



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF SOLVAY BANK

AS OF MARCH 31, 2023

New York State Department of Financial Services
Consumer Protection and Financial Enforcement Division
One State Street, New York NY 10004

NOTE: This Evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

Sections

- I. **General Information**
 - II. **Overview of Institution’s Performance**
 - III. **Performance Context**
 - A. Institution Profile
 - B. Assessment Area
 - C. Demographic & Economic Data
 - D. Community Information
 - IV. **Performance Standards and Assessment Factors**
 - A. Lending Test
 - B. Community Development Test
 - C. Additional Factors
 - V. **Glossary**
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SOLVAY BANK – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Solvay Bank (“Solvay” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of March 31, 2023.

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

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

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

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

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

SOLVAY BANK – CRA PERFORMANCE EVALUATION

II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated Solvay according to the intermediate small banking institutions performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2017 through 2022 for the lending test and the period from April 1, 2017 to March 31, 2023, for the community development test. Solvay is rated “2” indicating “Satisfactory” record of helping to meet community credit needs.

The rating is based on the following factors:

A. Lending Test: Satisfactory

Loan-to-Deposit Ratio and Other Lending-Related Activities: Satisfactory

Solvay’s average loan-to-deposit (“LTD”) ratio was reasonable considering its size, business strategy, financial condition, and peer group activity.

Solvay’s average LTD ratio of 68.7% for the evaluation period was well below the peer’s average LTD ratio of 79.5%. However, Solvay’s percentage of municipal deposits to total deposits was more than double that of its peer group and given that municipal deposits must be pledged against, limiting their availability for lending, contributed to the Bank’s lower LTD ratio.

1. Assessment Area Concentration: Outstanding

During the evaluation period, Solvay originated 92.9% by number and 91.2% by dollar value of its HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

2. Distribution by Borrower Characteristics: Satisfactory

Solvay’s HMDA-Reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes. Greater weight was given to the bank’s small business lending primarily due to the number of small business loans, which was due in part to the Bank’s participation in the Paycheck Protection Program (“PPP”) program.

The Bank’s participation in the PPP program also improved Solvay’s lending rates to small businesses with revenue of less than \$1 million, as the majority of PPP loans originated by the Bank were to small businesses with revenue of less than \$1 million. Solvay’s HMDA-reportable lending rates to LMI borrowers was improved by the Bank purchasing loans to LMI borrowers during some years of the evaluation period.

3. Geographic Distribution of Loans: Satisfactory

Solvay’s origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

The Bank's average small business lending rates in LMI census tracts for the evaluation period exceeded the aggregate's rates and Solvay's average HMDA-reportable lending rate in LMI census tracts by number of loans and was comparable to aggregate's rate, while the Bank's average rate by dollar value trailed the aggregate's rate. Greater weight was given to the number of loans.

4. Action Taken in Response to Written Complaints with Respect to CRA:

Neither DFS nor Solvay received any written complaints during the evaluation period regarding Solvay's CRA performance.

B. Community Development Test: Satisfactory

Solvay's community development performance, primarily through community development loans and services, demonstrated an adequate responsiveness to the community development needs of its assessment area, considering the Bank's capacity, and the need for and availability of opportunities for community development in its assessment area.

1. Community Development Lending: Satisfactory

During the evaluation period, Solvay originated \$19.7 million in new community development loans and had \$4.9 million outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period.

2. Qualified Investments: Needs to Improve

During the evaluation period, Solvay made \$572,300 in new qualified investments and had no prior period investments outstanding within the Bank's assessment area. Solvay also made \$128,000 in qualified grants. This demonstrated a poor level of qualified investments made in the Bank's assessment area during the evaluation period.

3. Community Development Services: Outstanding

Solvay demonstrated an excellent level of community development services during the evaluation period.

The Bank provided 161 qualified community development services during the evaluation period which included a 102 instances of bank employees participating in financial literacy seminars.

4. Responsiveness to Community Development Needs:

Solvay's level of responsiveness to credit and community development needs was adequate, primarily supported by the bank's level of community development loans and services.

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

SOLVAY BANK – CRA PERFORMANCE EVALUATION

III - PERFORMANCE CONTEXT

A. Institution Profile

Solvay, a New York State-chartered commercial bank, is headquartered in the village of Solvay, New York and is the sole subsidiary of Solvay Corp., a bank holding company.

During the evaluation period, Solvay operated nine branch offices in Onondaga County, New York. Of the nine banking offices, two are in low-income census tracts, two are in upper-income census tracts, four are in middle-income census tracts and one is in an income not available census tract. Supplementing the branch offices is an automated teller machine (“ATM”) network consisting of nine machines with one ATM at each branch office.

Solvay offers various banking products and services for retail customers and businesses. The deposit products include consumer and business checking; savings; certificates of deposit; and personal and business debit and credit cards. Credit products include residential mortgage loans; home equity loans and lines of credit; auto loans; personal loans; commercial real estate loans; U.S. Small Business Administration (“SBA”) loans and commercial lines of credit. Services provided include digital banking, electronic bill pay, e-statements, prepaid cards, trust, and investments.

Solvay participates in various home ownership programs that primarily benefit LMI borrowers such as: the Homebuyer Dream Program offered through the Federal Home Loan Bank of New York, HomeReady Mortgage Program through Fannie Mae, the Syracuse University Mortgage Program, the Onondaga County Homeownership Program and the Bank’s own Homebuyer Assistance Program which provides eligible homebuyers with \$2500 in closing cost assistance.

