



PUBLIC DISCLOSURE

February 2, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Delta National Bank and Trust Company

Charter #

20547

Bank Address

650 Fifth Avenue, 26th Floor

New York, NY 10019

Office of the Comptroller of the Currency

340 Madison Avenue

4th Floor

New York, NY 10017-2613

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

Overall CRA Rating 2

Definitions and Common Abbreviations 3

Description of Institution 6

Scope of the Examination..... 7

Discriminatory or Other Illegal Credit Practices Review..... 7

Description of Assessment Area 8

Conclusions about Performance 12

Overall CRA Rating:

This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

- The Bank demonstrates an adequate level of community development lending, community development services, and qualified investment activity.
- The Bank demonstrates no use of innovative or complex qualified investments, community development loans, or community development services.
- The Bank exhibits adequate responsiveness to credit and community development needs in its assessment area.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. 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 both companies are directly or indirectly controlled by the same company. A Bank subsidiary is controlled by the Bank and is, therefore, an affiliate.

Assessment Area (AA): A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the Bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area: The OCC considers all qualified investments, community development loans, and community development services that benefit areas within the Bank's assessment area(s) or a broader statewide or regional area that includes the Bank's assessment area(s).

Benefit Outside Assessment Area: The OCC considers the qualified investments, community development loans, and community development services that benefit areas outside the Bank's assessment area(s), if the Bank has adequately addressed the needs of its assessment area(s).

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.

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

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.

Net Operating Income: As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments. [*Schedule RI - Income Statement, line 8 or UBPR, page 2, "PreTax Operating Income (TE)"*]

Pass-Through Receivables: Outstanding receivables tied to all accounts issued or owned by the Bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8. [*If not already reported to the OCC, the Bank provides this information. If not applicable to institution being examined, definition is not required.*]

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries. [*Schedule RC-R - Regulatory Capital, line 3a(1) or UBPR, page 11A, "Net Tier One"*]

Total Assets: Total Bank assets as listed in the Consolidated Report of Condition and Income. [*Schedule RC - Balance Sheet, line 12 or UBPR, page 4, "Total Assets"*]

Total Income: From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income. [*Schedule RI - Income Statement, Total Interest Income, line 1g and Total Noninterest Income, line 5g, except for Banks with domestic offices only and total assets less than \$100 million, line 5c or UBPR, page 2, “Total Interest Income” and “Noninterest Income”*]

Wholesale Institution: An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale Bank is in effect.

Description of Institution

Delta National Bank and Trust Company (Delta Bank) is designated as a wholesale Bank. It was established in 1986 with the purpose of providing banking services to high net worth individuals. In 1996, the Office of the Comptroller of the Currency (OCC) designated Delta Bank as a wholesale Bank for CRA purposes. Delta Bank is a wholly owned subsidiary of Delta North Bancorp, which is owned by Delta Investment Company located in Grand Cayman. Delta Bank is currently headquartered in Midtown Manhattan, New York City.

Delta Bank offers private banking services including asset management and investment services, primarily to high net worth clients in Latin America. The Bank draws several clients from Brazil.

Delta Bank operates two branches in the United States, which are located in New York, NY and Miami, FL. Therefore, the Bank is an interstate Bank with two assessment areas. The assessment areas and their respective CRA performance are discussed separately in this performance evaluation. As a wholesale Bank, Delta Bank, is assessed solely on the community development test, which evaluates a Bank's performance in meeting the credit needs of its assessment areas through community development lending, qualified investments, and community development services, as applicable.

Delta Bank is not subject to any legal or financial restrictions that could impair its ability to help meet the credit needs of its assessment areas. There was no merger and acquisition activity that impacted the scope of the Bank's operations during the evaluation period. Assets totaled \$372.9 million of December 31, 2017.

Table 1: Financial Information (000s)

	Year-end 2015	Year-end 2016	Most Recent Quarter-end 12/31/2017	Average for Evaluation Period
Tier 1 Capital	52,651	53,199	52,805	52,885
Total Income	17,383	16,304	16,637	16,775
Net Operating Income	371	548	(395)	175
Total Assets	456,873	424,011	372,979	417,954

Source: Consolidated Report of Condition and Income and Bank reported data.

Scope of the Examination

In evaluating the Bank's performance under the CRA, we reviewed wholesale community development activities from February 17, 2015 through July 23, 2017. We reviewed the level and nature of qualified investments, community development lending, and community development services. The prior evaluation dated February 17, 2015, rated the Bank Satisfactory.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §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 assessment area 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.

STATE OF NEW YORK

Description of New York Assessment Area

Delta Bank's New York assessment area (AA) consists of New York City's five boroughs (Manhattan, Queens, Brooklyn, the Bronx, and Staten Island). The AA is a part of the New York- Jersey City- White Plains NY-NJ Metropolitan Statistical Area #35614. This assessment area meets the requirements of the CRA and does not arbitrarily exclude low- and moderate-income geographies.

