



## PUBLIC DISCLOSURE

March 4, 2019

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pioneer Trust Bank, National Association  
Charter Number 21060

109 Commercial Street NE,  
Salem, OR 97301

Office of the Comptroller of the Currency

101 Stewart Street, Suite 1010  
Seattle, WA 98101

**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, and should not 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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## Overall CRA Rating

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

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

The major factors supporting the institution's rating include the following:

- A substantial majority of Pioneer Trust Bank's (PTB) business loan originations during the evaluation period are within the bank's assessment area (AA).
- PTB's loan-to-deposit (LTD) ratio is reasonable at 78.8 percent for the 11 quarters ending December 31, 2018.
- The distribution of loans to businesses of different sizes reflects reasonable penetration among businesses of different sizes in the bank's AA.
- The geographic distribution of business loans reflects excellent dispersion throughout the AA.
- PTB's responsiveness through community development (CD) lending, investments, and services is adequate.
- There have been no consumer complaints regarding PTB's Community Reinvestment Act (CRA) performance during the evaluation period.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

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

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

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## **Description of Institution**

Pioneer Trust Bank, National Association (PTB) is a local community bank headquartered in Salem, Oregon. PTB operates two banking locations in Salem, and both have deposit-taking ATMs onsite. There are no additional ATMs operated by the bank. There have been no new or closed branches since our prior examination.

PTB is entirely owned by a holding company, PTB Corporation. PTB Corporation is also based out of Salem, Oregon. PTB has no affiliates or subsidiaries.

Management and the board have designated a single AA consisting of 45 contiguous census tracts (CTs). The Pioneer AA currently consists of 2 low-income CTs, 11 moderate-income CTs, 18 middle-income CTs, and 14 upper-income CTs. The tracts include the city of Salem, Oregon, and are located in Marion and Polk counties. Salem is the second largest city in the state after Portland, and this AA represents a portion of the Salem Metropolitan Statistical Area (MSA). PTB has two banking locations in Salem, one of which is close to the Polk County line.

Based on call report data as of December 31, 2018, PTB reported \$501.4 million in total assets and \$63.4 million in tier 1 capital. Loans make up the majority of assets, with loans comprising 73.5 percent of total assets for 2018. Business loans, which include commercial real estate loans, commercial and industrial loans, and construction and land development loans, comprise about 77.5 percent of the loan portfolio; 20.1 percent of the portfolio is in residential and consumer loans, and the remainder is in agricultural and other loans.

PTB's CRA performance was rated "satisfactory" as of April 4, 2016. There were no legal, financial, or other barriers present during the evaluation period that would impede the bank's ability to meet the credit needs of its AA.

Refer to the community profile in Appendix C for detailed demographics and other performance context information for the AA.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated PTB using Intermediate Small Bank CRA Examination Procedures based on the bank's total asset size. These procedures include a lending test and CD test. We assessed the bank's lending performance based on a sample of loans originated from April 1, 2016 to December 31, 2018. Through the lending test, we evaluated the bank's record of meeting the credit needs of its AA through its lending activities. We assessed the bank's CD performance based on activities between April 4, 2016 and December 31, 2018. Through the CD test, we evaluated the bank's responsiveness to CD needs in its AA through qualifying lending, investment, and service activities.



Our evaluation focused on the bank’s primary product line, which is business-purpose loans. Our loan sample population included 50 business purpose loans originated during the evaluation period. We did not assess residential, consumer, or agricultural credit products during our review as these are not primary products of the bank. Because of U.S. Census updates applicable to analysis in 2017 and later, we assessed 2016 loan data separately from 2017 and 2018 loan data.

The table below shows a lending summary for PTB using quarterly data from June 30, 2016 through December 30, 2018.

<b>Loan Types Originated - Evaluation Period</b>	<b>% by Dollars of Loans</b>	<b>% by Number of Loans</b>
<b>Business Loans</b>	<b>80.7%</b>	<b>76.1%</b>
Residential Real Estate Loans	13.5%	14.2%
Consumer Loans	3.2%	7.4%
Farm Loans	2.6%	2.4%
Total	100.0%	100.0%

*Source: Bank Loan Records*

## **Data Integrity**

Based on its asset size, PTB is not required to report small business loan data under the Community Reinvestment Act. We derived all of the bank information used in our analysis from source documents (e.g., loan files).