In its Consolidated Report of Condition (the “Call Report”) as of March 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), Solvay reported total assets of \$1.1 billion, of which \$664.5 million were net loans and lease financing receivables. It also reported total deposits of \$1 billion, resulting in an LTD ratio of 65.8%. According to the latest available comparative deposit data as of June 30, 2022, Solvay obtained a market share of 7.9%, or \$1 billion in a market of \$13.1 billion, ranking it 6th among 15 deposit-taking institutions in Onondaga county.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2017, 2018, 2019, 2020, 2021 and 2022 Call Reports:

SOLVAY BANK – CRA PERFORMANCE EVALUATION

TOTAL GROSS LOANS OUTSTANDING												
Loan Type	2017		2018		2019		2020		2021		2022	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	280,947	51.3	286,097	47.0	292,090	48.2	294,487	46.8	306,184	49.0	312,598	46.5
Commercial & Industrial Loans	76,661	14.0	86,805	14.3	79,640	13.1	121,265	19.3	93,950	15.0	77,652	11.6
Commercial Mortgage Loans	77,764	14.2	89,752	14.7	98,352	16.2	108,480	17.2	120,346	19.2	147,284	21.9
Multifamily Mortgages	15,234	2.8	23,109	3.8	16,673	2.8	11,961	1.9	24,917	4.0	27,276	4.1
Consumer Loans	80,975	14.8	94,061	15.4	88,818	14.7	71,431	11.4	59,492	9.5	77,719	11.6
Construction Loans	14,101	2.6	26,012	4.3	26,035	4.3	18,094	2.9	15,129	2.4	25,220	3.8
Obligations of States & Municipalities	408	0.1	1,971	0.3	2,943	0.5	3,156	0.5	4,649	0.7	4,195	0.6
Other Loans	361	0.1	299	0.0	1,187	0.2	94	0.0	406	0.1	57	0.0
Lease financing	1,122	0.2	761	0.1	478	0.1	288	0.0	112	0.0	0	0.0
Total Gross Loans	547,573		608,867		606,216		629,256		625,185		672,001	

As illustrated in the above table, Solvay is primarily a residential mortgage lender with one-to-four family residential mortgage loans (46.5%) and multifamily mortgages (4.1%) representing 50.6% of its gross loan portfolio, while commercial mortgage loans and commercial industrial loans total 21.9% and 11.6%, respectively.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on Solvay's ability to meet the credit needs of its community.

B. Assessment Area

The Bank's assessment area consists of Onondaga County in its entirety and has not changed from the prior evaluation period.

There are 142 census tracts in the Bank's assessment area, of which 18 are low-income, 21 are moderate-income, 54 are middle-income, 42 are upper-income, and 7 are tracts with income not available.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Onondaga	7	18	21	54	42	142	27.5
Total	7	18	21	54	42	142	27.5

C. Demographic & Economic Data

The assessment area had a population of 476,516 during the evaluation period. Approximately 78.7% of the population was over the age of 65 and 11.3% was under the age of 16.

Of the 113,106 families in the assessment area 21.5% were low-income, 16.5% were moderate-income, 20% were middle-income and 42% were upper income. There were 187,349 households in the assessment area, of which 13.1% had income below the poverty level and 3.2% were on public assistance. The weighted average of median family income in the assessment area was \$85,531.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

There were 209,068 housing units within the assessment area, of which 79.8% were one- to four-family units and 18.8% were multifamily units. A majority (58.3%) of the housing units were owner-occupied, while 31.3% were rental-occupied units and 10.4% were vacant units.

Of the total 65,447 rental-occupied units, 42.9% were in LMI census tracts, 51.2% were in middle- and upper-income census tracts and 5.9% in census tracts with no income available. Average monthly gross rent was \$877.

Of the 121,902 owner-occupied housing units, 13.8% were in LMI census tracts while 85.6% were in middle- and upper-income census tracts and 0.6% in census tracts with no income available. The median age of the housing stock was 60 years, and the median home value in the assessment area was \$147,930.

There were 39,914 non-farm businesses in the assessment area. Of these, 83.7% were businesses with reported revenues of less than or equal to \$1 million, 5.0% reported revenues of more than \$1 million and 11.2% did not report their revenues. Of all the businesses in the assessment area, 96.7% were businesses with less than fifty employees while 88.5% operated from a single location. The largest industries in the area were Services (38.4%), Retail Trade (12.5%) and Finance, Insurance and Real Estate (9.8%); 19% of businesses in the assessment area were not classified.

Unemployment data sourced from the New York State Department of Labor, showed that the average annual unemployment rates for New York State (“statewide”) and Onondaga County decreased from 2017 through 2019, but sharply increased in 2020. The increase in 2020 was due to the onset of the COVID-19 pandemic. The statewide and Onondaga County’s average annual unemployment rates started to decrease in 2021 and by 2022 were below pre-pandemic levels. Onondaga County’s average annual unemployment rates were similar to the statewide unemployment rates for 2017 to 2019; however, for 2020 to 2022 Onondaga’s average annual unemployment rates were well below the statewide’s rates indicating that Onondaga County’s economy recovered more quickly from the pandemic than statewide.

Assessment Area Unemployment Rate		
	Statewide	Onondga
2017	4.6	4.6
2018	4.1	4.0
2019	3.9	3.8
2020	9.8	8.0
2021	7.0	4.9
2022	4.3	3.3
Average of Years above	5.6	4.8

D. Community Information

DFS examiners conducted community contact interviews with representatives from two non-profit organizations that provide services to the area population including Onondaga County. One of the organizations works to ensure that there are equal housing opportunities for everyone, and the other organization focuses on overcoming barriers to employment in its area of operation.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

The representative of the equal housing opportunity organization noted that there has been a surge in housing costs for both tenants and homeowners in the area, while area income has not experienced a similar increase. The representative also indicated that many sellers in the area in the current market conditions are less willing to accept offers from FHA or VA loan borrowers. The representative identified a certified Community Development Financial Institution (“CDFI”) that was meeting some of the financing need for first-time homebuyers and low- and moderate-income borrowers in Onondaga County. The representative noted that banks in the area need to offer more loan programs with more flexible underwriting for households that do not meet traditional standards for financing but have the ability to make the loan payments.

The representative of the employment organization noted that a lot of people lack the knowledge on how to improve their credit score and its effect on qualifying for financing. As a result many people, when managing their money, may make decisions that negatively affect their credit score and LMI individuals are particularly vulnerable due in part to the lack of savings and less disposable income. The representative further indicated that the hours that bank branches are open makes access more difficult for many LMI individuals and stressed that banks should also offer products and services tailored to the needs of LMI individuals as many traditional banking products and services are not accessible or meet the need of LMI individuals. Furthermore, financial institutions need to offer financial literacy programs that provide financial education to the LMI population.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated Solvay under the intermediate small banking institution performance criteria in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.

