA data and 2012 Peer Mortgage Data (Aggregate).

A review was also conducted to determine the reasonableness of the bank’s geographic distribution of business loans within the AA, in particular its distribution of loans in low- and moderate-income areas. The geographic distribution of business loans is excellent throughout the bank’s AA. PyraMax’s percentage of small business loans granted throughout the 162 LMI CTs within the AA is excellent. Although no loans were granted in low-income census tracts, 26.67 percent of the business loan sample was in moderate-income CTs, significantly above peer at 12.21 percent.

Table 8 details the number and percentage of small business loans granted by PyraMax by the income level of the CT as compared to aggregate lending levels for small business loans in the AA.

Table 8 – Business Loan Activity By Geography Income Level in the Assessment Area (\$000's)			
Type of Census Tract	Number of Loans	Percentage of Loans	2012 Business Aggregate
Low-Income	0	0%	6.98%
Moderate-Income	8	26.67%	12.21%
Middle-Income	12	40.00%	35.39%
Upper-Income	10	33.33%	45.40%
Total	30	100%	100% *

* 0.02% of 2012 Business Aggregate was reported as NA
Source: 2012 and 2013 HMDA data and 2012 Peer Mortgage Data (Aggregate).

Overall, PyraMax has an excellent record of mortgage lending among geographies of different income levels within its AA. Lending to low- and moderate-income areas generally exceeds comparative aggregates. In addition, PyraMax has an excellent record of business lending in the AA, as lending in the moderate-income census tracts was substantially greater than other regulated lenders in the assessment area.

Responses to Complaints

The bank has not received any CRA-related complaints since the last examination.

COMMUNITY DEVELOPMENT TEST

PyraMax is engaged in a number of community development activities within the assessment area, meeting the standards for outstanding performance under the community development test. Investments, loans, and contributions for qualified community development activities totaled over \$20.5 million, or 4.79 percent of total assets. This is considered an excellent commitment of dollars towards community development activities, meeting the standards for outstanding performance.

Number and Amount of Community Development Loans

PyraMax has an excellent level of community development loans. During the review period, PyraMax made or participated in loans totaling \$19 million. All loans benefited the bank's assessment area and met the definition of community development.

PyraMax granted 25 loans totaling \$13,273,319 during the evaluation period. While not an all-inclusive list, below is a summary of several community development loans.

- In 2012 and 2013, the bank renewed a loan and a line of credit granted to a nonprofit organization located in the City of Milwaukee. Over the period, the loan renewed for \$3.5 million and the line of credit renewed for \$1 million. This organization holds seminars and job fairs that help underemployed low-income individuals. They also conduct seminars that provide networking for small businesses and provide information regarding Small Business Administration financing.
- In 2012 and 2013, the bank renewed two lines of credit totaling \$4 million to a nonprofit organization. This nonprofit organization provides needed services to children, employment assistance to low-income individuals, and affordable housing to low-income seniors and the disabled. This organization has an emphasis on the Hispanic population.
- In 2012, the bank refinanced three loans to an LLC totaling \$2.7 million. These loans funded multi-family housing buildings located in the City of Milwaukee and provided affordable housing in a moderate-income CT. Section 8 housing vouchers subsidize these affordable housing units.
- In addition to the community development loans listed above, the bank granted smaller community development loans totaling \$2 million to nonprofit agencies, health care providers, and community organizations. These funds supported low- and moderate-income individuals, affordable housing, abuse shelters, inner city youth programs, and social services programs.

During 2011 and 2012, PyraMax funded \$335,440 for an Affordable Housing Project in partnership with the City of Milwaukee and the Federal Home Loan Bank of Chicago.

Funds were used to remodel a subsidized senior housing complex that is owned and operated by the Housing Authority of the City of Milwaukee. The complex is located in a moderate-income CT. The remodel provided quality, affordable, and accessible housing for 201 low-income seniors and supported the city's overall neighborhood revitalization efforts in this neighborhood.

The Wisconsin Housing and Economic Development Authority (WHEDA) FHA loan product features a low-cost, 30-year fixed interest rate and allows for a lower down payment than conventional mortgage programs. This program primarily benefits low- and moderate-income borrowers. Under this program, during the review period, the bank financed loans totaling \$4.93 million. PyraMax has developed a strong partnership with WHEDA. In 2013, PyraMax alone provided over 36 percent of all loans WHEDA closed in Milwaukee County.

In 2013, PyraMax originated 34 *credit builder* loans in amounts of \$1,500 or less, totaling \$32,900. These loans are secured by a certificate of deposit and allow customers to build or re-establish their credit with 12 monthly loan installments. The bank's Build Your Credit Loan is a product designed to work in unison with the counseling provided by Select Milwaukee, an organization that helps people achieve and maintain homeownership, in anticipation of a future home purchase.

As of March 31, 2014, PyraMax originated 16 Small Business Administration (SBA) loans with a balance of over \$1 million. SBA loans are available in the assessment area for businesses that may not qualify for conventional loan terms. These loans would have already been reported under the small business lending test.

PyraMax's performance in this area, with consideration given to available opportunities, reflects excellent responsiveness to the communities' needs.

Number and Amount of Qualified Investments

The level of qualified community development investments is excellent, totaling \$2 million during the review period.

During the review period, PyraMax gave nearly \$74,000 to an organization that helps people achieve and maintain homeownership, while strengthening neighborhoods and communities. PyraMax gave \$14,050 to an organization that assists families in reclaiming vandalized and foreclosed properties for owner-occupancy in the City of Milwaukee. Contributions in the amount of \$15,130 were made to a program that assists low-income individuals in Milwaukee with postsecondary education and home ownership opportunities.

Other investments and contributions that PyraMax provided during the review period totaled \$96,680. These contributions went to a range of organizations and causes that focus on homeownership, financial literacy, social services, job skills training for low-

and moderate-income individuals, small business development, affordable housing, and other qualified economic development initiatives.

The bank also provided \$1,791,474 in grants for first-time homebuyers under WHEDA homeownership programs geared toward LMI individuals.

Extent to Which the Bank Provides Community Development Services

PyraMax demonstrates an excellent level of community development services through its branches, products, and activities with local organizations that support many activities directly benefiting low- and moderate-income populations. PyraMax provides affordable banking services in its assessment area. The bank's main office is located in a moderate-income CT. The bank offers a full range of consumer and commercial banking products and services at all of its branches. In addition to its full service branches and ATM locations, the bank also offers internet banking for added accessibility to products.

A full-time Community Development Manager and Senior Loan Officer manages the bank's community development programs and outreach efforts and has served on WHEDA's Lender Advisory Board since 2010.

PyraMax officers and employees are active in 10 community organizations that provide qualified community development services. These bank officers and employees provide their financial expertise as representatives of the bank, serving as committee and board members, and in one case as treasurer, of these various community organizations.

PyraMax employees have been involved in a number of financial literacy and first-time homebuyer initiatives. Employees have educated individuals on financial literacy topics including budgeting and financing, managing checking accounts and credit, and home purchase financing. Employees have also participated in career coaching and job shadowing initiatives.

Responsiveness to Community Development Needs

Given available opportunities, the bank's performance in meeting community development needs reflects excellent responsiveness to the needs of its communities.

Fair Lending or Other Illegal Credit Practices Review

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

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