Post-Qualification Amendment No. 3
File No. 024-10818

OFFERING CIRCULAR

DELHI BANK CORP.

124 Main Street
Delhi, New York 13753
(855) 413-3544

TIER 1 OFFERING

102,953 Shares of Common Stock

We are offering to our stockholders residing in the State of New York and certain other jurisdictions shares of our common stock through participation in a Dividend Reinvestment and Optional Cash Purchase Plan (the "Plan").

We are authorized to issue up to 393,750 shares of our common stock under the Plan. The maximum amount of common stock that we may issue or sell, from time to time, under the Plan, is subject to a maximum limitation which limits the aggregate consideration that we receive for all securities sold pursuant to this offering, and for the sale of any other securities which we are required to integrate with this offering under the rules of the Securities and Exchange Commission, to no more than $20 million annually. Under Regulation A of the Securities Act of 1933, as amended, two types of offerings are permitted: Tier 1, under which an issuer may offer and sell up to $20 million of eligible securities annually; and Tier 2, under which an issuer may offer and sell up to $50 million of eligible securities annually. The aggregate offering price for all securities sold under the Plan over the 12 month period prior to the date of this offering circular was $811,210. In order to comply with the Tier 1 requirements and taking into account the number of shares that have been sold over the prior 12 month period under the Plan, the number of shares that we are authorized to issue under the Plan is currently 102,953 shares. The Plan provides our stockholders with a convenient and economical way to purchase additional shares of our common stock by reinvesting the dividends paid on such shares. Stockholders may also make voluntary quarterly cash payments to purchase additional shares of common stock under the Plan. The Plan is intended to benefit long-term investors who wish to increase their investment in our common stock.

The Delaware National Bank of Delhi, a wholly owned subsidiary of Delhi Bank Corp., and our transfer agent, will act as the Plan Administrator and purchase shares of our common stock directly from us at fair market value, in the open market, or in negotiated transactions to fund the Plan. Our common stock is quoted on the OTC Markets under the symbol "DWNX." As of March 10, 2021, the market price per share of the common stock was $35.00.

	Price to Public (1)	Proceeds to Issuer (2)(3)(4)
Per Share of Common Stock, Par Value $1.00 Per Share	$ 35.00	$ 35.00
Total (102,953 shares)	$ 3,603,355.00	$ 3,603,355.00

(1) Price per share is based upon the market price per share ($35.00) as of March 10, 2021. Actual price of shares purchased under the Plan will depend on the market price of our shares on the dividend investment date.
(2) The proceeds to the issuer are subject to a maximum limitation so that the aggregate consideration that we receive for all securities sold pursuant to this offering, and for the sale of any other securities, which we are required to integrate with this offering under the rules of the Securities and Exchange Commission, shall not exceed $20 million in any 12 month period. As of the date of this offering circular, we have sold 290,797 shares under the Plan and received gross proceeds of $7,486,901 for securities sold under the Plan.
(3) There are no underwriters in connection with the Plan.
(4) Amount does not include expenses of the Plan incurred and paid by us since implementation of the Plan in the amount of $485,922.

Investment in our common stock involves risk. See "Risk Factors," beginning on page 3.

The United States Securities and Exchange Commission (the "Commission") or any state securities regulator does not pass upon the merits of or give its approval to any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering circular or other selling literature. These securities are offered pursuant to an exemption from registration with the Commission; however, the Commission has not made an independent determination that the securities offered hereunder are exempt from registration. Any representation to the contrary is a criminal offense.

The securities offered hereby are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This Offering Circular follows the Form 1-A disclosure format.

The date of this offering circular is March 17, 2021.

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Summary

The following information is a summary of the significant terms of the Plan. You should carefully read this offering circular and the consolidated financial statements and the notes thereto, to understand fully the terms of the Plan, as well as the other considerations that are important to you in making a decision about whether to participate in the Plan. You should pay special attention to the "Risk Factors" section of this offering circular to determine whether participation in the Plan is appropriate for you. As used in this offering circular, "we," "us" and "our" refer to Delhi Bank Corp. and our wholly owned subsidiary, The Delaware National Bank of Delhi (referred to herein as The Delaware National Bank), depending on the context.

The Companies

Delhi Bank Corp.
124 Main Street
Delhi, New York 13753
(855) 413-3544

We are a registered bank holding company, which owns 100% of the outstanding capital stock of The Delaware National Bank. Our primary business is that of The Delaware National Bank.

The Delaware National Bank of Delhi
124 Main Street
Delhi, New York 13753
(855) 413-3544

The Delaware National Bank, a national bank, was originally chartered as a New York state bank in 1839 and converted to a national bank in 1865. We are a full-service commercial bank. We attract deposits from the general public and use those funds to originate one- to four-family residential mortgage loans and commercial real estate mortgage loans, commercial loans and consumer loans in Delaware County, New York. Additionally, we provide trust services through The Delaware National Bank's trust department. The Delaware National Bank currently operates out of its offices in Delhi, New York, Margaretville, New York, Davenport, New York and Hobart, New York and loan production offices in Oneonta, New York and Sidney, New York.

The Dividend Reinvestment and Optional Cash Purchase Plan

Securities Offered

Up to $3,603,355.00 in aggregate principal amount of Delhi Bank Corp. common stock, par value $1.00 or a total of 102,953 shares. To date we have sold 290,797 shares under the Plan for gross proceeds of $7,486,901.

The Dividend Reinvestment and Optional Cash Purchase Plan

We are offering shares of our common stock through participation in the Plan. In order to participate in the Plan, you must be a stockholder of Delhi Bank Corp. and a resident of one of the following jurisdictions: Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Kentucky, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Vermont, Virginia and Washington.

Administration of the Plan

The Delaware National Bank, a wholly owned subsidiary of Delhi Bank Corp., will administer the Plan.

Eligibility

All holders of record of at least one (1) whole share of our common stock who are residents of Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Kentucky, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Vermont, Virginia and Washington are eligible to participate in the Plan.

Participation	Participation in the Plan is entirely voluntary. To participate in the Plan, a stockholder must complete the Authorization Form and return it to us. It is important that you read carefully the section of this document titled, *"Delhi Bank Corp. Dividend Reinvestment and Optional Cash Purchase Plan."*
Reinvestment Dividends	Dividends will be reinvested in those months in which regular cash dividends are paid on our common stock. Shares purchased directly from Delhi Bank Corp. with reinvested dividends will be purchased on the dividend investment date.
Dividend Investment Date	The dividend investment date is the dividend payment date of our regular dividend. If the dividend investment date falls on a day that is not a trading day, the dividend investment date is deemed to be the prior trading day.
Optional Purchases	Any optional cash payment you wish to make must not be less than $25 per investment nor may your payments total more than $5,000 per calendar quarter. You may send cash payments on a quarterly basis; however, payments must be received by the Plan Administrator no later than ten (10) calendar days, but no more than thirty (30) calendar days, prior to the dividend payment date. Optional cash payments will be invested on the dividend investment date, which is the same date as the dividend payment date. You need not participate in the reinvestment option to make optional cash payments.
Source of Common Stock Purchased Under the Plan	Shares of common stock will be purchased directly from Delhi Bank Corp. and will be either authorized but unissued shares or shares held in treasury of Delhi Bank Corp. To date, all shares purchased under the Plan have been from authorized shares and shares held in our treasury.
Price of Common Stock Purchased Under the Plan	The price of the shares of our common stock purchased under the Plan from us will be the average of the high and low sales prices of our common stock as quoted on the OTC Markets for the four (4) weeks preceding the applicable dividend investment date.
Certificates for Shares Held Under the Plan	The Plan Administrator will hold all shares purchased for the benefit of plan participants in non-certificated (book-entry) form. Plan participants will receive an account statement showing the number of shares purchased for their account under the Plan.
Termination of Participation	Plan participants may withdraw from the Plan completely at any time by notifying the Plan Administrator in writing to that effect. If you cease to be a stockholder of Delhi Bank Corp., you will no longer be eligible to participate in the Plan.

Risk Factors

An investment in our common stock involves a high degree of risk, including the possible loss of principal invested. You should carefully consider the following risk factors, in addition to the information contained elsewhere in this offering circular, before investing in our common stock.

Risks Related to Our Business

The novel coronavirus disease (COVID-19) pandemic has adversely impacted our business, and the ultimate impact on our business, financial position, results of operations and/or cash flows will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the scope and duration of the pandemic and the actions taken by governmental authorities, our clients and our business partners in response to the pandemic.

The COVID-19 pandemic is creating extensive disruptions to the global economy and to the lives of individuals throughout the world. Governments, businesses, and the public are taking unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and legislation designed to deliver monetary aid and other relief. While the scope, duration, and full effects of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted global economic activity, adversely affected the functioning of financial markets, impacted interest rates, increased economic and market uncertainty, and disrupted trade and supply chains.

Our risks of timely loan repayment and the value of collateral supporting the loans are affected by the strength of our borrower's businesses. Concern about the spread of COVID-19 has caused and is likely to continue to cause business shutdowns, limitations on commercial activity and financial transactions, labor shortages, supply chain interruptions, increased unemployment and commercial property vacancy rates, reduced profitability and ability for property owners to make mortgage payments, and overall economic and financial market instability, all of which may cause our customers to be unable to make scheduled loan payments. If the effects of COVID-19 result in widespread and sustained repayment shortfalls on loans in our portfolio, we could incur significant delinquencies, foreclosures and credit losses. The future effects of COVID-19 on economic activity could negatively affect the collateral values associated with our existing loans, the ability to liquidate the real estate collateral securing our residential and commercial real estate loans, our ability to maintain loan origination volume and to obtain additional financing, the future demand for or profitability of our lending services, and the financial condition and credit risk of our customers. Further, in the event of delinquencies, regulatory and accounting changes and policies designed to protect borrowers may slow or prevent us from making our business decisions or may result in a delay in our taking certain remediation actions, such as foreclosure.

In an effort to support our communities during the pandemic, we are participating in the Paycheck Protection Program ("PPP") under Coronavirus Relief and Economic Security Act (the "CARES Act"). As of December 31, 2020, we processed and received approvals on 130 PPP loans, totaling over $8.4 million of new loan funds for our customers. These loans are subject to the regulatory requirements that require forbearance of loan payments for a specified time or that limit our ability to pursue all available remedies in the event of a loan default. If the borrower under the PPP loan fails to qualify for loan forgiveness, we are at the heightened risk of holding these loans at unfavorable interest rates as compared to the loans to customers that we would have otherwise extended. We are also participating in the second round of PPP loans. As of the date of this offering circular, we have processed 59 new applications totaling approximately $3.9 million.

We rely on business processes and branch activity that largely depend on people and technology, including access to information technology systems as well as information, applications, payment systems and other services provided by third parties. COVID-19 could impact our employee's ability to work effectively and availability due to illness, quarantines, government actions, financial center closures or other reasons. In particular, our financial centers present an increased risk of exposure for our employees. If our employees are not able to work as effectively or a substantial number of employees are unable to work due to COVID-19, our business would be adversely effected.

Moreover, we rely on many third parties in our business operations, including the appraiser of the real property collateral, vendors that supply essential services, providers of financial information, systems and analytical tools and providers of electronic payment and settlement systems, and local and federal government agencies, offices, and courthouses. In light of the developing measures responding to the pandemic, many of these entities may limit the availability and access of their services. For example, loan origination could be delayed due to the limited availability of real estate appraisers for the collateral. Loan closings could be delayed related to reductions in available staff in recording offices or the closing of courthouses in certain counties, which slows the process for title work, mortgage and UCC filings in those counties. If the third-party service providers continue to have limited capacities for a prolonged period or if additional limitations or potential disruptions in these services materialize, it may negatively affect our operations and financial results.

Because there have been no recent global pandemics that resulted in similar global impact, we do not yet know the full extent of COVID-19's effects on our business, operations, or the global economy as a whole. Any future development will be highly uncertain and cannot be predicted, including the scope and duration of the pandemic. The uncertain future development of this crisis could materially and adversely affect our business, operations, operating results, financial condition, liquidity or capital levels.

Our active participation in the PPP may expose the Company to litigation and compliance risk.

To support our customers, businesses and communities, we are an active participant in the PPP, notwithstanding that our participation in this federal relief program exposes us to compliance and litigation risk.

There is risk that the United States Small Business Administration ("SBA") or another governmental entity could conclude there is a deficiency in the manner in which we originated, funded, or serviced PPP loans, which may or may not be related to the ambiguity in the CARES Act or the rules and guidance promulgated by the SBA and the U.S. Department of the Treasury regarding the operation of the PPP. Several banks have already been subject to litigation and governmental inquiries regarding their respective procedures for processing PPP applications. Any such litigation regardless of the outcome, may result in significant financial liability or adversely affect our reputation. In addition, we may be subject to regulatory scrutiny regarding their processing of PPP applications or their origination or servicing of PPP loans.

We have several obligations under the PPP, and if the SBA found that we did not meet those obligations, the remedies the SBA may seek against us may include not guarantying the PPP loans resulting in credit exposure to borrowers who may be unable to repay their loans.

Our commercial real estate loan portfolio may expose us to increased lending risks.