The lending test includes:

1. Loan-to-deposit ratio and other lending-related activities;
2. Assessment area concentration;
3. Distribution of loans by borrower characteristics;
4. Geographic distribution of loans; and
5. Action taken in response to written complaints regarding CRA.

The community development test includes:

1. Community development lending;
2. Community development investments;
3. Community development services; and
4. Responsiveness to community development needs.

DFS also considered the following factors in assessing the bank's record of performance:

1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;
2. Evidence of any practices intended to discourage credit applications;
3. Evidence of prohibited discriminatory or other illegal credit practices;
4. Record of opening and closing offices and providing services at offices; and
5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.

DFS derived statistics employed in this Evaluation from various sources. Solvay submitted bank-specific information both as part of the Evaluation process and in its Call report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained loan to deposit ("LTD") ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call report data.

DFS derived the demographic data referred to in this report from the 2010 and 2020 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2017 through 2022 for lending activities and the period from April 1, 2017, to March 31, 2023, for community development activities.

Examiners considered Solvay's small business and HMDA-reportable, loans in evaluating factors (2), (3) and (4) of the lending test noted above.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

DFS based all small business lending analysis on small business only, as Solvay made few small farm loans.

In its prior Community Reinvestment Act Performance Evaluation as of March 31, 2017, DFS assigned Solvay a rating of “2” or “Satisfactory” compliance with regulatory standards.

CRA Rating: Satisfactory

A. Lending Test: Satisfactory

Solvay’s small business and HMDA-reportable activities were reasonable considering Solvay’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of the assessment area.

1. Loan-to-Deposit Ratio and other Lending-Related Activities: Satisfactory

Solvay’s average LTD ratio was reasonable considering its size, business strategy, financial condition, and peer group activity.

Solvay’s average LTD ratio for the evaluation period was 68.7% well below its peer group’s average LTD ratio of 79.5%. However, an analysis of Solvay’s level of municipal deposits as a percentage of total deposits for the last four quarters of the evaluation period, revealed that the percentage of municipal deposits to total deposits held by Solvay ranged from a low of 18% to a high of 25%, compared to a low of 8.6% to a high of 8.9% for its peer group. As municipal deposits have to be pledged against, their availability for lending is limited and given that Solvay’s municipal deposits by percentage of total deposits is more than double its peer group’s percentage it is reasonable that Solvay’s LTD ratio is lower.

The table below shows Solvay’s LTD ratios in comparison with the peer group’s ratios for the 20 quarters of this evaluation.

Loan-to-Deposit Ratios																
	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Bank	68.9	68.2	67.6	71.0	70.4	73.3	73.4	76.7	74.5	75.5	71.9	76.5	70.9	68.9	70.1	68.6
Peer	80.4	81.7	82.1	82.2	81.7	82.8	83.2	83.1	82.2	83.2	82.9	82.4	81.9	85.4	84.6	80.4

Loan-to-Deposit Ratios										
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	Avg.	
Bank	66.3	63.2	62.9	62.5	62.1	61.7	58.0	66.9	68.7	
Peer	77.5	75.2	72.7	72.1	71.4	74.6	76.8	79.3	79.5	

SOLVAY BANK – CRA PERFORMANCE EVALUATION

2. Assessment Area Concentration: Outstanding

During the evaluation period, Solvay originated 92.9% by number and 91.2% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

a. HMDA-Reportable Loans:

During the evaluation period, Solvay originated 89.8% by number and 88% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of Solvay’s assessment area reflects an excellent concentration of lending.

b. Small Business Loans:

During the evaluation period, Solvay originated 94.9% by number and 94.3% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of Solvay’s assessment area reflects an excellent concentration of lending.

The following table shows the percentages of Solvay’s HMDA-reportable and small business loans inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2017	255	88.5%	33	11.5%	288	41,097	88.5%	5,362	11.5%	46,459
2018	262	90.0%	29	10.0%	291	35,011	86.0%	5,712	14.0%	40,723
2019	267	89.3%	32	10.7%	299	41,451	88.7%	5,298	11.3%	46,748
2020	272	89.2%	33	10.8%	305	57,116	89.3%	6,860	10.7%	63,976
2021	336	90.3%	36	9.7%	372	82,132	88.5%	10,678	11.5%	92,810
2022	202	91.4%	19	8.6%	221	46,365	86.3%	7,362	13.7%	53,726
Subtotal	1,594	89.8%	182	10.2%	1,776	303,171	88.0%	41,271	12.0%	344,442
Small Business										
2017	331	93.0%	25	7.0%	356	56,740	93.9%	3,681	6.1%	60,421
2018	386	96.5%	14	3.5%	400	56,248	96.8%	1,879	3.2%	58,127
2019	325	97.6%	8	2.4%	333	46,998	97.2%	1,358	2.8%	48,356
2020	742	95.3%	37	4.7%	779	80,301	93.8%	5,307	6.2%	85,608
2021	727	93.4%	51	6.6%	778	68,629	91.9%	6,011	8.1%	74,640
2022	214	94.7%	12	5.3%	226	39,086	93.0%	2,960	7.0%	42,046
Subtotal	2,725	94.9%	147	5.1%	2,872	348,002	94.3%	21,196	5.7%	369,198
Grand Tot	4,319	92.9%	329	7.1%	4,648	651,173	91.2%	62,467	8.8%	713,640

SOLVAY BANK – CRA PERFORMANCE EVALUATION

3. Distribution by Borrower Characteristics: Satisfactory

Solvay's HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes. Greater weight was given to the bank's small business lending primarily due to the number of small business loans, which was due in part to the Bank's participation in the PPP program.

a. One-to-four Family HMDA-Reportable Loans:

Solvay's one-to-four family HMDA-reportable lending demonstrated a reasonable distribution of loans among borrowers of different income levels.

Solvay's average one-to-four family HMDA-reportable rates of lending to LMI borrowers were 25% by number and 13.8% by dollar value of loans, trailing the aggregate's rates of 31.8% by number and 20.1% by dollar value.