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

We performed a full-scope review of PTB’s single AA.

## **Ratings**

The bank’s overall rating is based primarily on those areas that received full-scope reviews. We completed a full-scope review for the bank’s single AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Pioneer Trust Bank's performance is satisfactory for CRA under the lending test. This assessment is made based on the LTD ratio, lending in AA, and the distribution of loans to business loan borrowers.

#### Loan-to-Deposit Ratio

PTB's LTD ratio is reasonable given the bank's size and financial condition, and in comparison to other similarly situated financial institutions in the area. PTB's average LTD is 78.8 percent. The bank's high LTD was 84.5 percent and the low was 74.2 percent. The quarterly average of four other financial institutions in the area over the same period ranged from a low of 61.9 percent to a high of 96.7 percent, with an average LTD ratio of 80.3 percent. The total assets of similar banks were between \$241.1 million and \$771.8 million. The average LTD ratios were computed by averaging the last 11 quarters (June 2016 to December 2018).

#### Lending in Assessment Area

A substantial majority of loans originated by PTB were within the AA. Our sample consisted of 50 total loans, with 41 (82 percent) within the AA. This equated to approximately \$15.6 million (72.1 percent) by dollar value. The preceding tables include detailed information on our sampling of commercial loans.

<b>Table D - Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans (Sample)</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>Commercial Loans</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
<b>Total</b>	<b>41</b>	<b>82</b>	<b>9</b>	<b>18</b>	<b>50</b>	<b>15,630</b>	<b>72.1</b>	<b>6,038</b>	<b>27.9</b>	<b>21,668</b>

*Source: PTB Loan Sample  
Due to rounding, totals may not equal 100.0*

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

The bank's distribution of loans to businesses of different sizes reflects reasonable penetration. Refer to Table R in appendix C for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases.

The distribution of loans to businesses of different sizes is reasonable for 2016. By number, the percentage of bank loans benefiting small businesses (gross annual revenues less than \$1 million) was 71.4 percent, which is within a reasonable range of

demographic comparator ratios, i.e. the percentage of businesses with gross annual revenues of \$1 million or less (85.8 percent), as well as the peer aggregate lending ratio (39.3 percent).

The overall distribution of loans to businesses of different sizes is reasonable for 2017 through 2018. By number, the percentage of bank loans benefiting small businesses was 60 percent, which is within a reasonable range of demographic comparator ratios, i.e. the percentage of businesses with gross annual revenues \$1 million or less (85.7 percent), as well as the peer aggregate lending ratio (54.1 percent).

### **Geographic Distribution of Loans**

The geographic distribution of business loans reflects overall excellent dispersion. We placed the most weight on performance in moderate-income tracts, as the AA had more moderate-income tracts during the review period. Refer to Table Q in appendix C for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

In 2016, the geographic distribution of loans in moderate-income tracts is excellent. During 2016, the AA did not include any low-income CTs. The percentage of loans originated by the bank in moderate-income tracts (33.3 percent) is above both the percentage of businesses in moderate-income tracts (20.9 percent), as well as the peer aggregate lending ratio (23.0 percent).

In 2017 and 2018, the geographic distribution of loans in low-income tracts is reasonable, and the distribution of loans in moderate-income tracts is excellent. The percentage of loans the bank originated in low-income tracts (5 percent), is above both the percentage of businesses in low-income tracts (2.7 percent), and slightly above the overall peer aggregate lending ratio (4.6 percent). The percentage of loans the bank originated in moderate-income geographies (50 percent) is well above both the percentage of businesses in moderate-income tracts (22.5 percent), as well as the peer aggregate lending ratio (23.5 percent).

### **Responses to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

PTB's performance under the CD test demonstrates adequate responsiveness to the CD needs of its AA considering performance context, as well as needs and opportunities within the AA.