At December 31, 2020, $75.1 million, or 37.2%, of our loan portfolio consisted of commercial real estate loans. Of that, $40.7 million or 54.2%, are loans which are fully guaranteed by the United States Department of Agriculture ("USDA"), the SBA or the Farm Service Agency ("FSA") and there is no principal risk associated with these loans. The remaining $34.4 million, or 45.8%, of our commercial real estate loans generally expose a lender to greater risk of non-payment and loss than one- to four-family residential mortgage loans because repayment of the loans often depends on the successful operation of the property and the income stream of the borrowers. Such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one- to four-family residential mortgage loans. In addition, since such loans generally entail greater credit risk than one- to four-family residential mortgage loans, we may need to increase our allowance for loan losses in the future to account for the likely increase in probable incurred credit losses associated with the growth of such loans. Also, our commercial real estate loan borrowers may have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship could expose us to a significantly greater risk of loss compared to an adverse development with respect to a one- to four-family residential mortgage loan.

Our business is subject to interest rate risk and variations in interest rates may negatively affect our financial performance.

Changes in the interest rate environment may reduce profits. The primary source of our income is the differential or "spread" between the interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing liabilities. Our net interest income is the interest we earn on loans and investments less the interest we pay on our deposits and borrowings. Our net interest spread is the difference between the yield we earn on our assets and the interest rate we pay for deposits and our other sources of funding. Changes in interest rates—up or down—could adversely affect our net interest spread and, as a result, our net interest income and net interest margin. Although the yield we earn on our assets and our funding costs tend to move in the same direction in response to changes in interest rates, one can rise or fall faster than the other, causing our net interest margin to expand or contract.

In response to the COVID-19 pandemic, the Federal Reserve Board has reduced the benchmark fed funds rate to a target range of 0% to 0.25%, and the yields on 10 and 30-year Treasury notes have declined to historic lows. Decreases in interest rates can result in increased prepayments of loans and mortgage-related securities, as borrowers refinance to reduce their borrowing costs. Under these circumstances, we are subject to reinvestment risk as we may have to reinvest such loan or securities prepayments into lower-yielding assets, which may also negatively impact our income.

Our liabilities tend to be shorter in duration than our assets, so they may adjust faster in response to changes in interest rates. As a result, when interest rates rise, our funding costs may rise faster than the yield we earn on our assets, causing our net interest margin to contract. This contraction could be more severe following a prolonged period of lower interest rates, as a larger proportion of our fixed rate residential loan portfolio will have been originated at those lower rates and borrowers may be more reluctant or unable to sell their homes in a higher interest rate environment. Changes in the slope of the "yield curve"—or the spread between short-term and long-term interest rates—could also reduce our net interest margin. Normally, the yield curve is upward sloping, meaning short-term rates are lower than long-term rates. Because our liabilities tend to be shorter in duration than our assets, when the yield curve flattens or even inverts, we could experience pressure on our net interest margin as our cost of funds increases relative to the yield we can earn on our assets. In addition, loan volume and yields are affected by market interest rates on loans, and rising interest rates generally are associated with a lower volume of loan originations. An increase in the general level of interest rates may also adversely affect the ability of certain borrowers to pay the interest on and principal of their obligations.

Accordingly, changes in levels of market interest rates could materially adversely affect our net interest spread, asset quality, loan origination volume and overall profitability.

Because most of our borrowers are located in Delaware County, New York, a downturn in the local economy or a decline in local real estate values could cause increases in nonperforming loans, which could hurt our profits.

A majority of our loans are secured by real estate or made to businesses in Delaware County, New York. As a result of this concentration, a downturn in the local economy could cause increases in nonperforming loans, which could hurt our profits. A sharp decline in real estate values could cause some of our mortgage loans to become inadequately collateralized, which would expose us to a greater risk of loss. Additionally, a decline in the economy of Delaware County could have a material adverse effect on our business, including the demand for new loans, refinancing activity, the ability of borrowers to repay outstanding loans and the value of loan collateral, and could adversely affect our asset quality and net income.

Our allowance for loan losses may not be sufficient to cover actual loan losses which could adversely impact our earnings.

When borrowers default and do not repay the loans that we make to them, we may lose money. The allowance for loan losses is the amount estimated by management as necessary to cover probable losses in the loan portfolio at the balance sheet date. The allowance is established through the provision for loan losses, which is charged to income. Determining the amount of the allowance for loan losses necessarily involves a high degree of judgment. Among the material estimates required to establish the allowance are: loss exposure at default; the amount and timing of future cash flows on impacted loans; value of collateral; and determination of loss factors to be applied to the various elements of the portfolio. If our estimates and judgments regarding such matters prove to be incorrect, our allowance for loan losses might not be sufficient, and additional loan loss provisions might need to be made. Depending on the amount of such loan loss provisions, the adverse impact on our earnings could be material. Our allowance for loan losses at December 31, 2020 may not be sufficient to cover future loan losses. A large loss or series of losses could deplete the allowance and require increased provisions to replenish the allowance, which would negatively affect earnings.

In addition, bank regulators periodically review our allowance for loans losses and may require us to increase our provision for loan losses or recognize further loan charge-offs. Any significant increase in our allowance for loan losses or loan charge-offs that may be required by these regulatory authorities could have a material adverse effect on our financial condition and results of operations.

Strong competition within our market area could hurt our profits and slow growth.

The financial services industry is highly competitive and we encounter strong competition for deposits, loans and other financial services in our market area. Price competition for loans and deposits might result in us earning less on our loans and paying more on our deposits, which reduces net interest income. Some of the institutions with which we compete have substantially greater resources and lending limits than we have and may offer services that we do not provide. We expect competition to increase in the future as a result of legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services industry. Our profitability depends upon our continued ability to compete successfully in our market area.

We operate in a highly regulated environment and we may be adversely affected by changes in laws and regulations.

We are subject to extensive regulation, supervision and examination by the Federal Reserve Board (the "FRB"), with respect to Delhi Bank Corp., the Office of the Comptroller of the Currency (the "OCC"), our chartering authority, and by the Federal Deposit Insurance Corporation (the "FDIC"), as insurer of our deposits. Such regulation and supervision govern the activities in which an institution and its holding company may engage, and are intended primarily for the protection of the insurance fund and depositors. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on our operations, the classification of our assets and determination of the level of our allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material impact on our operations. In addition to governmental supervision and regulation, we will be subject to changes in federal and state laws, including changes in tax laws applicable to real estate investment trusts, which could affect our net operating results.

Regulation of the financial services industry has undergone major changes, and future legislation could increase our cost of doing business or harm our competitive position.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") enacted in 2010 created a significant shift in the way financial institutions operate and restructured the regulation of depository institutions. The Dodd-Frank Act and the rules and regulations promulgated thereunder have had, and will continue to have, significant impact on the United States bank regulatory structure and the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies. The Dodd-Frank Act created the Consumer Financial Protection Bureau with broad powers to supervise and enforce consumer protection laws. The Consumer Financial Protection Bureau has broad rule-making authority for a wide range of consumer protection laws that apply to all banks and savings institutions including the authority to prohibit "unfair, deceptive or abusive" acts and practices.

As required by the Dodd-Frank Act, the federal banking regulators have adopted consolidated capital requirements, which limit our ability to borrow at the holding company level and invest the proceeds from such borrowings as capital in The Delaware National Bank that could be leveraged to support additional growth. The Dodd-Frank Act contains various other provisions designed to enhance the regulation of depository institutions and prevent the recurrence of a financial crisis such as occurred in 2008-2009. The Dodd-Frank Act may have a material impact on our operations, particularly through increased regulatory burden and compliance costs.

Any future legislative changes could have a material impact on our profitability, the value of assets held for investment or collateral for loans. Future legislative changes could require changes to business practices or force us to discontinue businesses and potentially expose us to additional costs, liabilities, enforcement action and reputational risk.

Capital rules generally require insured depository institutions and their holding companies to hold more capital. The impact of the capital rules on our financial condition and operations is uncertain but could be materially adverse.

The Federal Reserve and the OCC substantially amended the regulatory capital rules applicable to us. Currently, our minimum capital requirement is maintaining a community bank leverage ratio ("CBLR") of 8.5% or more in order to be "well capitalized". If we fail to maintain the minimum CBLR ratio or fail to meet the criteria that qualifies us to use CBLR, we will become ineligible to use the CBLR framework and will have to comply with Basel III rules, which includes the following minimum capital requirements: (i) a common Tier 1 equity ratio of 4.5%, (ii) a Tier 1 capital (common Tier 1 capital plus Additional Tier 1 capital) of 6% and (iii) a total capital ratio of 8% (with a capital conservation buffer of 2.5% on top of the common Tier 1, Tier 1 and total capital requirements, resulting in a required common Tier 1 equity ratio of 7%, a Tier 1 ratio of 8.5%, and a total capital ratio of 10.5%). Failure to satisfy any of the above capital requirements will result in limits on paying dividends, engaging in share repurchases and paying discretionary bonuses. These limitations will establish a maximum percentage of eligible retained income that could be utilized for such actions.

We are dependent on our information technology and telecommunications systems and third-party servicers, and systems failures, interruptions or breaches of security could have a material adverse effect on us.

Our business is dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems and third-party servicers. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If significant, sustained or repeated, a system failure or service denial could compromise our ability to operate effectively, damage our reputation, result in a loss of customer business, and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on us.

In addition, we provide our customers with the ability to bank remotely, including over the Internet. The secure transmission of confidential information over the Internet is a critical element of remote banking. We may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or to alleviate problems caused by security breaches or viruses. To the extent that our activities or the activities of our customers involve the storage and transmission of confidential information, security breaches and viruses could expose us to claims, regulatory scrutiny, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and could materially and adversely affect us.

Additionally, financial products and services have become increasingly technology-driven. Our ability to meet the needs of our customers competitively, and in a cost-efficient manner, is dependent on the ability to keep pace with technological advances and to invest in new technology as it becomes available. The ability to keep pace with technological change is important, and the failure to do so could have a material adverse impact on our business and therefore on our financial condition and results of operations.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and that of our customers, suppliers and business partners; and personally identifiable information of our customers and employees. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. We, our customers, and other financial institutions with which we interact, are subject to ongoing, continuous attempts to penetrate key systems by individual hackers, organized criminals, and in some cases, state-sponsored organizations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such unauthorized access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties; disrupt our operations and the services we provide to customers; damage our reputation; and cause a loss of confidence in our products and services, all of which could adversely affect our business, revenues and competitive position. We may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or to alleviate problems caused by security breaches or viruses.

To remain competitive, we must keep pace with technological change.

Financial products and services have become increasingly technology-driven. Our ability to meet the needs of our customers competitively, and in a cost-efficient manner, is dependent on the ability to keep pace with technological advances and to invest in new technology as it becomes available. Many of our competitors have greater resources to invest in technology than we do and may be better equipped to market new technology-driven products and services. The ability to keep pace with technological change is important, and the failure to do so could have a material adverse impact on our business and therefore on our financial condition and results of operations.

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The federal Bank Secrecy Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "PATRIOT Act") and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti-money laundering programs and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network, established by the U.S. Treasury Department to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration and Internal Revenue Service. Federal and state bank regulators also focus on compliance with Bank Secrecy Act and anti-money laundering regulations. If our policies, procedures and systems are deemed deficient or the policies, procedures and systems of the financial institutions that we may acquire in the future are deficient, we would be subject to liability, including fines and regulatory actions such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans, which would negatively impact our business, financial condition and results of operations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us.

We are subject to a variety of operational, environmental, legal and compliance risks, which may adversely affect our business and results of operations.

We are exposed to many types of operational risks, including reputational risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, and unauthorized transactions by employees or operational errors, including clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems. Negative public opinion can result from our actual or alleged conduct in any number of activities, including lending practices, corporate governance and acquisitions and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect our ability to attract and keep customers and can expose us to litigation and regulatory action. Actual or alleged conduct by The Delaware National Bank can also result in negative public opinion about our business.

The loss of key personnel or the failure to attract and retain highly qualified personnel could adversely affect our operations.

Our performance is largely dependent on the talents and efforts of skilled individuals. There is intense competition in the financial services industry for qualified employees. We also face increasing competition with businesses outside the financial services industry for the most highly skilled individuals. In addition, reductions in force and other efforts to achieve operating efficiencies may make it more difficult to retain key personnel. Our business operations could be adversely affected if we are unable to retain and motivate our existing employees and attract new employees as needed.

Risks Related to This Offering

Issuance of shares to fund the Plan may dilute your ownership interest.

The Plan allows us to issue authorized but unissued shares to fund the Plan. The issuance by us of authorized but unissued shares pursuant to the Plan will increase the number of shares outstanding. Consequently, any increase in the number of shares outstanding pursuant to the Plan will result in a dilution of the proportionate voting rights of current stockholders and net income per share and stockholders' equity per share will decrease as a result of the additional shares outstanding. If shares are purchased in the open market by an outside administrator, there will be no dilutive effect on our stockholders. Since the inception of the Plan in August 2003, we have issued 290,797 shares, as adjusted to reflect previous stock splits, from our authorized shares and our treasury shares to fund the Plan.

There is a limited market for our common stock, which may negatively affect the market price.