The Bank's annual rates of lending to LMI borrowers fluctuated significantly from year to year. This was primarily due to the Bank purchasing loans for some years of the evaluation period, while not in other years. In 2019, Solvay purchased 19 of its 95 loans made to LMI borrowers, in 2021 it purchased 23 of 85 loans and in 2022 it purchased 18 of its 54 loans. As a result, the Bank's lending rate by number of loans exceeded the aggregate's rate in 2019 and was comparable to the aggregate's rate in 2021. Although the Bank purchased loans to LMI borrowers in 2022, its rates were well below the aggregate's rates; however, Solvay's rate by number of loans was still well above its rate for 2017, 2018 and 2020, years in which the Bank did not purchase any loans to LMI borrowers.

In reviewing the peer mortgage (HMDA) market share report for the Bank's assessment area it was noted that a single Community Development Financial Institution ("CDFI") had a significant market share by number of mortgage loans originated in Solvay's assessment area. The CDFI was responsible for a low of 16.2% (2021) to a high of 20.5% (2022) of all of the aggregate's HMDA loans originated on an annual basis within Solvay's assessment area during the evaluation period. Moreover, the CDFI was responsible for an even larger percentage of the aggregate's HMDA loans originated to LMI borrowers on an annual basis during the evaluation period, ranging from a low of 19.4% (2021) to a high of 24.8% (2019). To assess the CDFI's impact on the aggregate's lending rate in Solvay's assessment area we removed the CDFI's lending data from the aggregate's lending data. This resulted in the aggregate's lending rate by number of loans to LMI borrowers declining to 28.9% (without CDFI loan data) from the 31.8% (with CDFI loan data). This supports the Bank's lending rate to LMI borrowers of 25% by number of loans as reasonable.

The following table provides a summary of the distribution of the Bank's one-to-four family loans by borrower income.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

Distribution of One-to-Four Family Loans by Borrower Income									
2017									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	11	4.3%	823	2.4%	679	7.9%	41,893	2.1%	20.9%
Moderate	34	13.4%	2,891	8.4%	1,955	22.8%	168,763	8.5%	16.2%
LMI	45	17.7%	3,714	10.7%	2,634	30.7%	210,656	10.7%	37.1%
Middle	76	29.9%	7,535	21.8%	2,178	25.4%	227,886	11.5%	19.9%
Upper	124	48.8%	22,052	63.7%	3,503	40.8%	582,916	29.5%	43.1%
Unknown	9	3.5%	1,299	3.8%	273	3.2%	956,468	48.4%	
Total	254		34,600		8,588		1,977,926		
2018									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	22	8.4%	1,596	4.6%	956	10.4%	70,520	6.3%	20.9%
Moderate	39	14.9%	3,984	11.5%	2,064	22.5%	196,770	17.5%	16.2%
LMI	61	23.4%	5,581	16.1%	3,020	32.9%	267,290	23.8%	37.1%
Middle	55	21.1%	4,687	13.5%	2,232	24.3%	250,030	22.2%	19.9%
Upper	133	51.0%	22,881	65.9%	3,696	40.3%	580,490	51.6%	43.1%
Unknown	12	4.6%	1,588	4.6%	221	2.4%	27,175	2.4%	
Total	261		34,736		9,169		1,124,985		
2019									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	38	14.6%	2,702	7.2%	1,081	11.3%	84,505	6.7%	20.9%
Moderate	57	21.8%	5,243	14.0%	2,349	24.5%	236,865	18.7%	16.2%
LMI	95	36.4%	7,945	21.2%	3,430	35.8%	321,370	25.4%	37.1%
Middle	51	19.5%	5,805	15.5%	2,335	24.4%	280,535	22.2%	19.9%
Upper	106	40.6%	22,126	59.1%	3,556	37.1%	626,590	49.6%	43.1%
Unknown	9	3.4%	1,580	4.2%	257	2.7%	35,355	2.8%	
Total	261		37,456		9,578		1,263,850		
2020									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	9	3.3%	704	1.3%	788	6.6%	68,000	3.7%	20.9%
Moderate	43	15.9%	4,515	8.4%	2,319	19.3%	255,235	13.8%	16.2%
LMI	52	19.3%	5,218	9.8%	3,107	25.9%	323,235	17.5%	37.1%
Middle	55	20.4%	7,118	13.3%	2,955	24.6%	386,555	20.9%	19.9%
Upper	147	54.4%	38,470	72.0%	5,431	45.3%	1,048,665	56.7%	43.1%
Unknown	16	5.9%	2,661	5.0%	500	4.2%	89,800	4.9%	
Total	270		53,468		11,993		1,848,255		
2021									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	27	8.3%	2,182	3.7%	1,187	9.0%	112,835	5.4%	20.9%
Moderate	58	17.8%	6,342	10.6%	2,942	22.3%	346,110	16.7%	16.2%
LMI	85	26.2%	8,524	14.3%	4,129	31.3%	458,945	22.1%	37.1%
Middle	58	17.8%	8,686	14.6%	3,313	25.1%	455,865	22.0%	19.9%
Upper	172	52.9%	40,801	68.4%	5,227	39.6%	1,071,805	51.7%	43.1%
Unknown	10	3.1%	1,626	2.7%	526	4.0%	85,540	4.1%	
Total	325		59,636		13,195		2,072,155		
2022									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	16	8.1%	1,321	3.2%	1,097	11.2%	106,155	6.8%	21.5%
Moderate	38	19.3%	3,819	9.2%	2,413	24.6%	291,495	18.7%	16.5%
LMI	54	27.4%	5,140	12.4%	3,510	35.8%	397,650	25.6%	38.0%
Middle	34	17.3%	4,690	11.3%	2,516	25.6%	359,130	23.1%	20.0%
Upper	102	51.8%	30,242	73.0%	3,493	35.6%	751,795	48.3%	42.0%
Unknown	7	3.6%	1,329	3.2%	299	3.0%	46,755	3.0%	
Total	197		41,402		9,818		1,555,330		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	123	7.8%	9,329	3.6%		9.3%		4.9%	
Moderate	269	17.2%	26,794	10.3%		22.5%		15.2%	
LMI	392	25.0%	36,123	13.8%	19,830	31.8%	1,979,146	20.1%	
Middle	329	21.0%	38,522	14.7%		24.9%		19.9%	
Upper	784	50.0%	176,572	67.6%		40.0%		47.4%	
Unknown	63	4.0%	10,082	3.9%		3.3%		12.6%	
Total	1,568		261,298		62,341		9,842,501		

SOLVAY BANK – CRA PERFORMANCE EVALUATION

b. Small Business Loans:

Solvay's small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes.