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

The bank's CD lending exhibits adequate responsiveness to the CD credit needs of the bank's AA.

The bank originated ten qualifying CD loans in the bank's AA during the evaluation period, totaling \$4.1 million. These ten loans benefitted six different organizations or entities. The organizations either met threshold criteria to be considered CD organizations, or loan funds provided to the entities were used for qualifying CD purposes. The bulk of the bank's CD loans facilitated CD services such as affordable housing (an identified need based on community contacts), basic human needs, and medical care to low-income persons in the Salem area. A few examples are:

- An operating line of credit to an organization that provides training services for disabled persons,
- A land purchase benefitting an organization that serves the homeless and high-risk families,
- A property purchase benefitting an organization that provides educational services for LMI students, and
- A loan to an organization that rehabilitates and constructs housing affordable for LMI individuals and families.

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

PTB's CD investments demonstrate adequate responsiveness, and provide needed support to LMI individuals in the bank's AA.

Management made numerous qualifying CD donations totaling \$243.7 thousand to 32 organizations during the evaluation period. About one third of these donations were provided in the form of interest paid on Interest on Lawyer Trust Accounts (IOLTA) in excess of current market interest rates. These funds were provided to a foundation whose purpose is to support free or reduced-cost legal services to low-income persons involving issues such as access to healthcare, affordable housing, domestic violence, employment, and income maintenance. Other organizations benefiting from bank donations provide various services to LMI individuals, including emergency services, services to provide for low-income children and foster children, meals/food pantry support, healthcare, supporting those with special needs, mentorship, housing/services to abused individuals, and literacy and education services.

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

The bank's level of CD services demonstrates adequate responsiveness to the needs within its AA.

The distribution of the bank's branches and service delivery systems is reasonable and accessible to individuals of different income levels within the AA. In addition to the main banking facility, PTB operates one branch. Both banking facilities are located centrally in Salem, about one mile apart, and each provides an automated teller machine (ATM) that accepts deposits. While both bank locations are in the same upper-income tract, that tract borders several moderate-income tracts. PTB also offers mobile banking, telephone banking, and online banking, including bill pay services. In addition, PTB partners with MoneyPass to provide customers with surcharge-free ATM access nationwide.

Bank records indicate that employees and senior management have volunteered approximately 842 hours of their time and expertise in fulfilling leadership roles in organizations within the AA that address the needs of low- and moderate-income persons. A few examples are highlighted below:

- Several bank employees provided their banking expertise in support of community outreach programs that provide basic necessities to LMI individuals and families.
- A member of management served as the President and sat on the board for an organization that provides healthcare to uninsured/underinsured individuals, who are typically of a lower socioeconomic status.
- A member of senior management provided financial and professional guidance to incarcerated individuals.
- A member of senior management served as the Board Treasurer, as well as on the Grants Committee of a foundation that provides financial support to organizations that offer free or reduced-fee legal services for low- and moderate-income persons to resolve issues such as domestic violence, the need for affordable housing, and income maintenance. The foundation also financially supports organizations that provide CD services such as assisting homeless persons with legal matters and obtaining a variety of government benefits, as well as providing education to low- and moderate-income persons on the legal responsibilities and rights involved with consumer credit.
- A member of management participates with the city to address homelessness in the downtown area, with a focus of preserving the rights of homeless individuals.

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

PTB's CD loans, investments, and services demonstrate overall adequate responsiveness to the CD needs and opportunities in its AA. PTB is one of the primary lenders and depository banks in the area, and the management team shows dedication to the local community, both financially through loans and investments, as well as through the contribution of time and expertise in their service activities. We also noted that the bank increased CD activities since the prior evaluation period.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (04/01/2016 to 12/31/2018) CD Test: (04/04/2016 to 12/31/2018)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Pioneer Trust Bank, National Association Salem, Oregon	Business Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Pioneer AA	Full-Scope	45 CTs in the Salem OR MSA Counties: Marion and Polk