Our common stock is currently quoted on the OTC Markets. Purchases and sales of our common stock are being processed by the brokerage firm of Raymond James Financial, Inc., which has agreed to be a market maker for our common stock. There is no guarantee that there will continue to be a market for our common stock. You may not be able to sell all of your shares of our common stock on short notice and the sale of a large number of shares at one time could temporarily depress the market price. There may also be a wide spread between bid and asked price for the common stock. When there is a wide spread between the bid and asked price, the price at which you may be able to sell our common stock may be significantly lower than the price at which you could buy it at that time.

We cannot guarantee future payment of dividends.

As a bank holding company, our ability to pay dividends is primarily a function of the dividend payments we receive from The Delaware National Bank. In 2020, we declared dividends of $0.7485 per share. There is no assurance that we will continue to pay dividends in the future or that the amount of such dividends, if paid, will equal or exceed past dividends. The payment of future dividends will depend upon The Delaware National Bank's earnings, financial condition, restrictions under applicable law and regulations and other factors relevant at the time the Board of Directors considers any declaration of dividends.

The FRB has issued a policy statement regarding the payment of dividends by bank holding companies. In general, the policy provides that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the holding company appears consistent with the organization's capital needs, asset quality and overall financial condition. Regulatory guidance provides for prior regulatory review of capital distributions in certain circumstances such as where a company's net income for the past four quarters, net of dividends previously paid over that period, is insufficient to fully fund the dividend or the company's overall rate of earnings retention is not consistent with the company's capital needs and overall financial condition. The ability of a holding company to pay dividends may be restricted if a subsidiary bank becomes undercapitalized. These regulatory policies could affect the ability of Delhi Bank Corp. to pay dividends. See "*Regulation and Supervision—Holding Company Regulation—Federal Regulation*" and "*Regulation and Supervision—Bank Regulations—Restrictions on Bank Dividends*" for additional information regarding applicable restrictions related to dividends.

Because our common stock is not registered under the Securities Exchange Act of 1934, as amended, there is less public information about Delhi Bank Corp. available as compared to companies whose securities are registered.

We are not a reporting company under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and are therefore not required to file periodic reports which contain detailed financial and other information, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other reports. We are not required to provide our stockholders with a proxy statement in compliance with Schedule 14A under the Exchange Act. As a result, there may not be current information available to the public upon which investors may base decisions to buy and sell our common stock.

In the future, if we have more than 2,000 holders of record of our common stock, we would be required to register the common stock under the Exchange Act and provide audited annual financial statements, quarterly summary financial statements, an annual report to stockholders and a proxy statement in compliance with the Exchange Act. Eligibility to participate in the Plan is limited to current stockholders residing in the jurisdictions of Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Kentucky, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Vermont, Virginia and Washington. As of December 31, 2020, we had 536 record holders of our common stock. Accordingly, we do not believe that our record holders will exceed 2,000 as a result of participation in the Plan or at any time in the foreseeable future.

No interest will be paid on optional cash payments.

No interest is paid on your optional cash payments pending their investment in our common stock.

Delhi Bank Corp.
Dividend Reinvestment and
Optional Cash Purchase Plan

On April 17, 2003, our Board of Directors voted to adopt this Plan, which has since been amended from time to time. Under the Plan, authorized but unissued shares of Delhi Bank Corp.'s common stock are available for issuance and sale to our stockholders who reside in the State of New York, as well as certain additional jurisdictions. Stockholders who do not wish to participate in the Plan will continue to receive cash dividends, if and when declared.

The following, in question and answer format, describes the terms and conditions of the Plan, as in effect on the date of this offering circular.

PURPOSE

1. What is the purpose of the Plan?

The purpose of the Plan is to provide participants with a simple and convenient method to buy additional shares of Delhi Bank Corp. common stock by reinvesting cash dividends and making optional cash payments. We expect that generally all Plan purchases will be directly from Delhi Bank Corp., either through original issue shares or shares we have reacquired and hold as treasury shares. To the extent that such additional shares are purchased directly from Delhi Bank Corp., we will receive additional funds to be used for general corporate purposes.

2. What are the advantages of the Plan?

(a) The Plan provides participants with the opportunity to reinvest cash dividends paid on all of their shares of common stock in additional shares of Delhi Bank Corp.'s common stock.

(b) No brokerage commissions or service charges are paid by participants in connection with any purchase of shares made under the Plan, unless such shares are purchased through open market purchases.

(c) All cash dividends paid on participants' shares can be fully invested in additional shares of Delhi Bank Corp. common stock because the Plan permits fractional shares to be credited to Plan accounts. Dividends on such fractional shares, as well as on whole shares, will also be reinvested in additional shares which will be credited to Plan accounts.

(d) Periodic statements reflecting all current activity, including share purchases and latest Plan account balance, simplify participants' record keeping.

ADMINISTRATION

3. Who administers the Plan?

The Delaware National Bank, a wholly owned subsidiary of Delhi Bank Corp., acts as the stock transfer agent for Delhi Bank Corp. and will administer the Plan. The Delaware National Bank, as Plan Administrator, will receive and invest your cash contributions, maintain your Plan account records, issue periodic account statements and perform other duties related to the Plan. Shares purchased under the Plan are registered in your name in non-certificated form (book-entry) and are credited to your account in the Plan. We may appoint a new third-party plan administrator at any time within our sole discretion.

You may contact the Plan Administrator by mail or telephone at the address and telephone number set forth in Question 36.

ELIGIBILITY

4. Who is eligible to participate in the Plan?

All holders of record of at least one (1) whole share of Delhi Bank Corp. common stock who are residents of the following jurisdictions of Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Kentucky, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Vermont, Virginia and Washington are eligible to participate in the Plan. If the shares you hold are in your own name, you may participate directly in the Plan. If your stock is registered in another party's name (*e.g.*, in a broker's "street name" or in the name of a bank nominee), you must become a stockholder of record by having the shares transferred into your name. Shares held in the name of a broker or bank nominee are not eligible for reinvestment under the Plan. Stockholders who reside in jurisdictions other than those set forth above are not eligible to participate in the Plan.

PARTICIPATION

5. How does an eligible stockholder participate?

Participation in the Plan is entirely voluntary. To participate in the Plan, a stockholder must complete an Authorization Form which can be obtained at any time by writing to Delhi Bank Corp. Dividend Reinvestment Plan, The Delaware National Bank, 124 Main Street, Delhi, New York 13753.

If your shares of common stock are registered in multiple accounts, you should complete an Authorization Form for each account.

The Plan Administrator must receive a properly completed Authorization Form at least five (5) business days before a dividend record date in order for those dividends to be reinvested under the Plan. Those stockholders who do not elect to participate in the Plan will continue to receive dividends at such times as dividends are paid to all stockholders.

6. When may an eligible stockholder join the Plan?

You may join the Plan at any time assuming your shares are registered in your name and you are a resident of the jurisdictions set forth above in Question 4. If the Authorization Form is received by the Plan Administrator at least five (5) business days before the dividend record date, reinvestment of dividends will begin with that dividend payment.

7. What are the options that the Authorization Form provides?

The Authorization Form allows you to decide the extent to which you want to participate in the Plan through any of the following investment options:

- **"Dividend Reinvestment"** permits you to reinvest dividends on all shares of Delhi Bank Corp. common stock, currently owned or subsequently registered in your name, in additional shares of common stock in accordance with the Plan.

- **"Optional Cash Purchases"** permits you to make optional cash purchases of additional shares of Delhi Bank Corp. common stock in accordance with the Plan, whether or not your dividends are being reinvested.

8. May I have dividends reinvested under the Plan with respect to less than all of the shares of Delhi Bank Corp. common stock registered in my name?

You may only have dividends reinvested with respect to all of the shares of Delhi Bank Corp. common stock registered in your name.

9. How may a participant change options under the Plan?

You may change participation in the Plan at any time by completing a revised Authorization Form and returning it to the Plan Administrator, or by submitting a written request to the Plan Administrator as set forth in the response to Question 5. Any notification of a change that is not received at least five (5) business days before the dividend record date will not be effective until dividends for such record date have been reinvested and the shares credited to your account.

REINVESTMENT OF DIVIDENDS

10. When will dividends be reinvested?

In a month in which a regular cash dividend is paid on the common stock, the dividend investment date for the regular dividend on our common stock is the dividend payment date. In any case, if the dividend investment date falls on a day that is not a trading day, the dividend investment date is deemed to be the prior trading day.

Shares purchased directly from Delhi Bank Corp. with reinvested dividends will be purchased on the dividend investment date. In the event sufficient shares of our stock are available in the open market and we appoint an outside administrator for the Plan, shares for the Plan may be purchased on the open market. Purchases on the open market will begin on the dividend investment date and will be completed no later than thirty (30) days from that date, except where completion at a later date is necessary or advisable under any applicable federal securities laws. If open market purchases cannot be completed within thirty (30) days, shares will be purchased directly from Delhi Bank Corp. Open market purchases may be made in the market, or by negotiated transactions and may be subject to such terms with respect to price, delivery, and other terms as to which the outside Plan Administrator may agree. In the event we appoint an outside Plan Administrator, neither we nor any participant shall have any authority or power to direct the time or price at which shares in the market may be purchased, or the selection of the broker or dealer through or from whom purchases are to be made.

Any changes in your method of participating in the dividend reinvestment feature of the Plan will become effective as of the next dividend investment date if notice is received by the Plan Administrator at least five (5) business days before the dividend record date for the related dividend payment.

OPTIONAL PURCHASES

11. What are the minimum and maximum optional purchase limits, and when can they be made?

Any optional cash payments you wish to make must not be less than $25 per investment nor may your payments for any one account total more than $5,000 per calendar quarter. We will return optional cash payments to the extent that the optional cash payments in any calendar quarter exceed $5,000 or are less than $25. The same optional cash payment need not be sent for each investment and there is no obligation to use, nor any penalty for not using, the optional purchase feature of the Plan.

You may send in optional cash payments as often as you want, however, payments must be received by the Plan Administrator no later than ten (10) calendar days, but no more than thirty (30) calendar days, prior to the dividend payment date. You may also choose to make optional cash payments by authorizing automatic deductions from your bank account at The Delaware National Bank as is discussed in Question 12.

If the Plan Administrator is unable to process your optional cash payments within thirty (30) calendar days of the dividend payment date, the Plan Administrator will return the funds to you by check. No interest will be paid on funds held by the Plan Administrator pending investment in our common stock.

12. How does the "Optional Purchase" feature operate?

If you choose to make optional cash payments, and do not elect the dividend reinvestment option, the Plan Administrator will apply any optional cash payments received from you to the purchase of shares of Delhi Bank Corp. common stock for your account in the Plan and will pay cash dividends on all shares registered in your account. If you have elected the dividend reinvestment option, the Plan Administrator will reinvest all future cash dividends on shares in the Plan purchased pursuant to the optional purchase feature of the Plan.

Once you are enrolled in the Plan, you may make an optional cash payment by check or by authorizing an individual automatic deduction from your bank account if you hold a bank account at The Delaware National Bank, subject to the time periods during which such optional cash payments can be made. See Question 11.

If investing by check, you need not send the same amount each time and you are under no obligation to make optional cash payments in any quarter. We will not accept cash, travelers' checks, money orders or third party checks for optional cash payments. Checks should be made payable to Delhi Bank Corp. No interest will be paid on optional cash payments.

For an individual funds transfer, your bank account at The Delaware National Bank will be debited the next business day following receipt of your request. For automatic quarterly electronic funds transfers, your bank account at The Delaware National Bank is debited on the dividend payment date, which is usually the fifteenth (15th) day after the end of the quarter or, if that day is not a business day, the next business day following such day. You will not receive any confirmation of the transfer of funds other than as reflected on your Plan account statements.

To authorize electronic funds transfers from your bank account at The Delaware National Bank, complete and sign the automatic funds transfer section of the Authorization Form and return it to the Plan Administrator together with a voided blank check or deposit slip for the account from which funds are to be transferred. Your automatic funds transfers will begin as soon as practicable after we receive the Plan automatic funds transfer section. You may change the amount of your quarterly transfer or terminate your quarterly transfer altogether by writing to the Plan Administrator and indicating you wish to change or terminate electronic funds transfers. To be effective with respect to a particular investment date, your change or termination request must be received by the Plan Administrator at least five (5) business days before the dividend record date.

Additional contribution forms and forms to establish an automatic quarterly deduction from a checking or savings account at The Delaware National Bank may be obtained by contacting the Plan Administrator by any of the methods as set forth in the response to Question 36.

13. When will optional cash payments received by the Plan Administrator be invested and can they be returned to the participant upon request?

Optional cash payments will be invested on the dividend investment date. The dividend investment date, with respect to shares purchased from Delhi Bank Corp., will be the dividend payment date. In the event we appoint an outside Plan Administrator and purchases to fund the Plan are made in the open market, shares will be purchased, as soon as practicable after the dividend investment date, as determined by the outside Plan Administrator. No interest will be paid by us on optional cash payments pending their actual investment. Optional cash payments will be refunded if a written request for a refund is received by the Plan Administrator no later than five (5) business days prior to the dividend investment date.