The New York AA is a densely populated urban area. According to the 2015 US Census, the assessment area has 2,167 geographies distributed as follows: 346 (16.01 percent) low-income, 608 (28.06 percent) moderate-income, 631 (29.12 percent) middle-income, and 515 (23.77 percent) upper-income. The population totals 8.4 million, with a median family income of \$70,541, as reported in the 2015 American Community Survey (ACS). There are 3.42 million housing units, which remain predominantly, 62 percent, rental units versus 29 percent owner-occupied, and 9 percent are vacant. Additionally, 60.39 percent of housing units are multifamily compared to 39.39 percent in 1-4 family units. The weighted average median housing cost is high, at \$536 thousand. This makes home ownership difficult for low- to moderate-income individuals. Hence, affordable housing development and rehabilitation remains a significant need for the AA. Monthly rental costs for 31.85 percent of housing units in the AA equal or exceed 30 percent of income. There are 19.39 percent of households in the AA that live below the poverty level.

Table 2: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	2167	16.01%	28.06%	29.12%	23.77%
Families	1,865,227	20.28%*	29.23%*	26.28%*	24.08%*
Businesses	509,507	11.25%**	20.55%**	20.40%**	44.86%**

Source: Demographic Data – 2015 ACS U.S. Census, Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract.

The AA continues to see an improved labor market. The ACS US Census data shows an unemployment rate of 6.03 percent within the AA. Unemployment has continued to decline post-recession.

According to NY Department of Labor the top 10 largest private sector employers in New York City are American Airlines, Columbia University, JPMorgan Chase, Memorial Sloan Kettering Cancer Center, Morgan Stanley Children's Hospital, Mount Sinai Hospital, New York-Presbyterian Hospital, Nielsen Company, Northwell Health Inc., and Verizon.

Delta Bank operates in a competitive market that includes numerous large, foreign, and multinational Banks. Banks operating in the market and providing competition within the assessment area include JP Morgan Chase, Citibank, Bank of America, Wells Fargo, and TD Bank.

A representative of The Office of the Comptroller of the Currency spoke with community contacts in the New York AA. The contact at the community organization identified the importance of helping low- and moderate-income households through improving the homeownership and reducing racial disparities in the community. The community organization noted loans for working capital, serving on boards and committees, and providing outreach events as needs of the community.

Conclusions on Performance in New York

Summary

- The Bank's CRA performance in the New York assessment area is satisfactory.
- Delta Bank has an adequate level of qualified investments and wholesale community development lending activities given available opportunities and capacity. Delta Bank continues to invest and donate to organizations that benefit low- and moderate-income individuals and families within the AA. The Bank continues to support minority owned financial institutions within the AA through the purchase of certificates of deposits.
- The Bank does not utilize innovative or complex qualified investments, community development loans, or community development services.
- Delta Bank demonstrated an adequate responsiveness to the credit and development needs of the community. The Bank met the needs of the AA with community development activities including qualified investments, loans, and services to low- and moderate-income individuals and families.

New York - Qualified Investments

Community Development investments represent adequate responsiveness to assessment area needs. During the evaluation period, management made one qualified investment in the New York AA for \$360 thousand. The investment was to finance the purchase of affordable housing units within the New York AA.

Delta Bank continues to make donations within the New York AA. During the evaluation period, management made donations to two different organizations for a total of \$34 thousand. Of the donations, \$25 thousand went to an organization who provides homeownership and financial education to low- and moderate-income families.

The Bank continues to purchase certificates of deposits (CDs) from minority-owned financial institutions. The Bank purchased CDs from five minority-owned institutions for a total of \$780 thousand during the evaluation period. The deposits are placed with minority-owned institutions with a focus on community redevelopment and assistance to low- and moderate-income individuals.

Table 3a: New York - Qualified Investment Activity (000s)

	Benefits AA	Totals
Originated Investments	\$1,174	\$1,174
Total Qualified Investments	\$1,174	\$1,174

Table 4a: New York - Qualified Investment Percentages

	Benefits AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	2.29%	2.29%
Total Investments/Average Total Income	6.92%	6.92%

New York - Community Development Lending

Delta Bank demonstrated adequate responsiveness to the credit and development needs of the community. During the evaluation period, the Bank originated one new community development loan in the New York AA. Community development lending is limited by the Bank's strategy. The new loan is a \$500 thousand line of credit used by an organization to provide acquisition and rehabilitation financing to low, moderate-, and middle-income first time home buyers. The Bank maintains an existing line of credit originated in a prior evaluation period. Both of the lines are to a non-profit organization that looks to revitalize underserved communities and provide low- and moderate-income neighborhoods with homeownership education, financial assistance, and leadership.

New York - Community Development Services

The Bank does not conduct any community development services in the New York assessment area.

STATE OF FLORIDA

Description of Florida Assessment Area

Delta Bank's Florida assessment area is in Miami-Dade County. The AA is in the Miami-Miami Beach- Kendall Metropolitan Statistical Area #33124.