The Bank's average rates of lending to small businesses with revenues of less than \$1 million were 46% by number and 23.4% by dollar value for the evaluation period, which exceeded the aggregate's rate of 42.7% by number of loans but trailed the aggregate's rate of 26% by dollar value.

Solvay's participation in the PPP program and recording the revenue information for its PPP loans (revenue information for PPP loan approval was not required) significantly improved its lending performance to small businesses with revenue of less than \$1 million, as the majority of PPP loans originated by the Bank were to small businesses with revenue of less than \$1 million. In 2020 and 2021, the Bank's lending rates by number of loans to small business with revenue less than \$1 million increased significantly primarily due to its participation in the PPP loan program, while Solvay's annual rates of lending to small businesses with revenue of \$1 million or less for 2017, 2018 and 2019 trailed the aggregate's rates.

The Bank and the aggregate's lending rates were below the percentage range of 78.1% to 83.7% of small businesses with revenue less than \$1 million (business demographics) located within the bank's assessment area for the evaluation period.

The following table provides a summary of the distribution of the Bank's small business loans by the revenue size of the business.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

Distribution of Small Business Lending by Revenue Size of Business									
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1M	102	30.8%	13,132	23.1%	3,300	47.5%	96,967	28.5%	78.1%
Rev. > \$1M	229	69.2%	43,608	76.9%					8.0%
Rev. Unkn	-	0.0%	0	0.0%					14.0%
Total	331		56,740		6,952		340,581		
2018									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1M	128	33.2%	14,793	26.3%	3,453	45.0%	102,313	31.3%	78.1%
Rev. > \$1M	258	66.8%	41,455	73.7%					7.8%
Rev. Unkn	-	0.0%	0	0.0%					14.1%
Total	386		56,248		7,667		327,263		
2019									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1M	85	26.2%	9,731	20.7%	3,489	43.3%	95,463	27.7%	79.2%
Rev. > \$1M	240	73.8%	37,267	79.3%					7.2%
Rev. Unknown		0.0%		0.0%					13.6%
Total	325		46,998		8,051		344,289		
2020									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1M	409	55.1%	18,704	23.3%	3,386	36.0%	140,643	20.3%	81.9%
Rev. > \$1M	333	44.9%	61,597	76.7%					6.1%
Rev. Unkn	-	0.0%	0	0.0%					12.0%
Total	742		80,301		9,396		693,435		
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1M	470	64.6%	18,114	26.4%	4,307	43.4%	134,891	27.7%	83.4%
Rev. > \$1M	257	35.4%	50,515	73.6%					5.3%
Rev. Unkn	-	0.0%		0.0%					11.3%
Total	727		68,629		9,915		487,752		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1M	60	28.0%	6,858	17.5%	Data Not Available at Time of Evaluation				83.7%
Rev. > \$1M	154	72.0%	32,228	82.5%					5.0%
Rev. Unknown		0.0%		0.0%					11.2%
Total	214		39,086						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1M	1,254	46.0%	81,332	23.4%		42.7%		26.0%	
Rev. > \$1M	1,471	54.0%	266,670	76.6%					
Rev. Unkn	-	0.0%	-	0.0%					
Total	2,725		348,002						

SOLVAY BANK – CRA PERFORMANCE EVALUATION

4. Geographic Distribution of Loans: Satisfactory

Solvay's origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

a. HMDA-Reportable Loans:

The distribution of Solvay's HMDA-reportable loans among census tracts of different income levels was reasonable.

Solvay's average lending rate in LMI census tracts by number of loans of 9.1% was comparable to aggregate's rate of 10.6%, while the Bank's average rate of 5.4% by dollar value trailed the aggregate's rate of 11.8%. Greater weight was given to the number of loans lending rate.

The average lending rates in LMI census tracts by number of loans declined for both the Bank and the aggregate from the prior evaluation. However, while Solvay's average lending rate decreased slightly to 9.1% from 10.5%, the aggregate's rate by number of loans decreased significantly from 14.5% to 10.6%.

Solvay's annual rates of lending in LMI census tracts fluctuated significantly from year to year. This was primarily due to the Bank purchasing loans in LMI census tracts in some years and not in other years. As a result, the Bank's lending rates by number of loans exceeded the aggregate's rates in 2019 (purchased 19 of its 32 loans in LMI census tracts), in 2021 (18 of 35 loans) and in 2022 (14 of 29 loans), while the Bank's rates trailed the aggregate's rates for each year (2017, 2018 and 2020) the Bank did not purchase loans in LMI census tracts.

The Bank and the aggregate's lending rates in LMI census tracts trailed the percentage of owner-occupied housing units located in LMI census tracts except for Solvay's lending rate by number of loans in 2022.