14. Is there a requirement to reinvest the dividends received on shares purchased with optional cash payments?

If you have signed up for the dividend reinvestment option of the Plan in addition to the optional purchase option, then all dividends paid on shares purchased with optional cash payments must be reinvested. If you have only selected the optional purchase option, you will receive cash dividends on such shares.

15. What if your payment is returned for insufficient funds?

Payments are accepted subject to timely collection as good funds and verification of compliance with the terms of the Plan. Checks or other forms of payment returned or denied for any reason will not be resubmitted for collection.

In the event that your check is returned unpaid for any reason, the Plan Administrator will immediately remove from your account any shares already purchased upon the prior credit of such funds. The Plan Administrator may sell any such shares to satisfy any uncollected amounts. If the net proceeds of the sale of such shares are insufficient to satisfy the balance of the uncollected amounts, the Plan Administrator may sell such additional shares from your account as necessary to satisfy the uncollected balance.

A fee of $30 will be charged for any checks returned for insufficient funds. We may place a hold on your account until the fee is received or sell shares from your account to satisfy the fee.

SHARES PURCHASED FOR PARTICIPANTS

16. What is the source of common stock purchased under the Plan?

Shares of common stock will be purchased directly from Delhi Bank Corp., and will be either authorized but unissued shares or shares held in the treasury of Delhi Bank Corp. In the event that The Delaware National Bank ceases to administer the Plan on our behalf and we appoint an outside administrator, we may purchase shares from existing stockholders or in the open market, if sufficient shares are available for purchase in the open market.

17. How many shares of Delhi Bank Corp. common stock will be purchased for participants?

The Plan does not limit the aggregate amount of cash dividends that may be reinvested. The number of shares purchased depends on the amount of your dividends or optional cash payments, or both, and the applicable market price of the common stock. Your plan account will be credited with that number of shares, including fractions, equal to the total amount to be invested divided by the purchase price per share. There are limitations with respect to optional cash purchases, see Question 11.

18. What will be the price of shares of Delhi Bank Corp. common stock purchased under the Plan?

The price of shares of Delhi Bank Corp. common stock purchased from us will be equal to the average of the high and low sales prices for our common stock as quoted on the OTC Markets for the four (4) weeks preceding the applicable dividend investment date. If there is no trading in our common stock on the OTC Markets for a substantial amount of time at the time of any dividend investment date, Delhi Bank Corp. will determine the market price based on market quotations it deems appropriate.

19. Could the Plan have a dilutive effect on Delhi Bank Corp.'s stockholders?

Yes. The issuance of authorized but unissued shares by Delhi Bank Corp. under the Plan or the purchase of shares of our common stock held in the treasury of Delhi Bank Corp. will dilute the voting interests of existing stockholders and net income per share and stockholders' equity per share will decrease. If shares for the Plan are purchased in the open market by an outside plan administrator, there will be no dilutive effect on Delhi Bank Corp.'s stockholders. To date, all shares purchased under the Plan have been purchased directly from Delhi Bank Corp.

DIVIDENDS ON SHARES HELD IN THE PLAN

20. May dividends on shares purchased through the Plan be sent directly to me?

No. The purpose of the Plan is to have the dividends on shares of Delhi Bank Corp. common stock reinvested. Accordingly, dividends paid on shares held in the Plan will be automatically reinvested in additional shares of common stock unless and until you elect to terminate participation in the Plan as to all shares in the Plan as described below. See Question 25.

In the event that you choose the optional purchase option, but do not elect the dividend reinvestment option, you may have the dividends paid on shares purchased with optional cash payments sent directly to you.

COSTS

21. Are there any costs to me associated with purchases under the Plan?

No. Delhi Bank Corp. pays all administration costs of the Dividend Reinvestment and Optional Cash Purchase Plan. You are not charged brokerage commissions, service charges or other fees in connection with the purchase of shares of common stock under the Plan, unless shares purchased under the Plan are purchased through open market purchases, in which case you will pay prorated brokerage commissions charged for such purchases.

REPORTS TO PARTICIPANTS

22. If I participate, what information will I receive concerning my purchases of stock under the Plan?

You will receive a quarterly statement of your Plan account. The statement will confirm each transaction, such as any purchase, sale, transfer, certificate deposit, certificate issuance or dividend reinvestment. These statements are a record of your Plan account activity and identify your cumulative share position and the prices for your purchases and sales of shares under the Plan. The statements will also show the amount of dividends reinvested into additional shares for your Plan account (if applicable), and any brokerage fees charged for your respective transactions during the period.

As a registered stockholder, you will also receive notices of annual and special meetings of Delhi Bank Corp. In connection with such meetings, you will be entitled to receive our annual reports, proxy statements, proxy cards and related meeting materials (collectively, the “Proxy Materials”). Instead of receiving paper copies of our Proxy Materials in the mail, you will receive a Notice of Internet Availability of Proxy Materials (the “Notice”) which provides an internet website address where you can access electronic copies of Proxy Materials. The website also has instructions for requesting paper copies of the Proxy Materials if desired. If applicable, you will also receive dividend income and other notices for tax reporting purposes.

CERTIFICATES FOR SHARES HELD UNDER THE PLAN

23. Will I receive stock certificates for shares of Delhi Bank Corp. common stock purchased under the Plan?

Unless requested, certificates for shares of common stock purchased under the Plan will not be issued to you. The Plan Administrator will hold all shares purchased for the benefit of Plan participants in non-certificated (book-entry) form. Your Plan account statement will show the number of shares purchased for your account under the Plan. This feature protects against loss, theft, or destruction of stock certificates.

Certificates for any number of whole shares credited to your account under the Plan will be issued within thirty (30) days of receipt of your written request or of your withdrawal from the Plan, if so requested. If you do not request certificates for your shares, the Plan Administrator will maintain your shares in book-entry form. Any remaining whole shares and fractional shares will continue to be credited to your account. Certificates for fractional shares will not be issued under any circumstances.

SAFEKEEPING OF SHARES

24. May a participant deposit certificates of Delhi Bank Corp. common stock with the Plan Administrator?

We do not offer safekeeping services for certificates of our common stock. However, you may send your certificates for your shares of Delhi Bank Corp. common stock to us to have the ownership of such shares transferred from certificated form into book-entry form. If you wish to use this service, you should contact the Plan Administrator at the address set forth in Question 36. Delivery of certificates is at your risk and, for delivery by mail, we recommend you use insured registered mail with return receipt requested. Your account statement will reflect the number of shares held by you in book-entry form.

TERMINATION OF PARTICIPATION

25. How may I withdraw from and stop participating in the Plan?

You may withdraw from the Plan completely at any time by notifying the Plan Administrator in writing to that effect at the address specified in Question 36.

If the Plan Administrator receives your notice of withdrawal and termination less than five (5) business days before the next dividend record date, it will not be effective until dividends paid for such record date have been reinvested and the shares credited to your account.

Any optional cash payments sent to the Plan Administrator prior to the request to terminate will be invested in Delhi Bank Corp. common stock unless your termination letter expressly requests the return of the optional cash payments and such letter is received no later than five (5) business days prior to the dividend investment date.

If you terminate participation in the Plan, the Plan Administrator will remove your shares from the Plan and those shares held in book-entry form will continue to be held in your name in such form. If requested, we will send you a check in the amount equal to the value of any fractional shares, based upon the market price of Delhi Bank Corp. common stock as determined as set forth in Question 18. You may request certificates for your shares of Delhi Bank Corp. common stock which are held in book-entry form by following the procedure described in Question 23. Certificates representing fractional shares will not be issued.

After you withdraw from the Plan, you will receive all subsequent dividends in cash unless you re-enroll in the Plan, which you may do at any time by requesting an Authorization Form in the manner specified in Question 5. However, we and the Plan Administrator reserve the right to reject any Authorization Form, on any grounds, including but not limited to excessive joining and withdrawing. This reservation is intended to minimize unnecessary administrative expenses and to encourage use of the Plan as a long-term investment service.

26. What happens to my Plan accounts if I transfer and sell all the Delhi Bank Corp. stock held in my name?

If you cease to be a stockholder of Delhi Bank Corp., you cease to be eligible to participate in the Plan. If you subsequently purchase our common stock, you will have to complete and send a new Authorization Form to the Plan Administrator to enroll in the Plan.

ADDITIONAL INFORMATION

27. What is the effect of a stock split, stock dividend or rights offering on my shares held in the Plan?

Any stock dividend or stock split declared by Delhi Bank Corp. on shares held in the Plan on your behalf will be credited to your account. In the event that we make available to our stockholders the right to purchase additional shares, debentures or other securities, you will be given the opportunity to exercise such rights accruing on your shares held in the Plan and any additional shares of Delhi Bank Corp. common stock purchased will be placed in your account.

28. How do I sell shares held in the Plan?

Currently, we do not handle the sale of shares for your account. You may choose to sell your shares at any time through a stockbroker of your choice. If you choose to sell shares held in the Plan, you may need to request a certificate for your shares from the Plan Administrator for delivery to your stockbroker prior to settlement of such sale. For instructions on how to obtain a stock certificate, see Question 23.

29. How do I change the name, transfer or gift my plan shares?

You may change the name, transfer or gift shares in your Plan account at any time. Transfers may be made in book-entry or certificated form. Simply contact the Plan Administrator at the address specified in Question 36 to submit your request.

To obtain instructions for transferring your shares, please follow the steps described below:

Call the telephone number listed in Question 36 and request that Delhi Bank Corp. send you transfer instructions. Once received, provide the full new name, address and taxpayer identification (or social security) number of the new owner on the Transfer of Ownership Form.

The completed form should be sent to Delhi Bank Corp. at the address provided in Question 36. If you are sending transfer instructions along with your certificates, you should send them by registered mail, return receipt requested. All participants in the existing Plan account must sign the instructions, and their signatures must be authenticated with a Medallion Signature Guarantee as described in the instructions.

30. How will my shares held under the Plan be voted at meetings of stockholders?

The Notice described in Question 22 will provide instructions for accessing an internet website which will provide Proxy Materials and instructions for voting both your certificated shares and the shares held in your account under the Plan (other than fractional shares). If your proxy card is properly and timely received or if you vote through the methods described on the internet website listed in the Notice, all of the shares will be voted as you indicate. The total number of full shares held may be voted in person at the stockholders' meeting in accordance with instructions contained in our proxy statement.

If you received a proxy card in the mail but choose to vote by telephone or internet, you do not need to return your proxy card.

If a proxy card is returned properly signed but without indicating instructions as to the manner in which shares are to be voted with respect to any item, all of your shares will be voted (to the extent legally permissible) in accordance with the recommendations of our Board of Directors. This procedure is consistent with the actions taken with respect to stockholders who are not participating in the Plan and who return properly signed proxy cards and who do not provide voting instructions. If the proxy card is not returned properly signed and you do not provide voting instructions according to any of the other methods outlined on the internet website listed in the Notice, none of your shares covered by such proxy card will be voted.

31. What are the federal income tax consequences of participation in the Plan?

In general, you will have the same federal income tax obligations with respect to dividends credited to your account under the Plan as other holders of shares of Delhi Bank Corp. common stock who elect to receive cash dividends directly. You are treated for income tax purposes as having received, on the dividend payment date, a dividend in an amount equal to the fair market value of the Delhi Bank Corp. common stock credited to your account under the Plan, even though that amount was not actually received by you in cash but, instead, was applied to the purchase of additional shares for your account.

The basis of each share credited to your account pursuant to the dividend reinvestment aspect of the Plan is the fair market value of the common stock when purchased, and the holding period for such shares begins on the day after that date the shares are acquired for a participant's account. We intend to make every reasonable effort to determine the fair market value on the dividend payment date and use that value to determine the number of shares purchased with your cash dividend; however, because there is not an active trading market for our common stock, our valuation may be only an approximation of the fair market value.

Generally, when you receive certificates representing whole shares previously credited to your account under the Plan upon withdrawal from the Plan or pursuant to your request, it will not result in the recognition of taxable income. You may recognize a gain or loss when fractional shares are sold on your behalf upon withdrawal from the Plan or if you sell your shares issued to you from the Plan.

You should consult your own tax adviser regarding the particular tax consequences, including state tax consequences, which may result from participation in the Plan and any subsequent disposal of shares acquired pursuant to the Plan.

32. What is the responsibility of Delhi Bank Corp. and the Plan Administrator?

Delhi Bank Corp. and the Plan Administrator, in administering the Plan, will not be liable for any act done in good faith or for any good faith omission to act, including, without limitation, any claim of liability arising out of failure to terminate a participant's account upon the participant's death or judicially declared incompetency prior to receipt by us of notice in writing of such death or incompetency; the prices and times at which shares are purchased for a participant's account; or any loss or fluctuation in the market value before or after purchase of shares.

33. Who bears the risk of market price fluctuations in the common stock?

Your investment in shares acquired under the Plan is no different from a direct investment in shares of Delhi Bank Corp. You alone bear the risk of loss and realize the benefits of any gain from market price changes with respect to all your shares held in the Plan, or otherwise. Delhi Bank Corp. cannot guarantee liquidity in the market, thus your investment and the marketability of your securities may be adversely affected by the current market conditions.