## Appendix B: Community Profiles for Full-Scope Areas

Table A – Demographic Information of the Assessment Area						
Assessment Area: Pioneer AA (2016)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	45	0.0	26.7	46.7	26.7	0.0
Population by Geography	253,138	0.0	28.1	43.7	28.2	0.0
Housing Units by Geography	97,769	0.0	27.0	43.3	29.7	0.0
Owner-Occupied Units by Geography	55,842	0.0	16.2	46.5	37.2	0.0
Occupied Rental Units by Geography	36,995	0.0	41.7	38.8	19.4	0.0
Vacant Units by Geography	4,932	0.0	37.3	40.1	22.6	0.0
Businesses by Geography	17,275	0.0	28.1	45.0	26.9	0.0
Farms by Geography	730	0.0	15.8	50.1	34.1	0.0
Family Distribution by Income Level	62,244	20.4	18.8	20.4	40.4	0.0
Household Distribution by Income Level	92,837	22.6	17.4	18.8	41.3	0.0
Median Family Income MSA - 41420 Salem, OR MSA		\$56,016	Median Housing Value			\$211,142
			Median Gross Rent			\$739
			Families Below Poverty Level			12.1%
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

*Continued on the next page.*



**Table A – Demographic Information of the Assessment Area**

**Assessment Area: Pioneer AA (2018)**

<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	45	4.4	24.4	40.0	31.1	0.0
Population by Geography	260,203	3.9	26.9	35.8	33.4	0.0
Housing Units by Geography	99,416	3.7	25.3	35.3	35.7	0.0
Owner-Occupied Units by Geography	53,589	1.6	17.5	39.3	41.7	0.0
Occupied Rental Units by Geography	39,933	6.2	34.4	31.5	27.9	0.0
Vacant Units by Geography	5,894	5.6	34.8	25.5	34.1	0.0
Businesses by Geography	18,143	3.9	26.1	30.9	39.1	0.0
Farms by Geography	785	2.9	16.1	33.1	47.9	0.0
Family Distribution by Income Level	63,283	21.9	17.7	19.5	40.9	0.0
Household Distribution by Income Level	93,522	22.8	17.4	18.9	41.0	0.0
Median Family Income MSA - 41420 Salem, OR MSA		\$58,033	Median Housing Value			\$191,194
			Median Gross Rent			\$808
			Families Below Poverty Level			13.5%

*Source: 2015 ACS Census and 2018 D&B Data*

*Due to rounding, totals may not equal 100.0*

*(\*) The NA category consists of geographies that have not been assigned an income classification.*

The Pioneer AA includes 45 CTs in and around Salem, Oregon. Salem is located in the center of the Willamette Valley alongside the Willamette River, which runs north through the city. The river forms the boundary between Marion and Polk counties; West Salem is in Polk County. The bank operates one branch in addition to the main banking facility, both of which are in Salem. A portion of Polk County is included in the AA given the location of the bank’s primary banking facility near the county line; however, the rural sections of both counties are excluded because the bank cannot reasonably serve them, and there is limited business loan opportunity in those tracts.

Competition from other financial institutions is significant. According to the FDIC Insured Institutions Deposit Market Share Report (as of June 30, 2018), 15 financial institutions have a presence in the AA, with 84 offices throughout Marion and Polk counties. FDIC market share data as of June 30, 2018 indicates PTB ranks fifth in deposit market share. PTB’s deposits in Marion and Polk counties total \$435.2 million, which equates to a 7.3 percent market share. Primary competitors for deposit market share in PTB’s AA include Wells Fargo Bank, N.A. with 20.2 percent market share; U.S. Bank N.A. with 19.4 percent market share; Columbia State Bank with 13.4 percent market share; and JPMorgan Chase Bank, N.A. with 11.7 percent market share.

Business demographic data for 2017 shows 17,739 non-farm businesses in the AA, of which 85.0 percent have gross annual revenues of \$1 million or less, 4.5 percent have gross annual revenues over \$1 million, and 10.4 percent did not report revenues. Although the majority of non-farm businesses were small businesses that had revenues of \$1 million or less, 80.9

percent of these small businesses had gross revenues of \$500 thousand or less, and 70.3 percent had four or fewer employees.

