



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

December 31, 1997

Community Reinvestment Act Performance Evaluation

**Delta National Bank and Trust Company of New York
Charter Number: 20547
650 Fifth Avenue
New York, New York 10019**

**Office of the Comptroller of the Currency
New Jersey Field Office
830 Morris Turnpike, 2nd floor
Short Hills, NJ 07078**

Note: 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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Delta National Bank and Trust Company of New York** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 31, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: The bank is rated Satisfactory, based on the following factors:

- An adequate level of community development loans and qualified investments.
- An adequate responsiveness to community development needs.

Description of the Institution

Delta National Bank and Trust Company of New York (DeltaBank) is a commercial bank and trust company located in midtown Manhattan, New York. The bank was approved for a wholesale bank designation for CRA purposes on May 14, 1996. The bank is located on the twenty-sixth floor of an office building and is not readily accessible to the general public. There are no branches, nor Automatic Teller Machines (ATMs). The bank was opened in 1986 and is wholly-owned by Delta North Bankcorp, Inc., a one-bank holding company in Dover, Delaware. The bank is also affiliated with Delta National Bank and Trust Company of Florida, in Miami, Florida.

The bank's main business focus is on private banking and trust services directed toward Brazilians and other South American nationals. A limited number of deposit services are offered. The bank does not offer consumer mortgages and provides limited consumer loans to existing customers and employees, for accommodation purposes. Substantially all loans are fully secured by deposits. As of December 31, 1997, total assets were \$248 million, outstanding loans were \$73 million, and total deposits were \$222 million. However, substantially all deposits are from foreign sources, with less than \$250 thousand in domestic deposits.

The competition for community development loans and investments in the bank's assessment area is strong. DeltaBank competes with a significant number of financial institutions in its assessment area.

Consistent with its size and resources, DeltaBank has the ability to help meet the community development needs of its assessment area. There are no legal impediments or other restrictions that would preclude the bank from meeting the needs of its assessment area.

Description of the Assessment Area

The Assessment Area (AA) consists of the five boroughs of New York City (Manhattan, Queens, Brooklyn, the Bronx, and Staten Island) and is part of the 5600 MSA (Metropolitan Statistical Area), as defined by the U.S. Census Bureau. The population of the total AA is 7.3 million, and contains 2,216 census tracts, of which 14% are low income census tracts, 19% are moderate income census tracts, 35% are middle income census tracts, 29% are upper income census tracts. Information is not available on 3% of tracts. The median household income is \$31,716. The unemployment rate within the metropolitan area ranges between 8% and 9%. The defined AA is reasonable, meets regulatory requirements, and does not arbitrarily exclude any low- or moderate-income areas. Discussions with management indicate that affordable housing is the primary community credit need.

The scope of our review covered the period from January 1995 to December 1997 ("the evaluation period"), and included an assessment of the bank's community development loans, qualified investments, qualified donations, and community development services.

Conclusions with Respect to Performance

The bank's participation in community development loans, qualified investments, and qualified donations since the last Community Reinvestment Act (CRA) examination total \$2,116,150. The level of activity during the review period adequately responds to the community credit needs in the assessment area, based upon the bank's capacity and strong competition in the assessment area.

DeltaBank has adequate participation with a community development organization that is involved in lending for affordable housing. The activities of this organization are substantially focused within DeltaBank's Assessment Area. There is also an adequate level of qualified investments that represent deposits in community development and minority owned financial institutions that lend to low- and moderate- income (LMI) individuals. DeltaBank did not provide any community development services during the review period.

Community Development Loans

During the evaluation period, DeltaBank committed \$700 thousand in loans to Neighborhood Housing Services of New York City, Inc. (NHS), with an outstanding balance of \$117 thousand, as of December 31, 1997. NHS is a not-for-profit organization whose mission is to maintain and preserve LMI housing in the five boroughs of New York City through home buyers' assistance, training, and redevelopment.

These commitments include a \$200 thousand participation in a \$2 million line of credit provided by ten banks to NHS for the CASH II (Closing Assistance Support for Homebuyers) program. Under this program, NHS lends the funds to creditworthy LMI home buyers to help cover closing costs and a portion of down-payments for home purchases.

DeltaBank also has a \$500 thousand participation in a \$7.5 million line of credit provided by 15 banks for the Mixed-Use, Multi-Family Rehabilitation program. Under this program, NHS lends the funds for rehabilitation of multi-family or mixed-use buildings in low-and-moderate income neighborhoods in New York City.

In addition, DeltaBank has \$250 thousand in loans outstanding to NHS that were made prior to the evaluation period. These loans are used as a revolving fund by NHS for short-term lending to LMI homeowners for housing repairs and improvements. NHS has made a total of 69 loans amounting to \$410 thousand based on these loans participated from DeltaBank.

Community Development Investments

DeltaBank (and its affiliate) has made \$1,416,500 in qualified investments and donations during the evaluation period, which are considered non-complex.

DeltaBank has certificates of deposit totaling \$688 thousand in seven local community financial institutions, including Ponce de Leon Federal Savings Bank (Bronx), New York National Bank (Bronx), Union Settlement Federal Credit Union (Manhattan), Carver Federal Savings Bank (Queens), Community Capital Bank (Brooklyn), Central Brooklyn Federal Credit Union, and Mid-Bronx Community Development Federal Credit Union. Community Capital Bank is a community development bank that specializes in lending for community development in LMI neighborhoods in New York City. The other three banks are minority-owned, and the three credit unions have been designated as Low-Income Credit Unions. These financial institutions are involved in lending to LMI individuals, lending for affordable housing, and/or lending to small businesses within the New York City area.

In addition, the affiliated Delta National Bank and Trust Company of Florida has deposits of \$686 thousand in the same seven financial institutions, which are eligible to be counted toward DeltaBank's total investments as they are provided by an affiliate of the bank, and the investments are not claimed by any other institution [see regulation 12 CFR 25.25(d)(1)].

During the evaluation period, DeltaBank made \$9,650 in qualified donations to the "Our Neighbors Program," a non-denominational administered community outreach program, sponsored by St. Patrick's Cathedral, which provides rental assistance and food for the elderly and needy. In addition, DeltaBank made \$32,500 in qualified donations during this evaluation period to Neighborhood Housing Services of New York City, Inc.

Community Development Services

DeltaBank indicated that they have not provided any community development services that qualify under the regulation due to the bank's limited market focus and specialized expertise.

Compliance with the Antidiscrimination Laws

During the concurrent Fair Lending examination, no violations of Fair Lending laws and regulations were found.