34. May the Plan be changed or discontinued?

Although Delhi Bank Corp. anticipates maintaining the Plan, the Plan may be amended, suspended, modified or terminated at any time by the Board of Directors of Delhi Bank Corp. without the approval of the participants. Notice of any such suspension or termination or material amendment or modification will be sent to all participants, who shall at all times have the right to withdraw from the Plan.

We may terminate your individual participation in the Plan at any time by written notice. In such event, we will request instructions from you for disposition of the shares in your account. If we do not receive instructions from you, the Plan Administrator will maintain your shares of Delhi Bank Corp. common stock held in the Plan in book-entry form and send you a check for any fractional shares.

35. How are the Plan materials and the terms and conditions to be interpreted?

Delhi Bank Corp. and the Plan Administrator will determine all issues of interpretation of the provisions set forth in this Plan.

36. Where should I direct correspondence regarding the Plan?

You may contact the Plan Administrator by mail or telephone at:

Delhi Bank Corp. Dividend Reinvestment Plan
c/o The Delaware National Bank of Delhi
124 Main Street
Delhi, New York 13753
(855) 363-3544

A Warning About Forward-Looking Statements

This offering circular contains forward-looking statements, which can be identified by the use of words such as "believes," "expects," "anticipates," "estimates," "projects," "plans," "potential," "possible" or similar expressions. Forward-looking statements include:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are subject to significant risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

- general economic conditions, either nationally or in our market area, that are worse than expected;
- effects of the COVID-19 pandemic, which include, but are not limited to, the federal, state and local government actions and reactions to COVID-19, the health of our colleagues and that of our clients, the continued ability of our borrowers to repay their loans throughout and following the pandemic, and the resulting impact upon our financial position, results of operations, cash flows and our outlook;
- changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instruments;
- our ability to attract and retain deposits;
- increases in premiums for deposit insurance;
- management's assumptions in determining the adequacy of the allowance for loan losses;
- our ability to control operating costs and expenses;
- the use of estimates in determining fair value of certain of our assets, which estimates may prove to be incorrect and result in significant declines in valuation;
- difficulties in reducing risks associated with the loans on our balance sheet;
- staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our workforce and potential associated charges;
- computer systems on which we depend could fail or experience a security breach;
- our ability to retain key members of our senior management team;
- costs and effects of litigation, including settlements and judgments;
- our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we may in the future acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto;
- increased competitive pressures among financial services companies;

- changes in consumer spending, borrowing and savings habits;

- legislative or regulatory changes that adversely affect our business;

- changes in consumer spending, borrowing and savings habits;

- the availability of resources to address changes in laws, rules, or regulations or to respond to regulatory actions;

- adverse changes in the securities markets;

- inability of key third-party providers to perform their obligations; and

- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies and the Financial Accounting Standards Board.

Any of the forward-looking statements that we make in this offering circular and in other public statements we make may turn out to be wrong because of inaccurate assumptions we might make, because of the factors illustrated above or because of other factors that we cannot foresee. Consequently, no forward-looking statement can be guaranteed.

For any forward-looking statements made in this offering circular, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this offering circular. Except as required by law, we do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. All subsequent written and oral forward-looking statements concerning the matters addressed in this offering circular and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this offering circular.

Selected Financial and Other Data

The summary financial data presented below is derived in part from our consolidated financial statements. The following is only a summary and you should read it in connection with the financial statements and notes thereto beginning on page F-1 of this offering circular. The information at December 31, 2020 and 2019 and for the years then ended is derived in part from the audited financial statements that appear in this offering circular. Operating results for the periods shown are not necessarily indicative of the results that may be expected for any future period.

	At December 31,	
	2020	2019
Financial Condition Data:		
Assets:		
Cash and due from banks	$ 9,187,666	$ 2,733,612
Interest-bearing deposits with banks	33,348,000	29,368,000
Available-for-sale securities	81,993,315	67,830,979
Held-to-maturity securities	2,275,207	1,263,053
Restricted equity securities	304,300	704,700
Loans receivable, net	201,171,002	181,168,172
Premises and equipment, net	3,246,993	3,445,814
Bank owned life insurance	7,704,761	7,485,610
Other assets	2,391,540	2,352,120
Total assets	$341,622,784	$296,352,060
Liabilities and Stockholders' Equity:		
Liabilities		
Deposits:		
Noninterest-bearing	$ 65,405,415	$ 48,394,028
Interest-bearing	237,961,868	205,182,995
Total deposits	303,367,283	253,577,023
Short-term borrowings	—	7,525,000
Finance lease liability	142,237	165,253
Other liabilities	4,052,387	3,911,775
Total liabilities	307,561,907	265,179,051
Stockholders' Equity:		
Common stock, $1.00 par value: 5,000,000 shares authorized; 1,707,961 shares issued and 1,617,453 shares outstanding in 2020, and 1,690,531 shares issued and 1,584,207 shares outstanding in 2019	1,707,961	1,690,531
Additional paid-in capital	5,495,180	4,952,349
Retained earnings	27,886,032	26,894,978
Accumulated other comprehensive income	1,116,107	109,482
Treasury stock, at cost; 90,508 shares in 2020 106,324 shares in 2019	(2,144,403)	(2,474,331)
Total stockholders' equity	34,060,877	31,173,009
Total liabilities and stockholders' equity	$ 341,622,784	$ 296,352,060

	At December 31, 2020	At December 31, 2019
Operating Data:		
Interest and Dividend Income:		
Interest and fees on loans	$ 7,705,391	$ 7,898,685
Investments:		
Taxable	1,387,593	1,624,002
Tax-exempt	132,066	173,751
Interest-earning deposits in other banks	621,438	766,234
Dividends	18,373	21,199
Total interest and dividend income	9,864,861	10,483,871
Interest Expense:		
Deposits	1,466,049	1,725,093
Borrowed funds and finance lease	19,757	35,179
Total interest expense	1,485,806	1,760,272
Net Interest Income	8,379,055	8,723,599
Provision for Loan Losses	280,000	60,000
Net Interest Income After Provision for Loan Losses	8,099,055	8,663,599
Noninterest Income:		
Service charges and fees and other income	1,138,582	1,138,710
Bank owned life insurance income	219,151	199,740
Total noninterest income	1,357,733	1,338,450
Noninterest Expense:		
Salaries and employee benefits	3,831,211	3,618,737
Occupancy and equipment	1,742,817	1,696,003
Professional fees	307,936	304,813
FDIC premiums	68,598	19,288
Director fees	159,615	146,200
ATM and debit card processing	139,708	132,932
Other real estate expense	20,489	67,881
Contributions	49,131	180,955
Other	441,283	486,903
Total noninterest expense	6,760,788	6,653,712
Income Before Provision for Income Taxes	2,696,000	3,348,337
Provision for Income Taxes	502,916	633,234
Net income	$ 2,193,084	$ 2,715,103
Capital Ratios:		
Community bank leverage ratio	9.8%	10.5%
Tier 1 risk weighted capital – Bank only (1)	N/A	28.2
Total risk weighted capital – Bank only (1)	N/A	28.7
Common equity Tier 1 capital – Bank only (1)	N/A	28.2
Per Share Data:		
Earnings per share	$ 1.37	$ 1.72
Dividends declared per share	0.75	0.73
Asset Quality Ratios:		
Allowance for loan losses as a percentage of total loans	0.32%	0.26%
Allowance for loan losses as a percentage of nonperforming loans	52.65	41.37
Nonperforming loans as a percentage of total loans	0.60	0.63
Nonperforming loans as a percentage of total assets	0.35	0.39
Performance Ratios:		
Return on average total assets	0.68%	0.90%
Return on average equity	6.59	9.06
Interest rate spread	2.65	2.92
Net interest margin	2.81	3.09
Dividend payout ratio	54.81	42.15

(1) The Delaware National Bank adopted the Community Bank Leverage Ratio framework effective January 1, 2020; therefore, these ratios are not applicable for 2020.

Our Business

General

Delhi Bank Corp. is a registered bank holding company, which owns 100% of the outstanding capital stock of The Delaware National Bank. We were incorporated under the laws of the State of New York in December 1994 for the purpose of serving as The Delaware National Bank's holding company. The holding company structure provides flexibility for growth through expansion of our businesses and access to varied capital raising operations. Our primary business activity consists of ownership of all of the outstanding stock of The Delaware National Bank. As of December 31, 2020, we had 536 stockholders of record.

The Delaware National Bank is a national bank which converted from a New York chartered bank in 1865. The Delaware National Bank operates a full-service commercial and consumer banking business in Delaware County, New York. The Delaware National Bank originates one- to four-family residential real estate and commercial real estate mortgage loans, residential construction loans, and secured and unsecured commercial and consumer loans. We do not make subprime loans. We also finance commercial transactions and offer revolving credit loans and small business loans. The Delaware National Bank offers a variety of deposit products, including demand and savings deposits, regular savings accounts, investment certificates, fixed-rate certificates of deposit and club accounts. The Delaware National Bank also has a full-service trust department. The Delaware National Bank offers an enhanced delivery system option of telephone banking and Internet banking. Other services include safe deposit facilities, mobile banking, official checks, money orders, wire transfers, drive-through facilities, 24-hour depositories and ATMs.

The Delaware National Bank's telephone number is (855) 413-3544. The Delaware National Bank's website is www.dnbd.bank. Information on The Delaware National Bank's website should not be considered part of this offering circular.

Market Area and Competition

We consider Delaware County, New York to be The Delaware National Bank's primary market area for lending and deposit activities, with secondary concentrations of business activity in neighboring adjoining counties. Delaware County is not part of a metropolitan statistical area, and is mostly rural in nature, containing employment in a variety of economic sectors.

We face significant competition for the attraction of deposits and origination of loans. Our most direct competition for deposits has historically come from the financial institutions operating in our market area. We also face competition for investors' funds from money market funds, mutual funds and other corporate and government securities. Our competition for loans comes primarily from financial institutions in our market area and, to a lesser extent, from other financial service providers, such as mortgage companies and mortgage brokers. Competition for loans also comes from the increasing number of non-depository financial service companies entering the mortgage market, such as insurance companies, securities companies and specialty finance companies.

Lending Activities

One- to Four-Family Residential Loans. We offer both fixed-rate and adjustable-rate one- to four-family residential mortgage loans. We do not engage in subprime lending. We also offer home equity lines of credit.

Borrower demand for adjustable-rate loans compared to fixed-rate loans is a function of the level of interest rates, the expectations of changes in the level of interest rates, and the difference between the interest rates and loan fees offered for fixed-rate mortgage loans as compared to the interest rates and loan fees for adjustable-rate loans. The relative amount of fixed-rate and adjustable-rate mortgage loans that can be originated at any time is largely determined by the demand for each in a competitive environment. The loan fees, interest rates and other provisions of mortgage loans are determined by us on the basis of our own pricing criteria and competitive market conditions.

While one- to four-family residential real estate loans are normally originated with up to 30-year terms, such loans typically remain outstanding for substantially shorter periods because borrowers often prepay their loans in full either upon sale of the property pledged as security or upon refinancing the original loan. Therefore, average loan maturity is a function of, among other factors, the level of purchase and sale activity in the real estate market, prevailing interest rates and the interest rates payable on outstanding loans.

We will generally make mortgage loans with loan-to-value ratios up to 85%. We require all properties securing mortgage loans to be appraised by a Board-approved independent appraiser. We generally require title insurance on all first mortgage loans. Borrowers must obtain hazard insurance, and flood insurance is required for loans on properties located in a flood zone.

Commercial and Multi-Family Real Estate Loans. We originate loans secured by a variety of commercial and multi-family real estate located in our market area. In reaching a decision on whether to make a commercial or multi-family real estate loan, we consider and review a cash flow analysis of the borrower and consider the net operating income of the borrower's business or the property, the borrower's expertise, credit history and profitability, and the value of the underlying property. We generally require that the borrowers have debt service coverage ratios (the ratio of earnings before debt service to debt service) of at least 1.2 to 1. In some circumstances, loans are also collateralized by business assets, assignments of leases or the business owner's primary residence. We may also require personal guarantees. In order to monitor these loans, we generally require the borrower and, in some cases, the business owner to provide annual financial statements and/or income tax returns. If deemed necessary, an environmental survey or environmental risk insurance is obtained when the possibility exists that hazardous materials may have existed on the site, or the site may have been impacted by adjoining properties that handled hazardous materials.

Construction and Land Development Loans. We originate loans to finance the construction of residential and commercial properties. We also make loans on vacant land and for land development. Our construction loans generally provide for the payment of interest only during the construction phase. Loans generally can be made with a maximum loan to value ratio of 75% and generally do not exceed a term of one year. Before making a commitment to fund a construction loan, we require an appraisal of the property by an independent licensed appraiser. We also will require an inspection of the property before disbursement of funds during the term of the construction loan.

Commercial and Agricultural Loans. We make commercial business and agricultural loans on a secured and unsecured basis. When making such loans, we consider the financial statements of the borrower, the borrower's payment history of both corporate and personal debt, the debt service capabilities of the borrower, the projected cash flows of the business, the viability of the industry in which the customer operates and the value of the collateral.