The following table provides a summary of the distribution of Solvay's or the Bank's HMDA-reportable loans by the income level of the geography where the property was located.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2017									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	2.4%	658	1.6%	247	2.9%	193,206	9.8%	3.8%
Moderate	12	4.7%	1,041	2.5%	761	8.9%	334,483	16.9%	8.7%
LMI	18	7.1%	1,699	4.1%	1,008	11.7%	527,689	26.7%	12.5%
Middle	100	39.2%	16,241	39.5%	3,741	43.6%	717,317	36.3%	44.8%
Upper	137	53.7%	23,157	56.3%	3,823	44.5%	723,967	36.6%	42.6%
Unknown	0	0.0%		0.0%	16	0.2%	8,953	0.5%	0.2%
Total	255		41,097		8,588		1,977,926		
2018									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.4%	30	0.1%	220	2.4%	25,355	1.9%	3.8%
Moderate	18	6.9%	1,178	3.4%	710	7.7%	63,710	4.8%	8.7%
LMI	19	7.3%	1,208	3.5%	930	10.1%	89,065	6.8%	12.5%
Middle	111	42.4%	12,812	36.6%	4,003	43.7%	495,190	37.6%	44.8%
Upper	132	50.4%	20,991	60.0%	4,225	46.1%	678,585	51.5%	42.6%
Unknown	0	0.0%	0	0.0%	11	0.1%	54,655	4.1%	0.2%
Total	262		35,011		9,169		1,317,495		
2019									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	5.6%	1,331	3.2%	214	2.2%	28,410	1.9%	3.8%
Moderate	17	6.4%	1,719	4.1%	733	7.6%	67,175	4.6%	8.7%
LMI	32	12.0%	3,051	7.4%	947	9.8%	95,585	6.5%	12.5%
Middle	95	35.6%	11,071	26.7%	4,188	43.4%	557,080	37.8%	44.8%
Upper	140	52.4%	27,329	65.9%	4,497	46.6%	818,295	55.5%	42.6%
Unknown	0	0.0%	0	0.0%	19	0.2%	2,965	0.2%	0.2%
Total	267		41,451		9,651		1,473,925		
2020									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.4%	601	1.1%	225	1.9%	33,505	1.6%	3.8%
Moderate	11	4.0%	924	1.6%	794	6.6%	87,780	4.3%	8.7%
LMI	12	4.4%	1,525	2.7%	1,019	8.5%	121,285	5.9%	12.5%
Middle	99	36.4%	15,287	26.8%	4,896	40.6%	723,310	35.3%	44.8%
Upper	161	59.2%	40,304	70.6%	6,113	50.7%	1,199,335	58.6%	42.6%
Unknown	0	0.0%	0	0.0%	18	0.1%	2,900	0.1%	0.2%
Total	272		57,116		12,046		2,046,830		
2021									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	3.3%	859	1.0%	330	2.5%	113,290	4.6%	3.8%
Moderate	24	7.1%	2,438	3.0%	1,033	7.8%	142,345	5.8%	8.7%
LMI	35	10.4%	3,297	4.0%	1,363	10.3%	255,635	10.5%	12.5%
Middle	120	35.7%	25,037	30.5%	5,740	43.3%	930,070	38.0%	44.8%
Upper	179	53.3%	45,673	55.6%	6,149	46.3%	1,248,595	51.1%	42.6%
Unknown	2	0.6%	8,124	9.9%	15	0.1%	11,135	0.5%	0.2%
Total	336		82,132		13,267		2,445,435		
2022									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	5.4%	2,654	5.7%	232	2.4%	21,650	1.4%	3.1%
Moderate	18	8.9%	2,924	6.3%	1,105	11.3%	123,995	8.0%	10.7%
LMI	29	14.4%	5,578	12.0%	1,337	13.6%	145,645	9.4%	13.8%
Middle	76	37.6%	15,932	34.4%	4,134	42.1%	603,710	38.8%	43.7%
Upper	95	47.0%	24,035	51.8%	4,279	43.6%	792,455	51.0%	41.9%
Unknown	2	1.0%	820	1.8%	68	0.7%	13,520	0.9%	0.6%
Total	202		46,365		9,818		1,555		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	45	2.8%	6,134	2.0%		2.3%		4.3%	
Moderate	100	6.3%	10,225	3.4%		8.2%		7.5%	
LMI	145	9.1%	16,359	5.4%	6,604	10.6%	1,089,405	11.8%	
Middle	601	37.7%	96,379	31.8%		42.7%		37.0%	
Upper	844	52.9%	181,489	59.9%		46.5%		50.4%	
Unknown	4	0.3%	8,944	3.0%		0.2%		0.9%	
Total	1,594		303,171		62,539		9,263,166		

SOLVAY BANK – CRA PERFORMANCE EVALUATION

b. Small Business Loans:

The distribution of Solvay's small business loans among census tracts of varying income levels was reasonable.

Solvay's average small business lending rates in LMI census tracts for the evaluation period were 20.4% by number and 22.7% by dollar value of loans, which exceeded the aggregate's rates of 17.6% by number and 18.7% by dollar value of loans. Furthermore, the Bank annual rates of lending in LMI census tracts exceeded the aggregate's rates of lending for each year of the evaluation period for which aggregate lending data was available.

Solvay's annual lending rates in LMI census tracts was also comparable to the percentage of small businesses located in LMI census tracts within the Bank's assessment area for each year of the evaluation period.

