



# WHOLESALE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

February 6, 2012

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Delta National Bank and Trust Company  
Charter Number: 20547

650 Fifth Avenue, 31st Floor  
New York, New York 10019-0000

Office of the Comptroller of the Currency

New York Metro Field Office (8123)  
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Jersey City, New Jersey 07311

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

## **INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

The conclusions for the three rating criteria are:

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

### **SCOPE OF EXAMINATION**

We evaluated Delta National Bank & Trust Company's performance under the CRA regulation for the period of August 8, 2008 to February 6, 2012. We accomplished this by reviewing the level and nature of community development lending, qualified investments, and community development services present at the bank. At the last examination dated August 8, 2008, the bank was rated Satisfactory.

### **DATA INTEGRITY**

As part of our examination, we performed an on-site data integrity review in February 2012. As the bank does not report HMDA data, our review focused on the assessment of the processes and controls for collecting, reporting, and verifying data for community development related activities. We also reviewed all the supporting files for qualified investments such as bonds, donations, and certificates of deposits, and the community service file. We found the bank's processes and controls for collecting and reporting CRA related data to be satisfactory.

### **DESCRIPTION OF INSTITUTION**

Delta National Bank and Trust Company (Delta Bank) has been in operation since 1986. Delta Bank was designated a wholesale bank for CRA purposes in 1996. The bank is a wholly owned subsidiary of Delta North Bancorp, which is owned by Delta Investment Company located in Grand Cayman.

Delta Bank is a full service commercial bank offering a wide selection of investment and fiduciary services to meet the needs of its overseas customers. The bank's primary focus is on private banking, asset management and investment services to its high net worth customers in South America, primarily Brazil. There is no direct lending in the U.S.

Currently, Delta Bank has two branches in the U.S. The branches are located in Miami, Florida and New York, NY. As such, Delta Bank is an interstate bank with two assessment areas (AA). Descriptions of the assessment areas and the bank's CRA performance are discussed separately in this performance evaluation.

The Florida branch is located on the fifth floor of an office building in downtown Miami. The New York branch is located on the 25<sup>th</sup> and 26<sup>th</sup> floors of a midtown building. There are no legal or financial factors impeding the bank’s ability to help meet the credit needs in its assessment areas.

Table 1 outlines the bank’s financial information during the evaluation period:

**Table 1: Financial Information (000s)**

	<b>Year-end 2008</b>	<b>Year-end 2009</b>	<b>Year-end 2010</b>	<b>Year-end 2011</b>	<b>Average for Evaluation Period</b>
<b>Tier 1 Capital</b>	49,493	47,744	48,626	49,464	48,832
<b>Total Income</b>	26,826	19,993	19,043	18,093	20,988
<b>Net Operating Income</b>	3,417	1,251	882	838	1,597
<b>Total Assets</b>	399,457	423,138	370,535	283,392	369,131

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

**STATE OF NEW YORK**

**CRA RATING FOR NEW YORK: Satisfactory**

Delta Bank demonstrates an adequate level of participation in community development activities in its assessment area. The bank addresses community needs through qualified investments and loans.

**Description of the New York AA**

The New York AA consists of the five New York City boroughs: Manhattan, Queens, Brooklyn, the Bronx, and Staten Island. This is part of the New York White Plains, NY-NJ Metropolitan Division #35644 under the New York–Newark-Edison, NY-NJ-PA Metropolitan Statistical Area #35620. The AA meets legal requirements and does not arbitrarily exclude low- or moderate-income geographies.

Table 2 outlines demographic information of the AA:

**Table 2: Assessment Area Description – New York**

	<b>Number</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
<b>Tracts</b>	2,217	14.7% *	27.7% *	29.9% *	25.1% *
<b>Families</b>	1,869,809	16.6% **	31.4% **	27.9% **	24.1% **
<b>Business</b>	499,056	8.94% ***	21.20% ***	22.12% ***	46.41% ***

Source: Demographic Data - 2000 U.S. Census; \* 2.6% of tracts do not have income designation;

\*\* Represents families by income level; \*\*\* 1.33% of businesses do not have income designation.