Consumer Loans. Our consumer loans consist of credit cards, automobile loans, mobile homes, personal loans and overdraft protection loans. The procedures for underwriting consumer loans include an assessment of the applicant's payment history on other debts and ability to meet existing obligations and payments on the proposed loan. We generally require that borrowers have a debt to income ratio of no more than 40%. Although the applicant's creditworthiness is a primary consideration, the underwriting process also includes a comparison of the value of the collateral, if any, to the proposed loan amount.

Purchased Guaranteed Loans. In addition to the above referenced loans, we have made a concerted effort to increase the amount of loans that we purchase which are fully guaranteed by the USDA, SBA or the FSA as they generally provide a stable return while adding no risk to our balance sheet.

PPP Loans. In an effort to support our communities during the pandemic, we are participating in the Paycheck Protection Program under the CARES Act. The PPP loans have a two-year term and bear an interest rate of 1.0%. The PPP loans were designed to help small businesses maintain their workforce during the COVID-19 pandemic, and we were able to provide our customers with access to this program. As of December 31, 2020, we processed and received approvals on 130 PPP loans, totaling over $8.4 million of new loan funds for our customers. We are also participating in the second round of PPP loans. As of the date of this offering circular, we have processed 59 new applications totaling approximately $3.9 million

Loan Underwriting Risks.

Adjustable-Rate Loans. While we anticipate that adjustable-rate loans will better offset the adverse effects of an increase in interest rates as compared to fixed-rate mortgages, an increased monthly mortgage payment required of adjustable-rate loan borrowers in a rising interest rate environment could cause an increase in delinquencies and defaults. The marketability of the underlying property also may be adversely affected in a high interest rate environment. In addition, although adjustable-rate mortgage loans make our asset base more responsive to changes in interest rates, the extent of this interest sensitivity is limited by the annual and lifetime interest rate adjustment limits.

Commercial and Multi-Family Real Estate Loans. Loans secured by commercial and multi-family real estate generally have larger balances and involve a greater degree of risk than one- to four-family residential mortgage loans. Of primary concern in commercial and multi-family real estate lending is the borrower's creditworthiness and cash flow. Payments on loans secured by investment properties often depend on successful operation and management of the properties. As a result, repayment of such loans may be subject to adverse conditions in the real estate market or the economy.

Construction Loans. Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the property's value at completion of construction and the estimated cost (including interest) of construction. During the construction phase, a number of factors could result in delays and cost overruns. If the estimate of construction costs proves to be inaccurate, we may be required to advance funds beyond the amount originally committed to permit completion of the building. If the estimate of value proves to be inaccurate, we may be confronted, at or before the maturity of the loan, with a loan having a value which is insufficiently collateralized. If we are forced to foreclose on a building before or at completion due to a default, there can be no assurance that we will be able to recover all of the unpaid balance of, and accrued interest on, the loan as well as related foreclosure and holding costs.

Commercial and Agricultural Loans. Unlike residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment or other income, and which are secured by real property whose value tends to be more easily ascertainable, commercial and agricultural loans are of higher risk and typically are made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business. As a result, the availability of funds for the repayment of commercial loans may depend substantially on the success of the business itself. Further, any collateral securing such loans may depreciate over time, may be difficult to appraise and may fluctuate in value.

Consumer Loans. Consumer loans may entail greater risk than do residential mortgage loans, particularly in the case of consumer loans that are unsecured or secured by assets that depreciate rapidly, such as motor vehicles. In the latter case, repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and a small remaining deficiency often does not warrant further substantial collection efforts against the borrower. Consumer loan collections depend on the borrower's continuing financial stability, and therefore are likely to be adversely affected by various factors, including job loss, divorce, illness or personal bankruptcy. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on such loans.

Loan Originations. Loan originations come from a number of sources. The primary source of our mortgage loan originations are existing customers, walk-in traffic, referrals from customers and advertising. Commercial, agricultural and consumer loans are generated primarily through the efforts of our loan officers.

Loan Approval Procedures and Authority. Our lending activities follow written, non-discriminatory, underwriting standards and loan origination procedures established by our Board of Directors and management. All new loans are reviewed by the Board of Directors on a monthly basis. The Board of Directors has granted loan approval authority to certain officers up to prescribed limits, based on the officer's experience and tenure. Loans over certain specified amounts are approved either by the voting members of the Executive Committee or by the Board of Directors.

Loans to One Borrower. The maximum amount that we may lend to one borrower and the borrower's related entities is generally limited, by internal policy, to 12% of our Tier 1 capital and reserves. At December 31, 2020, our regulatory limit on loans to one borrower was $4.1 million. At that date, our largest lending relationship was $2.2 million and was fully guaranteed by the SBA. This loan was performing in accordance with its original terms at December 31, 2020.

Loan Commitments. We issue commitments for fixed-rate and adjustable-rate mortgage loans conditioned upon the occurrence of certain events. Commitments to originate mortgage loans are legally binding agreements to lend to our customers. Generally, our loan commitments expire after 90 days. Due to municipal and other office closures as a result of the ongoing COVID-19 pandemic, we have extended our loan commitment expiration to 120 days.

Investment Activities

We have legal authority to invest in various types of liquid assets, including U.S. Treasury obligations, securities of various federal agencies and of state and municipal governments, mortgage-backed securities and certificates of deposit of federally insured institutions. We also are required to maintain an investment in Federal Home Loan Bank of New York stock.

Our investment objectives are to provide and maintain liquidity, to establish an acceptable level of interest rate and credit risk, to provide an alternate source of low-risk investments when demand for loans is weak and to maximize portfolio yield over the long-term. Our Board of Directors has the overall responsibility for the investment portfolio, including approval of our investment policy. The President and Chief Executive Officer is responsible for implementation of the investment policy. Our Board of Directors reviews the status of our investment portfolio on a monthly basis, or more frequently, if warranted.

Deposit Activities and Other Sources of Funds

General. Deposits, borrowings and loan repayments are the major sources of our funds for lending and other investment purposes. Scheduled loan repayments are a relatively stable source of funds, while deposit inflows and outflows and loan prepayments are significantly influenced by general interest rates and money market conditions.

Deposit Accounts. Substantially all of our depositors are residents of New York. Deposits are attracted from within our market area through the offering of a broad selection of deposit instruments, including noninterest-bearing demand deposits (such as checking accounts), interest-bearing demand accounts (such as NOW and money market accounts), savings accounts, club accounts and certificates of deposit. In addition to accounts for individuals, we also offer commercial checking accounts designed for the businesses operating in our market area. We do not have any brokered deposits. From time to time we promote various accounts in an effort to increase deposits.

Deposit account terms vary according to the minimum balance required, the time periods the funds must remain on deposit and the interest rate, among other factors. In determining the terms of our deposit accounts, we consider the rates offered by our competition, our liquidity needs, profitability to us, and customer preferences and concerns. We generally review our deposit mix and pricing weekly. Our deposit pricing strategy has generally been to offer competitive rates and to be towards the top of the local market for rates on selected types of deposit products.

Borrowings. We utilize advances from the Federal Home Loan Bank of New York to supplement our investable funds. The Federal Home Loan Bank functions as a central reserve bank providing credit for member financial institutions. As a member, we are required to own capital stock in the Federal Home Loan Bank and are authorized to apply for advances on the security of such stock and certain of our mortgage loans and other assets (principally securities which are obligations of, or guaranteed by, the United States), provided certain standards related to creditworthiness have been met. Advances are made under several different programs, each having its own interest rate and range of maturities. Depending on the program, limitations on the amount of advances are based either on a fixed percentage of an institution's net worth or on the Federal Home Loan Bank's assessment of the institution's creditworthiness. We also maintain an advance credit facility agreement with another financial institution in the amount of $1,500,000.

Trust Services

The trust department of The Delaware National Bank provides fiduciary services and investment management and retirement services to individuals, partnerships, corporations and institutions. Additionally, The Delaware National Bank acts as guardian, conservator, executor or trustee under various trusts, wills and other agreements. The Delaware National Bank has implemented comprehensive policies governing the practices and procedures of the trust department, including policies relating to investment of trust property, maintaining confidentiality of trust records, avoiding conflicts of interest and maintaining impartiality. At December 31, 2020, trust assets under administration were $61.5 million, consisting of 333 accounts.

Personnel

As of December 31, 2020, we had 49 full-time employees and 3 part-time employees, none of whom is represented by a collective bargaining unit. We believe our relationship with our employees is good.

Properties

Our main and executive offices are located at 124 Main Street, Delhi, New York. An additional facility is located at 121 Main Street, Delhi, New York consisting of a computer center and a drive-through facility. The Delaware National Bank also has full-service branch offices located in Margaretville, New York, Davenport, New York and Hobart, New York. In addition, The Delaware National Bank owns and operates five ATM facilities, including two located at The Delaware National Bank's main office, one located in its Margaretville branch, one located in its Davenport branch and one located in its Hobart branch. The Delaware National Bank also operates loan production offices in Oneonta, New York and Sidney, New York. The Delaware National Bank owns each of its offices, except for the Hobart, New York branch and the loan production office in Oneonta, New York, both of which are leased.

Legal Proceedings

Periodically, there have been various claims and lawsuits involving The Delaware National Bank, such as claims to enforce liens, condemnation proceedings on properties in which The Delaware National Bank holds security interests, claims involving the making and servicing of real property loans and other issues incident to The Delaware National Bank's business. The Delaware National Bank is not a party to any pending legal proceedings that it believes would have a material adverse effect on the financial condition or operations of The Delaware National Bank.

Management's Discussion and Analysis of Results of Operations and Financial Condition

The objective of this section is to help potential investors understand our views on our results of operations and financial condition. You should read the discussion in conjunction with the consolidated financial statements and notes to the financial statements that appear at the end of this offering circular. Please note that certain figures provided in the tables presented below may have been rounded for presentation purposes which may cause slight discrepancies in mathematical reconciliations.

Overview

We conduct community banking activities by accepting deposits and making loans in our market area. Our lending products include one- to four-family residential loans, commercial real estate loans, commercial, financial and agricultural loans and consumer and home equity loans. In addition to the above referenced loans, we have made a concerted effort to increase the amount of loans that we purchase which are fully guaranteed by the USDA, SBA or the FSA as they generally provide a stable return while adding no risk to our balance sheet. We also maintain an investment portfolio consisting primarily of state and local government obligations and mortgage-backed securities to manage our liquidity and interest rate risk. Our loan and investment portfolios are funded with deposits as well as collateralized borrowings from the Federal Home Loan Bank of New York.

Income. Our primary source of pre-tax income is net interest income. Net interest income is the difference between interest income, which is the income that we earn on our loans and investments, and interest expense, which is the interest that we pay on our deposits and borrowings. Changes in levels of interest rates affect our net interest income. See *"Risk Factors—Our business is subject to interest rate risk and variations in interest rates may negatively affect our financial performance."*

A secondary source of income is non-interest income, which is revenue that we receive from providing products and services. The majority of our non-interest income generally comes from service charges (mostly from service charges on deposit accounts) and increases in the value of bank-owned life insurance. In some years we recognize income from the sale of securities and real estate owned.

Allowance for Loan Losses. The allowance for loan losses is a valuation allowance for probable losses inherent in the loan portfolio. We evaluate the need to establish allowances against losses on loans on a quarterly basis. When additional allowances are necessary, a provision for loan losses is charged to earnings.

Expenses. The noninterest expenses we incur in operating our business consist of salaries and employee benefits expenses, occupancy and equipment expenses, professional fees, OCC and FDIC premiums, director fees, ATM, debit card and data processing expenses, other real estate expenses and other miscellaneous expenses, such as office supplies, telephone, postage, advertising and professional services.

Our largest noninterest expense is salaries and employee benefits, which consist primarily of salaries and wages paid to our employees, payroll taxes, and expenses for health insurance, retirement plans and other employee benefits.

Occupancy expenses, which are the fixed and variable costs of buildings and equipment, consist primarily of depreciation charges, furniture and equipment expenses, maintenance, real estate taxes and costs of utilities.

Balance Sheet Analysis

General. At December 31, 2020, Delhi Bank Corp. had total consolidated assets of $341.6 million, an increase of 15.2% from total consolidated assets of $296.4 million at December 31, 2019. This increase in total consolidated assets was due primarily to an increase in loans receivable. Loans receivable increased $20.0 million to $201.2 million in 2020, or 11.0% from $181.2 million in 2019. The increase was the result of adding $9.5 million in purchased SBA, USDA and FSA loans and PPP loans which had a balance of $6.8 million as of December 31, 2020. The remaining $3.7 million was added through organic loan growth.

Total liabilities increased from $265.2 million at December 31, 2019 to $307.6 million at December 31, 2020, an increase of $42.4 million, due to many factors, including an increase in municipal deposits and PPP loan proceeds. In addition, travel restrictions and business closures related to the COVID-19 pandemic and government stimulus are causing a higher rate of savings and considerably lower spending habits among consumers.

Loans. The Delaware National Bank offers one- to four-family residential mortgage loans, commercial real estate and multi-family real estate mortgage loans, residential construction loans, financial and agricultural loans and installment and other consumer loans. We do not make subprime loans. The Delaware National Bank offers both adjustable and fixed-rate loans. As of December 31, 2020, The Delaware National Bank's loan portfolio totaled $201.8 million (including net unamortized deferred origination costs), representing 59.1% of total assets. Approximately 43.9% of our loan portfolio at that date was comprised of residential real estate mortgage loans while 37.2% were secured by commercial real estate.