The following table provides a summary of the distribution of the Bank's small business loans by the income level of the geography where the businesses were located.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2017									
Geograph	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	44	13.3%	7,672	13.5%	534	7.7%	31,246	9.2%	10.6%
Moderate	20	6.0%	3,308	5.8%	647	9.3%	28,455	8.4%	9.8%
LMI	64	19.3%	10,980	19.4%	1,181	17.0%	59,701	17.5%	20.4%
Middle	144	43.5%	16,121	28.4%	2,716	39.1%	146,107	42.9%	39.8%
Upper	99	29.9%	20,549	36.2%	2,906	41.8%	121,848	35.8%	36.8%
Unknown	24	7.3%	9,090	16.0%	149	2.1%	12,925	3.8%	3.0%
Total	331		56,740		6,952		340,581		
2018									
Geograph	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	48	12.4%	9,988	17.8%	675	8.8%	34,804	10.6%	10.4%
Moderate	25	6.5%	3,215	5.7%	696	9.1%	29,591	9.0%	9.9%
LMI	73	18.9%	13,203	23.5%	1,371	17.9%	64,395	19.7%	20.2%
Middle	189	49.0%	22,317	39.7%	2,968	38.7%	131,053	40.0%	39.7%
Upper	102	26.4%	15,222	27.1%	3,146	41.0%	119,297	36.5%	37.0%
Unknown	22	5.7%	5,506	9.8%	182	2.4%	12,518	3.8%	3.1%
Total	386		56,248		7,667		327,263		
2019									
Geograph	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	43	13.2%	7,180	15.3%	686	8.5%	28,228	8.2%	10.4%
Moderate	19	5.8%	1,640	3.5%	710	8.8%	26,356	7.7%	9.6%
LMI	62	19.1%	8,820	18.8%	1,396	17.3%	54,584	15.9%	20.0%
Middle	160	49.2%	19,531	41.6%	3,075	38.2%	149,744	43.5%	39.4%
Upper	88	27.1%	14,438	30.7%	3,375	41.9%	124,145	36.1%	37.5%
Unknown	15	4.6%	4,209	9.0%	205	2.5%	15,816	4.6%	3.1%
Total	325		46,998		8,051		344,289		
2020									
Geograph	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	83	11.2%	12,361	15.4%	825	8.8%	72,674	10.5%	10.3%
Moderate	74	10.0%	6,314	7.9%	844	9.0%	59,414	8.6%	9.5%
LMI	157	21.2%	18,675	23.3%	1,669	17.8%	132,088	19.0%	19.7%
Middle	331	44.6%	33,904	42.2%	3,747	39.9%	298,280	43.0%	38.4%
Upper	235	31.7%	25,273	31.5%	3,703	39.4%	225,480	32.5%	38.8%
Unknown	19	2.6%	2,449	3.0%	277	2.9%	37,587	5.4%	3.1%
Total	742		80,301		9,396		693,435		
2021									
Geograph	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	75	10.3%	11,507	16.8%	837	8.4%	50,964	10.4%	10.4%
Moderate	72	9.9%	5,381	7.8%	935	9.4%	49,131	10.1%	9.8%
LMI	147	20.2%	16,888	24.6%	1,772	17.9%	100,095	20.5%	20.2%
Middle	332	45.7%	26,668	38.9%	3,949	39.8%	205,357	42.1%	37.7%
Upper	237	32.6%	23,254	33.9%	3,955	39.9%	158,541	32.5%	39.3%
Unknown	11	1.5%	1,819	2.7%	239	2.4%	23,759	4.9%	2.8%
Total	727		68,629		9,915		487,752		
2022									
Geograph	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	33	15.4%	7,962	20.4%		#DIV/0!		#DIV/0!	8.8%
Moderate	20	9.3%	2,624	6.7%		#DIV/0!		#DIV/0!	11.1%
LMI	53	24.8%	10,586	27.1%	0	#DIV/0!	0	#DIV/0!	19.8%
Middle	100	46.7%	18,679	47.8%		#DIV/0!		#DIV/0!	38.9%
Upper	50	23.4%	7,787	19.9%		#DIV/0!		#DIV/0!	33.2%
Unknown	11	5.1%	2,034	5.2%		#DIV/0!		#DIV/0!	8.0%
Total	214		39,086		-	#DIV/0!	-	#DIV/0!	
GRAND TOTAL									
Geograph	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	326	12.0%	56,670	16.3%		8.5%		9.9%	
Moderate	230	8.4%	22,482	6.5%		9.1%		8.8%	
LMI	556	20.4%	79,152	22.7%		17.6%		18.7%	
Middle	1,256	46.1%	137,220	39.4%		39.2%		42.4%	
Upper	811	29.8%	106,523	30.6%		40.7%		34.2%	
Unknown	102	3.7%	25,107	7.2%		2.5%		4.7%	
Total	2,725		348,002						

SOLVAY BANK – CRA PERFORMANCE EVALUATION

5. Action Taken in Response to Written Complaints with Respect to CRA:

Neither DFS nor Solvay received any written complaints during the evaluation period regarding Solvay’s CRA performance.

B. Community Development Test: Satisfactory

Solvay’s community development performance demonstrated adequate responsiveness to the community development needs of its assessment area primarily through community development loans and community development services, considering Solvay’s capacity, and the need for and availability of opportunities for community development in its assessment area.

1. Community Development Lending: Satisfactory

During the evaluation period, Solvay originated \$19.7 million in new community development loans, and had \$4.9 million outstanding from prior evaluation periods. This demonstrated an adequate level of community development lending over the course of the evaluation period.

The rating of “Satisfactory” for this criterion is a downgrade from the prior evaluation where the Bank received a rating of “Outstanding.” The downgrade was due to the Bank’s average assets increasing by 27.1% from the prior evaluation, while Solvay’s total community development loans of \$24.6 million (\$4.1 million annually for the current the 6-year evaluation period) declined significantly from the \$43.7 million (\$14.6 million annually for the prior 3-year evaluation period).

Solvay’s new community development lending primarily supported community services and revitalization and stabilization efforts.

Community Development Loans				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	5	1695		
Economic Development	4	292		
Community Services	19	9384	1	273
Revitalization/Stabilization	10	8325	5	4612
Total	38	19696	6	4885

Below are highlights of Solvay’s community development lending.

- The Bank made loans totaling \$7.5 million (a \$3.1 million PPP loan, a \$4 million line of credit and a \$0.5 million business loan) to an organization that provides non-emergency transportation to Medicaid recipients and removing transportation barriers so connecting Medicaid enrollees to healthcare providers and services. The funds support ongoing business operations of the organization.
- Solvay financed five loans totaling \$1.7 million to a nonprofit housing development organization, which is also a Community Development Financial Institution (“CDFI”). The funds were used primarily to fund the organization’s various home improvement programs

SOLVAY BANK – CRA PERFORMANCE EVALUATION

that provide home improvement loans primarily to LMI homeowners who cannot obtain conventional financing to complete emergency repairs such as leaking roofs, furnace repair or replacement, as well as other needed home improvements.

- Solvay extended a \$350,000 line of credit to an organization that assists and empowers persons with intellectual and developmental disabilities to live a full life by providing program and services including residential support, employment training, job support and educational programs.

2. Qualified Investments: Needs to Improve

During the evaluation period, Solvay made \$572,300 in new qualified investments and had no prior period investments outstanding, that were in the Bank’s assessment area. Solvay also made \$128,000 in qualified grants. This demonstrated a poor level of qualified investments made in the Bank’s assessment area during the evaluation period.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing				
Economic Development				
Community Services				
Revitalize and Stabilize	7	\$ 572		
Total	7	\$ 572	0	0
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing				
Economic Development				
Community Services	110	\$ 128		
Revitalize and Stabilize				
Total	110	\$ 128		

The below list describes Solvay’s qualified investments and grants:

Investments

- Solvay purchased six public improvement bonds totaling \$490,100, which funded the cost of improvements and reconstruction of the village of Solvay’s electric system and reconstruction of the village library.
- The Bank purchased a bond totaling \$82,100 for which proceeds were used to purchase a vehicle salt spreader and snowplow for use by the Village of Solvay Highway Department. This directly benefitted an LMI area within the Bank’s assessment area.

Grants

- Solvay made grants totaling \$5,000 to a scholarship fund that provides financial assistance to high school seniors in the local community so that they can attend college or post-high school training. Scholarship applicants must demonstrate financial need. Award amounts

SOLVAY BANK – CRA PERFORMANCE EVALUATION

to students may range as high as \$25,000 per year for undergraduates, depending on financial need.