According to the 2000 U.S. Census Data, the population of the New York AA is 8.0 million. The census median family income (MFI) is \$48,158, while the 2010 Department of Housing and Urban Development updated MFI is \$65,600. Within the AA, there are 3.2 million housing units of which 94 percent are occupied. Owner-occupied units make up 29 percent of total housing units and rental units account for 66 percent. In addition, nearly 61 percent (1.9 million) of all housing units are multifamily. At approximately \$450 thousand, the 2010 median single-family housing value is high, making homeownership difficult for low- and moderate-income individuals.

The New York City economy is the largest regional economy in the United States. The city continues to be a financial leader of the world and a premier location for leading global financial services companies. Other important sectors include media, entertainment, telecommunications, tourism, publishing, and garment production. Some of the city's largest employers are New York Presbyterian Healthcare System, Citigroup, JP Morgan Chase, Verizon, and Federated Department Stores.

The New York City economy has struggled following the recession that began in late 2008. Wall Street, a significant contributor to employment in the area, suffered significant layoffs following the financial crisis and has yet to rebound. As of November 2011, the Bureau of Labor Statistics reported the unemployment rate in New York City as 9.1 percent, compared to the national rate of 8.2 percent. New York City's unemployment rate has fluctuated between 8.0 percent and 10.0 percent for the past three years.

Delta Bank continues to operate in a strongly competitive market with a variety of multinational, foreign, and large banks. Major banks operating in the area include Citibank, JP Morgan Chase, HSBC, Bank of America, and Wells Fargo.

During the evaluation period, OCC representatives met with community development organizations operating in the assessment area. The contacts identified the following needs within the community: affordable housing for purchase or rent, commercial lending to fund various revitalization projects, lines of credit for non-profits, and small business financing.

## **CONCLUSIONS ON PERFORMANCE IN NEW YORK**

### **Summary**

Delta Bank's CRA performance in the New York AA is satisfactory. The bank had an adequate level of community development investment and lending activity. Although the investments and loans were not innovative or complex, they demonstrate an adequate responsiveness to the credit and development needs of the community.

- The level of Delta Bank's community development activities is adequate given its capacity and the opportunities available. During the evaluation period, Delta Bank funded one new investment supporting affordable housing for low- and moderate-income families. Delta Bank also made donations to organizations that support affordable

housing, financial education, and quality of life programs targeting low- and moderate-income individuals. The bank has one investment and three loans outstanding from the previous evaluation period. Delta Bank continues to support minority-owned banks through certificates of deposits.

- The bank’s community development performance consists of qualified investments and lending. These activities are neither innovative nor complex as they are routinely provided by other entities.
- Delta Bank’s community development activities in this AA demonstrate adequate responsiveness to the needs in the community. All of the bank’s loans and investments are to provide affordable housing and financial education programs for low- and moderate-income individuals.

**Qualified Investments**

The bank provided an adequate level of qualified investments to meet community needs. During the evaluation period, Delta Bank invested \$62 thousand in a CRA qualified investment fund supporting affordable rental housing for individuals earning no more than 60 percent of area median income. The bank also has a \$305 thousand investment outstanding from the previous evaluation period that supports this same program. Delta Bank made donations totaling \$62 thousand to four community organizations that support affordable housing, financial education, and quality of life programs targeting low- and moderate-income individuals. The bank has been a supporter of these organizations for almost twenty years.

The bank continues to support minority-owned banks through certificates of deposits (CDs). During the evaluation period, the bank purchased six new CDs totaling \$675 thousand. The deposits are placed with minority-owned banks with focus on community redevelopment and assistance to low- and moderate-income individuals.