The population of the Florida AA totals 2.6 million, with a median family income of \$56,962, as reported in the 2015 American Community Survey. There are 998 thousand housing units with 449 thousand (45 percent) owner- occupied, 389 thousand (39 percent) rented, and 159 thousand (16 percent) vacant. Housing units are predominantly 1-4 family units at 56.09 percent. While 42.55 percent are multifamily units. The weighted average median housing cost is \$244 thousand within the AA.

Miami-Dade county is in the most south eastern part of Florida and the United States. The county is the seventh most populous county in the United States. According to ACS US Census data, the unemployment rate is 6.19 percent within the AA, a decline from recession highs of 12.4 percent. The unemployment rate has steadily improved from the height of the recession, indicating an improving economy.

The top employers of Miami-Dade County according to The Beacon Council are Miami-Dade County Public Schools, Miami-Dade County, U.S Federal Government, Florida State Government, and University of Miami.

The Bank continues to operate in an assessment area with numerous community, midsize, and large Banks. The competition for deposits and loans is high, with the largest institutions by market share including Bank of America, Wells Fargo, JP Morgan Chase, and Citibank.

Table 2: Florida - Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	518	5.78%	27.75%	28.90 %	34.10%
Families	572,388	4.87%*	28.78%*	31.00%*	35.08%*
Businesses	344,520	3.09%**	21.32%**	25.86%**	47.40%**

Source: Demographic Data – 2015 ACS U.S. Census, Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract. 17 Census Tracts are not income categorized

A representative of The Office of the Comptroller of the Currency spoke with community contacts in the Florida AA. The contact at the community organization identified the potential for Banks to provide more services to the AA. The contact noted financial institutions have, and can continue to provide financial education to communities. The contact stated that monetary contributions to community organizations are important, but the community could greatly benefit from increased financial education.

Conclusions on Performance in Florida

Summary

- Delta Bank's CRA performance in the Florida assessment area is satisfactory.
- The level of wholesale community development activities is adequate given the Bank's available opportunities and capacity. During the evaluation period, the Bank participated in community development loans, qualified investments, and community development services in the Florida assessment area. The Bank purchased two qualified investments to support low- and moderate-income families. Delta Bank made donations to non-profit organizations to support housing and educational needs of low- and moderate-income families. The Bank also continues to support minority-owned financial institutions. In addition, the CRA advisor provides community services to a consortium that provides CRA loans.
- The Bank does not utilize innovative or complex qualified investments, community development loans, or community development services.
- Delta Bank demonstrated adequate responsiveness to the credit and development needs of the community. The community development activities at the Bank benefit the Florida AA by providing services to low- and moderate-income individuals and families.

Florida - Qualified Investments

Community Development investments represent adequate responsiveness to assessment area needs. The Bank continues to purchase qualified investments to meet the credit needs of the Florida AA. During the evaluation period the Bank purchased two mortgage backed securities for \$183 thousand and \$407 thousand. The mortgage backed security investments are to finance low income housing within the Florida AA. The first qualified investment finances a property that has over 48 percent of the units restricted to residents with incomes at or below 60 percent of the area's median income. The second qualified investment finances a property that provides low-income housing for elderly residents.

During the evaluation period the Bank made donations within the Florida AA to organizations meeting community needs. Delta Bank donated \$17 thousand to a non-profit organization that supports the educational needs of low- and moderate-income families in Florida. In addition, the Bank made a \$1,800 donation to a non-profit organization that provides free housing counseling.

The Bank continues to purchase certificates of deposits (CDs) from minority-owned financial institutions. The Bank purchased CDs from 10 minority-owned financial institutions, for a total of \$1.6 million. The deposits are placed with minority-owned institutions with a focus on community redevelopment and assistance to low- and moderate-income individuals.

Table 3b: Florida - Qualified Investment Activity (000s)

	Benefits AA
Originated Investments	\$2,240
Total Qualified Investments	\$2,240

Table 4b: Florida - Qualified Investment Percentages

	Benefit AA (%)
Total Investments/Average Tier 1 Capital	4.36%
Total Investments/Average Total Income	13.19%

Florida - Community Development Lending

The Bank did not originate any new community development loans during the evaluation period. Community development lending is limited by the Bank's strategy and activities. The Bank has participation in a Community Reinvestment Group consortium which lends to qualified community development corporations to benefit low- and moderate-income families. The consortium made a \$130 thousand loan in the evaluation period, with Delta Bank's participation being 2.59 percent. In addition, the Bank maintains a loan from a previous period with the same consortium of Banks. The Bank also has a 2.59 percent participation in the previous loan, which leaves Delta Bank's a remaining balance of \$1,559.

Florida - Community Development Services

The Bank provides community development services within the Florida AA. The Bank's CRA Task Force provides services to an organization in Florida. The organization is a consortium of Banks that make zero interest loans to qualified community development organizations. The Task Force includes a CRA advisor who represents the Bank and the organization meetings. At the meetings the organization discusses outstanding loans and the approval of new loans. In addition, the CRA Task Force recruits other Banks into the organization to facilitate further community development.