- The Bank donated a total of \$1,000 to a non-profit organization devoted to providing homeless women with the care, skills, and experience they need to attain sustainable, independent living. Training includes personal finance, effective parenting, continuing education, job training, and permanent housing assistance.
- Solvay made grants totaling to \$5,880 to a non-profit organization which provides a safe home for women and children who are experiencing homelessness.

3. Community Development Services: Outstanding

The Bank demonstrated an excellent level of community development services over the course of the evaluation period.

Community Development Services	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	23
Technical Assistance	36
Financial literacy seminars	102
Credit Counseling	0
Other Services	0
Total Community Development Services	161

Bank management and employees performed 161 qualified community development services during the evaluation period, which included serving on the board or committees of various nonprofit organizations and providing technical assistance and financial literacy seminars in cooperation with nonprofit organization and public schools to residents, LMI borrowers and students.

Below are highlights of the Bank’s community development services.

- During the evaluation period, more than 30 bank employees participated in more than 90 financial literacy seminars for students of two local public schools. The majority of students of the two schools qualified for the free- or reduced-lunch program.
- A number of Solvay’s officers and employees served on the board and/or loan committee or participated in financial literacy seminars of a nonprofit community housing organization. The organization provides financial assistance for the rehabilitation of distressed properties and funds the construction of new homes, primarily for the purchase by first-time homebuyers in Central and Upstate New York. These programs help low-and moderate-income borrowers stay in their home or purchase a home.
- During the evaluation period an officer of the Bank served on a committee of a nonprofit organization, which provides emergency shelter to individuals and families in crisis and

SOLVAY BANK – CRA PERFORMANCE EVALUATION

victims of domestic violence. The organization also provides counseling, medical care, assistance with finding a job, childcare and a permanent place to live.

- During the evaluation period two officers of Solvay served on the board of a nonprofit organization that advocates against and is dedicated to end child abuse, exploitation and trafficking through prevention intervention and education.

Responsiveness to Community Development Needs:

Solvay's level of responsiveness to community development needs is adequate.

C. Additional Factors

1. The extent of participation by the banking institution's Board of Directors or Board of Trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.

The CRA officer presents a CRA performance evaluation report to senior management and the board of directors of the bank on a semi-annual basis. An analysis of the bank's CRA compliance is completed quarterly and submitted to the Operational & Compliance Risk Management Committee and the Enterprise Risk Management Committee, as well as the Board of Directors for review.

2. Discrimination and other illegal practices

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

DFS examiners did not note practices by Solvay intended to discourage applications for the types of credit offered by Solvay Bank.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS examiners did not note evidence by Solvay of prohibited discriminatory or other illegal practices.

3. Record of opening and closing offices and providing services at offices

During the evaluation period the bank opened two branch offices and closed two branch offices, all in Onondaga County.

On April 24, 2018, the Bank opened a branch office in Baldwinsville, in a middle-income census tract and on January 13, 2020, the Bank opened a branch office in the City of Syracuse, in an upper-income census tract. On January 13, 2020, the Bank closed two branch offices. Both branch offices were located in the City of Syracuse and were located in middle-income census tracts.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

Solvay’s branches offer lobby hours from 9am to 4pm Mondays to Wednesdays (drive-throughs open at 8:30 am) with extended hours on Thursdays until 5pm and Fridays until 6pm. In addition, the Bank offers Saturday hours from 9am to 12pm. All branch offices have an ATM.

Distribution of Branches within the Assessment Area								
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %	LMI and Distressed or Underserved
Onondaga	1	1	1	4	2	9	22%	22%
Total	1	1	1	4	2	9	22%	22%

4. Process Factors

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

Solvay ascertains the credit needs of its community through ongoing communication and involvement with local nonprofit organizations, community groups, government agencies and public officials.

- The extent of the banking institution’s marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution

Solvay markets its credit services and products using in-branch advertising, digital media, billboards and local newspaper advertisements of specific loan programs. Annually, the Bank’s sponsorship of the Home & Garden show includes a printed ad in two local newspapers. All branches periodically have mortgage prequalification signage displayed in the lobby.

5. Other factors that in the judgment of the Superintendent bear upon the extent to which Solvay Bank is helping to meet the credit needs of its entire community

The Bank offers a proprietary loan program called the “Solvay Home Buyers Assistance Program” which features a buyer’s credit of up to \$2500 in closing cost assistance to qualifying borrowers. Eligible participants must have income that is 80% or less of median area income or the property to be purchased must be located in a LMI census tract.

The Bank invested in Small Business Investment Company (“SBIC”) bonds that supported economic development and small business growth nationwide. However, examiners could not identify whether any of the investments made via these bonds supported economic development or small businesses in the Bank’s assessment area or in New York State. Solvay also purchased bonds issued by various school districts with more than 50% of the student population qualifying for the free- or reduced-cost lunch program; however, all these school districts were located outside the Bank’s assessment area.

V - GLOSSARY

Aggregate Lending

“Aggregate lending” means the number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Banking Development District (“BDD”) Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

Community Development

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

Community Development Loan

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

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving LMI persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community

SOLVAY BANK – CRA PERFORMANCE EVALUATION

loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;

- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

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

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

Community Development Financial Institution (“CDFI”)

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

Fair Market Rents (“FMRs”)

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to www.huduser.gov/portal/datasets/fmr.html

Geography

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

LMI Geographies

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas (“BNAs”) and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

SOLVAY BANK – CRA PERFORMANCE EVALUATION

“LMI borrowers” means borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the Federal Financial Institutions Examination Council (“FFIEC”).

LMI Individuals/Persons

“LMI individuals” or “LMI persons” means individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the FFIEC.

LMI Penetration Rate

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

Low-Income Housing Tax Credit (“LIHTC”)

LIHTC were created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The tax credits provide a dollar-for-dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

Minority Depository Institutions (“MDIs”)

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

New Markets Tax Credit (“NMTC”)

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (“CDEs”). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer’s investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

SOLVAY BANK – CRA PERFORMANCE EVALUATION

Paycheck Protection Program (“PPP”) Loans

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

Qualified Investment

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

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

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.