The increase in our loan portfolio for the year ended December 31, 2020 resulted primarily from an increase in loans fully guaranteed by the USDA, the SBA or FSA. The following table sets forth these purchased loans that are fully guaranteed by the USDA, SBA or FSA as well as PPP loans originated by the Company. Such loans are irrevocably guaranteed by the full faith and credit of the U.S. government as to principal and accrued interest.

	At December 31,	
	2020	**2019**
Real Estate:	**(Dollars in thousands)**	
Commercial	$52,197	$41,557
Commercial and Industrial	24,691[(1)]	16,373
Agricultural	4,597	7,253
Total loans	81,485	65,183
Allowance for loan losses	—	—
Purchase premiums and origination fees, net	113	48
Net loans	$81,598	$ 65,231

(1) Includes PPP loans.

The following table sets forth the composition of our loan portfolio by type of loan before the allowance for loan losses at the dates indicated.

	At December 31,			
	2020		2019	
	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
Real Estate:				
Residential	$88,500	43.9%	$ 84,288	46.4%
Commercial	75,148	37.2	63,600	35.0
Commercial and Industrial	29,125	14.4	21,526	11.9
Agricultural	4,678	2.3	7,472	4.1
Consumer	4,355	2.2	4,759	2.6
Total loans	201,806	100%	181,645	100%
Less:				
Allowance for loan losses	635		477	
Net loans	$201,171		$ 181,168	

The table below shows the amount of loans held in our portfolio by category, net of loans in process and discounts that mature in the indicated years following December 31, 2020. The table does not include any estimate of prepayments which significantly shorten the average life of all loans and may cause our actual repayment experience to differ from that shown below.

Year	Real Estate – Residential	Real Estate – Commercial	Commercial and Industrial	Agricultural	Consumer
Amount due in:					
One year or less	$46,125	$11,809	$1,766,951	$4,399	$1,096,429
More than one to five years	1,287,376	3,396,049	9,015,498	73,944	2,887,313
More than five years	87,165,754	71,740,094	18,342,872	4,599,945	371,496
Total	$88,499,255	$75,147,952	$29,125,321	$4,678,288	$4,355,238

Of the aggregate of $199.0 million of loans due more than one year after December 31, 2020, $64.4 million, or 32.3% of total loans, have floating or adjustable interest rate features and $134.6 million, or 67.7%, have fixed interest rates.

The following table sets forth at December 31, 2020 the dollar amount of all loans due more than one year after December 31, 2020 which have either fixed interest rates or floating or adjustable rates.

	Fixed-Rate	Floating or Adjustable-Rate
Real Estate:		
Residential	$62,534,450	$25,918,681
Commercial	47,828,629	27,307,515
Commercial and Industrial	17,206,760	10,278,457
Agricultural	4,166,903	506,986
Consumer	2,908,699	350,111
Total	$134,645,440	$64,361,750

Investments. The Delaware National Bank maintains a securities portfolio. At December 31, 2020, the carrying value of our investment portfolio totaled $84.3 million and represented 24.7% of our total assets compared to $69.1 million, or 23.3% at December 31, 2019. The cash flow from our investment portfolio was used to fund the growth in our higher yielding loan portfolio with any excess cash flow being reinvested in our securities portfolio.

Securities in the portfolio are classified as available-for-sale or held-to-maturity based on management's positive intent and ability to hold such securities to maturity.

State and local government securities held-to-maturity at December 31, 2020 totaled $2.3 million, an increase of approximately $1.0 million, or 76.9%, compared to $1.3 million at December 31, 2019.

The following table sets forth the carrying and fair values of our investment securities and mortgage-backed securities at the dates indicated. The carrying value for available-for-sale securities is their fair value. The carrying value for held-to-maturity securities is their amortized cost.

	At December 31,			
	2020		2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)			
Available-for-sale:				
U.S. Government agencies	$19,786	$20,136	$ 21,889	$ 21,909
Local government obligations	3,485	3,657	5,701	5,855
Mortgage-backed securities	57,310	58,200	40,103	40,067
Total available-for-sale	80,581	81,993	67,693	67,831
Held-to-maturity:				
Local government obligations	2,275	2,360	1,263	1,335
Total securities	$82,660	$84,353	$ 68,956	$ 69,166

The table below sets forth certain information regarding the carrying value, weighted-average yields and the earlier of call dates or average lives of our investment debt securities as of December 31, 2020. Average yields are presented on a tax equivalent basis.

	As of December 31, 2020									
	One Year or Less (1)		More than one Year to Five Years (1)		More than Five Years to 10 Years (1)		More than 10 Years (1)		Total	
	Carrying Value	Weighted Average Yield (2)	Carrying Value	Weighted Average Yield (2)	Carrying Value	Weighted Average Yield (2)	Carrying Value	Weighted Average Yield (2)	Carrying Value	Weighted Average Yield (2)
Securities:										
Available-for-sale:										
U.S. Government Agencies	$66,696	2.21%	$15,212,938	2.25%	$4,325,269	1.95%	$530,666	2.08%	$20,135,570	2.18%
Local government obligations	2,210,760	4.51	266,410	5.50	1,180,150	3.19	—	—	3,657,320	4.19
Mortgage-backed securities	741,688	(2.12)	36,619,548	1.66	15,364,233	1.10	5,474,957	1.98	58,200,425	1.49
Total available-for-sale	3,019,144	2.83%	52,098,896	1.85%	20,869,652	1.38%	6,005,623	1.99%	81,993,315	1.78%
Held-to-maturity:										
Local government obligations	$1,490,019	2.14	$662,688	3.83	$87,500	5.54	$35,000	5.54	$2,275,207	2.82
Total securities	$4,509,163	2.60%	$52,761,584	1.88%	$20,957,152	1.40%	$6,040,623	2.01%	$84,268,522	1.81%

(1) The earlier of the call date or average life based upon current prepayment assumptions was utilized in place of contractual maturity dates.

(2) Average yields are stated on a tax-equivalent basis.

Deposits. Our primary source of funds is our deposit accounts, which are comprised of non interest-bearing accounts, interest-bearing NOW accounts, money market accounts, savings accounts, club accounts and certificates of deposit. These deposits are provided primarily by individuals and businesses within our market area. The Delaware National Bank offers competitive rates for all of its deposit products. We set our interest rates on deposits based on a variety of factors, including rates offered by our competition, our liquidity needs and market interest rates. Current economic conditions and customer preference for deposit products over other investment products have contributed to the increased deposits. We also consider the rates paid on our deposit accounts to be towards the top of the local market for rates on selected types of deposit products. For information about the deposit insurance per account, see "*Regulation and Supervision—Bank Regulation—Insurance of Deposit Accounts*."

Deposits increased $49.8 million, or 19.6%, to $303.4 million at December 31, 2020 from $253.6 million at December 31, 2019. This increase was the result of many factors, including an increase in municipal deposits and PPP loan proceeds. In addition, travel restrictions and business closures related to the COVID-19 pandemic and government stimulus are causing a higher rate of savings and considerably lower spending habits among consumers. The Delaware National Bank's local deposit market is very competitive, and The Delaware National Bank will at times lose deposits to financial institutions paying the highest and most attractive interest rates and terms. If needed, management believes it can raise The Delaware National Bank's interest rates to attract new funds or retain existing deposits. In addition, The Delaware National Bank has an agreement with the Federal Home Loan Bank of New York for cash advances, should it need additional funds for loan originations or other purposes.

The following table sets forth deposits for the dates indicated:

	Years Ended December 31,			
	2020		2019	
	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
Noninterest-bearing deposits	$65,405	21.6%	$ 48,394	19.1%
Interest-bearing deposits:				
NOW accounts	33,024	10.9	25,177	9.9
Money markets	23,601	7.7	19,209	7.6
Savings	100,383	33.1	86,311	34.0
Time (in excess of $250,000)	29,496	9.7	27,659	10.9
Other time	51,458	17.0	46,827	18.5
Total interest-bearing deposits	237,962	78.4	205,183	80.9
Total deposits	$303,367	100%	$253,577	100%

The following table sets forth average deposits by average rates paid for the dates indicated:

	Years Ended December 31,			
	2020		2019	
	Average Amount	Average Rate	Average Amount	Average Rate
	(Dollars in thousands)			
Noninterest-bearing deposits	$57,917	—%	$ 48,074	—%
Interest-bearing deposits:				
NOW accounts	27,708	0.19	26,774	0.25
Money markets	24,045	0.30	23,353	0.41
Savings	92,261	0.23	89,018	0.28
Time (in excess of $250,000)	31,461	1.24	31,809	1.88
Other time	49,612	1.50	48,751	1.46
Total interest-bearing deposits	225,087	0.65	219,705	0.79
Total deposits	$283,004	0.52%	$ 267,779	0.64%

At December 31, 2020, The Delaware National Bank had outstanding $29.5 million in certificates of deposit accounts with balances of $250,000 or more that mature as follows:

Maturity Distribution of Time Deposits of $250,000 or More	Balance
	(In thousands)
Three months or less	$9,061
Over three through twelve months	18,340
Over twelve months	2,095
Total	$29,496

Historically, we retain approximately 95% of maturing certificates of deposit. We currently expect the retention rate of maturing certificates of deposit to stay at approximately the same rate.

Borrowings. We utilize borrowings from the Federal Home Loan Bank of New York and other correspondent banks to supplement our supply of funds for loans and investments. As of December 31, 2020, we had no overnight borrowings with the Federal Home Loan Bank, as compared to $7.5 million overnight borrowings with the Federal Home Loan Bank as of December 31, 2019. As of December 31, 2020 and December 31, 2019, we had no amounts outstanding with correspondent banks. The decrease in short-term borrowings with the Federal Home Loan Bank in 2020 was due to an increase of total deposits. The decrease in correspondent bank borrowings in 2019 and 2020 was due to strong demand for Delhi Bank Corp. shares on the open market.

Results of Operation for the Years Ended December 31, 2020 and December 31, 2019

Financial Highlights. Net income for the year ended December 31, 2020 was $2.2 million, or $1.37 per share, compared to net income of $2.7 million, or $1.72 per share, for the year ended December 31, 2019.

Net Interest Income. Net interest income decreased to $8.4 million for 2020 as compared to $8.7 million in the same period in 2019. The net interest rate spread decreased to 2.65% for the year ended December 31, 2020 from 2.92% for the year ended December 31, 2019. The net interest margin decreased to 2.81% for the year ended December 31, 2020 from 3.09% for the year ended December 31, 2019. The decrease in the interest spread and margin was the result of a 150 basis point decrease in the benchmark fed funds rate in response to the global pandemic.

Total interest income decreased $0.6 million to $9.9 million for the year ended December 31, 2020 compared to $10.5 million for the year ended December 31, 2019. Interest income earned on loans was $7.7 million for the year ended December 31, 2020 and $7.9 million for the year ended December 31, 2019. Interest income on investment securities and interest-earning deposits in other banks decreased $0.4 million to $2.2 million in 2020 due to significant drop in the benchmark fed funds rate in response to the global pandemic.

Interest expense on interest-bearing deposits was $1.5 million for the year ended December 31, 2020 and $1.7 million for the year ended December 31, 2019. While interest-bearing deposits increased from December 31, 2019 to December 31, 2020, the interest rates paid on those interest-bearing deposits decreased. Interest expense on Federal Home Loan Bank of New York and correspondent bank borrowings and finance leases decreased from $35,179 at December 31, 2019 to $19,757 at December 31, 2020. For further information on the changes in our yields and expenses, please refer to the chart on page 36.

Provision for Loan Losses. A provision for loan losses is charged to earnings to maintain the total allowance for loan losses at a level calculated by management based on historical experience, the volume and type of lending conducted by The Delaware National Bank, the status of past due principal and interest payments and other factors related to the collectability of the loan portfolio. The provision for loan losses was $280,000 for the year ended December 31, 2020, compared with a $60,000 provision for loan losses for the year ended December 31, 2019. The large increase in our loan loss provision was due to the many uncertainties surrounding the ongoing COVID-19 pandemic and the affect it may have on our loans. The allowance for loan losses was $635,054, or 0.32% of total loans, as of December 31, 2020 as compared with $476,777, or 0.27% of total loans, as of December 31, 2019. Excluding the purchased guaranteed loans, the allowance for loan losses would have been 0.54% of total loans as of December 31, 2020 as compared to 0.42% of total loans as of December 31, 2019.

Noninterest Income. Total noninterest income remained largely unchanged from 2019 to 2020 increasing only 1.16%. There were some significant changes, however, within noninterest income. Service charges and fees dropped 30.77% due to large changes in spending habits, caused by the COVID-19 pandemic restrictions. We also saw increases in trust department income as the equities markets were up significantly in 2020 and our fees are based on the market value of our portfolio. ATM and debit card processing also increased as payment methods shifted from traditional channels to electronic means.

The following table shows the components of noninterest income for the years ended December 31, 2020 and December 31, 2019.