**Table 3: Qualified Investment Activity (000s)**

	<b>Benefits AA</b>
<b>Originated Investments</b>	799
<b>Originated Grants</b>	0
<b>Prior-Period Investments that Remain Outstanding</b>	305
<b>Total Qualified Investments</b>	1,104

**Table 4: Qualified Investment Percentages**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	2.3%
<b>Total Investments/Average Total Income</b>	5.3%

**Community Development Lending**

Delta Bank has an adequate amount of community development lending in its New York AA. Although the bank did not originate any new loans, it has three loans outstanding from the previous evaluation period. The current outstanding balance on the loans totals \$113 thousand. These loans were made to a non-profit organization supporting homeownership for low- and moderate-income individuals.

**Table 5: Community Development Lending Percentages**

	<b>Benefits AA (%)</b>
<b>Total CD Lending/Average Tier 1 Capital</b>	0.23%
<b>Total CD Lending/Average Total Income</b>	0.54%

**Community Development Services**

Delta Bank did not provide any community development services during the evaluation period in this AA.

**STATE OF FLORIDA**

**CRA RATING FOR FLORIDA: Satisfactory**

Delta Bank has an adequate level of participation in community development activities in its AA. The bank addresses community needs primarily through qualified investments.

**Description of the Florida AA**

The Florida AA consists of Miami-Dade County. This is part of the Miami-Miami Beach-Kendall, FL Metropolitan Division #33124 under the Miami-Fort Lauderdale, Miami Beach, FL Metropolitan Statistical Area #33100. The AA meets legal requirements and does not arbitrarily exclude low-or-moderate income geographies.

Table 6 outlines demographic information of the AA:

**Table 6: Assessment Area Description – Miami**

	<b>Number</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
<b>Tracts</b>	347	7.78%*	28.53%*	32.85%*	29.97%*
<b>Families</b>	552,484	4.31%**	27.42%**	35.92%**	32.34%**
<b>Business</b>	454,418	3.98%	19.56%	32.37%	43.51%

Source: Demographic Data - 2000 U.S. Census.

\* .86% of tracts do not have income designation.

\*\* Represents families by income level.

According to the 2000 U.S. Census Data, the population of the Florida AA is 2.3 million. The census median family income (MFI) is \$44,739 while the 2010 Department of Housing and Urban Development updated MFI is \$52,200. Within the AA there are 852 thousand housing units, 91 percent of which are occupied. Owner-occupied units make up 53 percent of total units, while 38 percent are rental units. The 2010 median single-family housing value is approximately \$187 thousand.

Miami-Dade County is located in the southeastern part of Florida. It is the most populous county in the state of Florida, and the eighth most populous county in the United States. Miami is the largest city within Miami-Dade County. While tourism continues to be a major industry in Miami, the city’s economy has become more diversified. Its close proximity to Latin America and the Caribbean make it the center of international trade with those areas. Other leading industries include Education and Health Services, Government, Professional and Business Services, and Retail Trade. The top employers are Publix Supermarkets, Baptist Health Systems of Southern Florida, Jackson Health System, University of Miami, and American Airlines.

The Miami economy is recovering from the economic downturn in 2008. As of November 2011, the Bureau of Labor Statistics reported the unemployment rate in Miami-Dade County as 9.5 percent, compared to the national rate of 8.2 percent. This rate is down from a recent high of 13.9 percent in June 2011. Commercial construction, healthcare expansion, and tourism are creating jobs. Residential construction, however, is at a standstill as Miami is one of the most overbuilt housing markets in the nation. Housing prices have declined and will continue to decline until the excess inventory is purged. Despite the decline in prices, housing affordability continues to be an issue in this assessment area.

In Florida, Delta Bank competes with a variety of community, foreign, and large banks. The county includes a number of Latin-American owned banks with products and services focusing on Latin-American customers.

During the evaluation period, OCC representatives met with community development organizations operating in the assessment area. The contacts identified the following needs within the community: affordable housing, including rental housing, foreclosure prevention programs, and small business financing.

## CONCLUSIONS ON PERFORMANCE IN FLORIDA

### Summary

Delta Bank's CRA performance in the Florida AA is satisfactory. The bank had an adequate level of community development service, lending, and investment activity. Although the investments and loans were not innovative or complex, they demonstrated an adequate responsiveness to the credit and development needs of the community.