Salem is the state capital of Oregon, and state government is a major employer in the area. Moody's Analytics (Moody's) indicates that primary economic drivers include Salem's position as the state capital, as well as agriculture in the region. The business cycle has been in an expansion phase, and is now in late expansion. Proximity to Portland continues to support local growth drivers. Moody's reports that unemployment in Salem has steadily declined since 2015. Weaknesses for the area include exposure to the state budget deficit, low educational attainment of the workforce, and hollowing-out of mid-wage jobs. In the long run, Moody's predicts that the combination of population growth and low business and living costs will help keep Salem an average performer in job and income growth.

Unemployment rates have declined over the evaluation period. According to public data published by the Bureau of Labor Statistics, the unemployment rate in Salem declined from 5 percent in 2016, to 4.4 percent in 2017. The 2018 annual average was not available, but monthly data indicate a continuation of the declining trend with a preliminary average of 4.3 percent for 2018. In comparison, the unemployment rate in Oregon was slightly lower, but also showed a declining trend, from a rate of 4.8 percent in 2016, to 4.1 percent in 2017, before stabilizing in 2018 to 4.2 percent. Similarly, the unemployment rate for the U.S. declined from 4.9 percent in 2016, to 3.9 percent in 2018.

We contacted three community contacts as part of our examination. Our contacts indicated that there was a general need for lower-income housing, both in terms of multi-family units, and single-family homes such as duplexes. The contacts indicated this for both Polk and Marion counties. In terms of commercial development, the community contacts also highlighted the economic development areas as areas which were in need of additional commercial growth. The community contacts highlighted a number of other community organizations which would have opportunities for bank involvement. These included organizations with a focus on housing like the YMCA, and the Men's Mission, but also included opportunities for mixes of retail and commercial lending with groups like the Center for Hope and Safety. One of our contacts mentioned that PTB was a primary partner for supporting projects in the area.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.

**Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

**Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

**Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.

**Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households throughout those geographies.

**Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/assessment area.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2016
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Pioneer AA	21	10,798	100.0	176,579	0.0	0.0	0.0	20.9	33.3	23.0	57.3	57.1	42.0	21.8	9.5	35.0	0.0	0.0	0.0
<b>Total</b>	<b>21</b>	<b>10,798</b>	<b>100.0</b>	<b>176,579</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>20.9</b>	<b>33.3</b>	<b>23.0</b>	<b>57.3</b>	<b>57.1</b>	<b>42.0</b>	<b>21.8</b>	<b>9.5</b>	<b>35.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-18
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Pioneer AA	20	4,831	100.0	151,862	2.7	5.0	4.6	22.5	50.0	23.5	42.1	5.0	29.1	32.7	40.0	42.8	0.0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>4,831</b>	<b>100.0</b>	<b>151,862</b>	<b>2.7</b>	<b>5.0</b>	<b>4.6</b>	<b>22.5</b>	<b>50.0</b>	<b>23.5</b>	<b>42.1</b>	<b>5.0</b>	<b>29.1</b>	<b>32.7</b>	<b>40.0</b>	<b>42.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2017 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** **2016**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$ (000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Pioneer AA	21	\$10,798	100.0	176,579	85.8	71.4	39.3	4.3	28.6	9.9	0.0
<b>Total</b>	<b>21</b>	<b>\$10,798</b>	<b>100.0</b>	<b>176,579</b>	<b>85.8</b>	<b>71.4</b>	<b>39.3</b>	<b>4.3</b>	<b>28.6</b>	<b>9.9</b>	<b>0.0</b>

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** **2017-18**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$ (000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Pioneer AA	20	\$4,831	100.0	151,862	85.7	60.0	54.1	4.2	40.0	10.1	0.0
<b>Total</b>	<b>20</b>	<b>\$4,831</b>	<b>100.0</b>	<b>151,862</b>	<b>85.7</b>	<b>60.0</b>	<b>54.1</b>	<b>4.2</b>	<b>40.0</b>	<b>10.1</b>	<b>0.0</b>

Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; "--" data not available.  
Due to rounding, totals may not equal 100.0