- The bank's community development performance is adequate in relation to its capacity and the opportunities available. During the evaluation period, Delta Bank made one new investment which supported both affordable housing in low- and moderate-income geographies and affordable housing for low- and moderate-income families. Delta Bank also made donations to organizations supporting various housing programs for low- and moderate-income individuals. The bank has one investment, three loans, and three housing bonds outstanding from the previous evaluation period. Delta Bank continues to support minority-owned banks through certificates of deposits. Additionally, the CRA Officer provided community services to a bank consortium making zero interest loans.
- The bank's community development performance consists of qualified investments, lending and community services. These activities are neither innovative nor complex as they are routinely provided by other entities.
- Delta Bank's responsiveness to credit and community development needs is adequate. All of the bank's loans and investments are to provide housing financing and assistance to low-and moderate income geographies and individuals.

### Qualified Investments

Delta Bank made an adequate level of qualified investments in the Florida AA. During the evaluation period, Delta Bank invested \$103 thousand in a CRA qualified investment fund supporting affordable rental housing for seniors in low- and moderate-income geographies and also affordable rental housing for individuals earning no more than 60 percent of area median income. The bank has an additional \$509 thousand investment outstanding from the previous evaluation period that supports these same programs. Delta Bank also made donations totaling \$15.6 thousand. The donations were to organizations in support of decent, affordable housing and improvement of quality of life.

Additionally, Delta Bank has a \$40 thousand investment outstanding from the previous evaluation period. The investment is to a consortium of banks that make zero interest loans to low- and moderate-income individuals. The bank has three bonds outstanding from the previous evaluation period. The bonds, totaling \$225 thousand, finance housing for low and moderate income individuals. The bank continues to support minority-owned banks through certificates of deposits. During the evaluation period, Delta Bank purchased seventeen new certificates of deposit totaling \$2.0 million. The deposits are placed with banks focusing mainly on community development and housing assistance to low- and moderate- income individuals.

**Table 7: Qualified Investment Activity (000s)**

	<b>Benefits AA</b>
<b>Originated Investments</b>	\$2,151
<b>Originated Grants</b>	0
<b>Prior-Period Investments that Remain Outstanding</b>	\$774
<b>Total Qualified Investments</b>	\$2,925

**Table 8: Qualified Investment Percentages**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	6.0%
<b>Total Investments/Average Total Income</b>	13.9%

**Community Development Lending**

Delta Bank has an adequate amount of community development lending in its Florida AA. Although the bank did not originate any new loans, it has three loans outstanding from the previous evaluation period. The current outstanding balance on the loans totals \$10.2 thousand. The loans were made to two different affordable housing organizations. The purpose of the loans was to provide funding to the organizations’ operations and to provide housing financing to low- and moderate- income individuals. Additionally, Delta Bank qualifies for lending activity in the amount of \$24 thousand through its 2.5 percent participation in the Community Reinvestment Group consortium.

**Table 9: Community Development Lending Percentages**

	<b>Benefits AA (%)</b>
<b>Total CD Lending/Average Tier 1 Capital</b>	0.07%
<b>Total CD Lending/Average Total Income</b>	0.16%

**Community Development Services**

During the evaluation period, the Miami CRA officer provided community service to Community Reinvestment Group (CRG), a consortium of banks making zero interest loans to qualified Community Development Corporations. The CRA officer served as the bank’s representative at CRG meetings, discussing outstanding loans and the approval of new ones. Additionally, the CRA officer provided recruiting services to bring more banks into the group.

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

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

## 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 MAs (using the MA boundaries that were in effect as of January 1st 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:** A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

**Census Tract (CT):** Small, locally defined statistical areas within Metropolitan Areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

**Community Development (CD):** Affordable 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and

dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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 United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50% of the MFI.
- **Moderate-Income** – An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income** – An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income** – An income level that is 120% or more of the MFI.

**Metropolitan Area (MA):** Refers to an MSA or a metropolitan division.

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

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

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

**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.