	Year Ended December 31, 2020	2019	Percentage Change Increase/Decrease
	(Dollars in thousands)		
Service charges and fees	$249	$ 359	(30.77)%
Trust department income	346	313	10.84
ATM and debit card processing income	347	314	10.30
Other fees collected	197	152	26.37
Bank owned life insurance income	219	200	9.72
Total	$1,358	$ 1,338	1.16%

Noninterest Expense. Noninterest expense increased slightly in the year ended December 31, 2020, from $6.65 million to $6.76 million. Salaries and employee benefits increased due to normal salary increases in 2020 as well as a modification to an executive's deferred compensation agreement. As referenced in the table below, due to a reduction in the number of properties classified as Other Real Estate Owned (OREO) in 2020, The Delaware National Bank had $48,000 less in OREO expense as compared to 2019.

Our FDIC premiums significantly increased due to the Deposit Insurance Fund small bank assessment credits expiring and our premiums returning to normal levels. Contributions returned to our normal annual amount after an increased allocation to local charitable organizations in 2019. Other expenses consist primarily of OCC assessments, office supplies and advertising expenses.

The following table shows the components of noninterest expense and percentage change from the year ended December 31, 2019 to the year ended December 31, 2020.

	Year Ended December 31, 2020	2019	Percentage Change Increase/Decrease
	(Dollars in thousands)		
Salaries and employee benefits	$3,831	$ 3,619	5.87%
Occupancy and equipment expense	1,743	1,696	2.76
Other real estate expense	20	68	(69.82)
Accounting and consulting services	308	305	1.02
FDIC premiums	69	19	255.65
ATM and debit card processing and expenses	140	133	5.10
Director fees	160	146	9.18
Contributions	49	181	(72.85)
Other expenses	441	487	(9.37)
Total	$6,761	$ 6,654	1.61%

Income Tax Expense. The income tax provision for the year ended December 31, 2020 was $502,916, reflecting an effective tax rate of 18.7% compared to an income tax provision of $633,234 for the year ended December 31, 2019, reflecting an effective tax rate of 18.9%. The decrease in the effective tax rate is primarily the result of a change in the mix of exempt income versus pretax income.

Average Balance Sheets and Related Yields and Rates

The following table sets forth information regarding average balances of assets and liabilities, the total dollar amounts of interest income and dividends from average interest-earning assets, the total dollar amounts of interest expenses on average interest-bearing liabilities, and the resulting average yields and costs. The yields and costs for the periods are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods shown. Average balances are derived from average daily balances. For purposes of this table, average balances of loans receivable include loans on which we have discontinued accruing interest. The yields and costs include amortized and deferred fees and costs which are considered adjustments to yields. Yields on non-taxable investments have not been adjusted for tax effect.

	For the Years Ended December 31,					
	2020			2019		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
			(Dollars in thousands)			
Assets:						
Interest-earning assets:						
Interest-earning deposits in other banks	$30,522	$621	2.04%	$ 30,419	$ 766	2.52%
Investment securities, net (1):						
Taxable	24,235	532	2.19	27,384	732	2.67
Non-taxable	4,456	132	2.96	5,637	174	3.08
Mortgage-backed securities, net (1)	47,660	874	1.83	40,443	913	2.26
Loans receivable, net (2)	190,937	7,705	4.04	178,009	7,899	4.44
Total interest-earning assets	297,810	9,864	3.31	281,892	10,484	3.72
Noninterest-earning assets	23,045			20,801		
Total assets	$320,855			$ 302,693		
Liabilities and Equity:						
Interest-bearing liabilities:						
NOW accounts	$27,708	$52	0.19%	$ 26,774	$ 68	0.25%
Money markets	24,045	71	0.30	23,353	95	0.41
Savings	92,262	209	0.23	89,018	254	0.28
Certificates of deposit (in excess of $250,000)	31,461	392	1.24	31,809	596	1.88
Other certificates of deposit	49,612	742	1.50	48,751	712	1.46
Total deposits	225,088	1,466	0.65	219,705	1,725	0.79
Finance lease liability and FHLB and correspondent bank advances	637	20	3.10	1,343	35	2.62
Total interest-bearing liabilities	225,725	1,486	0.66	221,048	1,760	0.80
Noninterest-bearing liabilities	61,837			51,685		
Total liabilities	287,562			272,733		
Stockholders' equity	33,293			29,960		
Total liabilities and stockholders' equity	$320,855			$ 302,693		
Net interest income		$8,378			$ 8,724	
Net interest rate spread (3)			2.65%			2.92%
Net interest margin (4)			2.81%			3.09%
Average interest-bearing assets to average interest-bearing liabilities			131.93%			127.52%

(1) Includes unamortized discounts and premiums.
(2) Amount is net of loans in process, net of deferred loan origination fees and allowance for loan losses and includes non-performing loans.
(3) Net interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.
(4) Net interest margin represents net interest income divided by average interest-earning assets.

Rate/Volume Analysis. The following table sets forth the effects of changing rates and volumes on our interest income and interest expense. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. For purposes of this table, changes attributable to changes in both rate and volume have been allocated proportionately based on the absolute value of the change due to rate and the change due to volume.

	Year Ended December 31, 2020 Compared to Year Ended December 31, 2019		
	Increase/(Decrease) Due to		
	Volume	Rate	Net
		(In thousands)	
Interest income:			
Interest-earning deposits in other banks	2	(147)	(145)
Investment securities, net:			
Taxable	(84)	(116)	(200)
Non-taxable	(37)	(5)	(42)
Mortgage-backed securities, net	163	(202)	(39)
Loans receivable, net	573	(767)	(194)
Total change in interest income	617	(1,237)	(620)
Interest expense:			
Deposits:			
NOW accounts	3	(19)	(16)
Money markets	2	(26)	(24)
Savings	9	(54)	(45)
Time (in excess of $250,000)	(6)	(198)	(204)
Other time deposits	12	18	30
Finance lease liability and FHLB and correspondent bank advances	(18)	3	(15)
Total change in interest expense	2	(276)	(274)
Increase (decrease) in net interest income	615	(961)	(346)

Risk Management

Overview. Managing risk is an essential part of successfully managing a financial institution. Our most prominent risk exposures are credit risk, interest rate risk and market risk. Credit risk is the risk of not collecting the interest and/or the principal balance of a loan or investment when it is due. Interest rate risk is the potential reduction of interest income as a result of changes in interest rates. Market risk arises from fluctuations in interest rates that may result in changes in the values of financial instruments, such as available-for-sale securities that are accounted for on a mark-to-market basis. Other risks that we face are operational risks, liquidity risks and reputation risk. Operational risks include risks related to fraud, regulatory compliance, processing errors, technology and disaster recovery. Liquidity risk is the possible inability to fund obligations to depositors, lenders or borrowers. Reputation risk is the risk that negative publicity or press, whether true or not, could cause a decline in our customer base or revenue.

Credit Risk Management. Our strategy for credit risk management focuses on having well-defined credit policies and uniform underwriting criteria and providing prompt attention to potential problem loans.

When a borrower fails to make a required loan payment, we take a number of steps to have the borrower cure the delinquency and restore the loan to current status, including contacting the borrower by letter and phone at regular intervals. When the borrower is in default, we may commence collection proceedings. If a foreclosure action is instituted and the loan is not brought current, paid in full, or refinanced before the foreclosure sale, the real property securing the loan generally is sold at foreclosure. Generally, when a consumer loan or a non-mortgage loan becomes 45 days past due, we institute collection proceedings. Credit card loans and other personal loans are typically charged off when they become 120 days past due.

Analysis of Nonperforming and Classified Assets. We consider foreclosed assets and loans that are nonaccruing and accruing delinquent for 90 days or more to be nonperforming assets. Under current accounting guidelines, a loan is defined as impaired when, based on current information and events, it is probable that the creditor will be unable to collect all amounts due under the contractual terms of the loan agreement. When a loan becomes 90 days delinquent, the loan may be placed on a nonaccrual status at which time the accrual of interest ceases, the interest previously accrued to income is reversed and the loan is placed on a cash basis. Typically, payments on a nonaccrual loan are applied to the outstanding principal and interest as determined at time of the collection of the loan.

We may grant a concession or modification for economic or legal reasons related to a borrower's financial condition that it would not otherwise consider resulting in a modified loan which is then identified as a troubled debt restructuring ("TDR"). We may modify loans through rate reductions, extensions of maturity, interest only payments, or payment modifications to better match the timing of cash flows due under the modified terms with the cash flows from the borrowers' operations. Loan modifications are intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. TDRs are considered impaired loans for purposes of calculating our allowance for loan losses.

We identify loans for potential restructure primarily through direct communication with the borrower and evaluation of the borrower's financial statements, revenue projections, tax returns, and credit reports. Even if the borrower is not presently in default, management will consider the likelihood that cash flow shortages, adverse economic conditions, and negative trends may result in a payment default in the near future.

We did not enter into any TDRs or have any TDRs default in 2020 or 2019. We did offer COVID relief in the form of modifications and deferrals. In 2020, the Company instituted a payment deferral program to assist borrowers experiencing financial hardship due to COVID-19 related challenges. This program was established in response to federal banking agencies guidance encouraging banks to work with borrowers that may be unable to meet their contractual obligations due to the effects of COVID-19. This guidance stated that short-term modifications (up to six months) made on a good faith basis in response to COVID-19 to borrowers who were current at the time of modification are not considered TDRs. In addition, Section 4013 of the CARES Act provided that loan modifications related to COVID-19 on a loan that was current at December 31, 2019 are not considered TDRs. Through December 31, 2020, the Company modified $13,992,725 of loans to allow for payment deferrals. These deferrals included principal, and principal and interest deferrals, generally for three months. Additional modifications were made as necessary. At December 31, 2020, only two loans totaling $299,758 remained on payment deferral. In total, we offered a deferral or modification to 116 mortgage customers, and 46 to consumer and commercial customers.

The below table sets forth nonaccrual loans, past due and restructured loans for the dates indicated. Other than as disclosed in the below table, there are no other loans at December 31, 2019 for which we have serious doubts about the inability of the borrowers to comply with the present loan repayment terms.

	At December 31,	
	2020	2019
	(Dollars in thousands)	
Nonaccruing (1)	$1,206	$ 1,153
Accruing, delinquent for 90 days or more (2)	—	—
Restructured loans not included in above amounts	—	—
Total nonperforming loans	1,206	1,153
Other real estate owned	—	35
Total nonperforming assets	1,206	1,188
Percentage of nonperforming loans to total loans	0.60%	0.63%
Percentage of nonperforming loans to total assets	0.35%	0.39%
Percentage of nonperforming assets to total assets	0.35%	0.40%

(1) The gross interest income that would have been recorded in the years ended December 31, 2020 and December 31, 2019, if these loans had been current in accordance with their original terms and had been outstanding throughout the period or since origination, if held for part of the period, was $99,881 and $93,949, respectively.

(2) Loans delinquent as to principal or interest payments.

Federal regulations require us to regularly review and classify our assets. In addition, our regulators have the authority to identify problem assets and, if appropriate, require them to be classified. There are three classifications for problem assets: substandard, doubtful and loss. An asset is classified "substandard" if it is determined to be inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. As a general rule, The Delaware National Bank will classify a loan as substandard if The Delaware National Bank can no longer rely on the borrower's income as the primary source for repayment of the indebtedness and must look to secondary sources such as guarantors or collateral. An asset is classified as "doubtful" if full collection is highly questionable or improbable. An asset is classified as "loss" if it is considered uncollectible, even if a partial recovery could be expected in the future. The regulations also provide for a "special mention" classification, described as assets which do not currently expose The Delaware National Bank to a sufficient degree of risk to warrant classification, but do possess credit deficiencies or potential weaknesses deserving management's close attention. Assets classified as substandard or doubtful may require The Delaware National Bank to establish specific allowances for loan losses. If an asset or portion thereof is classified loss, The Delaware National Bank must charge off such amount. Federal examiners may disagree with The Delaware National Bank's classifications and amounts reserved. If The Delaware National Bank does not agree with an examiner's classification of an asset, it may appeal this determination to the OCC.

At December 31, 2020, The Delaware National Bank had $3.4 million in assets classified as substandard and $0.15 million in assets classified as doubtful compared to $4.0 million in assets classified as substandard and $0.07 million in assets classified as doubtful at December 31, 2019. See the section titled "Loans Receivable and Allowance for Loan Losses" in Note 4 to Delhi Bank Corp.'s consolidated audited financial statements. In addition, at December 31, 2020, The Delaware National Bank had $5.6 million in assets classified as special mention as compared to $4.9 million in assets classified as special mention at December 31, 2019.

Analysis and Determination of the Allowance for Loan Losses. The allowance for loan losses is a valuation allowance for probable losses inherent in the loan portfolio. We evaluate the need to establish allowances against losses on loans on a monthly basis based on written policies and procedures that we have established to evaluate the risk in our portfolio, ensure the timely charge off of loans and properly reflect estimated future losses in the portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, economic conditions and other risks in the portfolio. As of the date of this offering circular, we have seen a minimal impact on our asset quality and overall operations due to the COVID-19 pandemic. However due to the ongoing uncertainties related to the total economic impact, The Delaware National Bank has been proactive in addressing potential issues by increasing the risk factor relating to economic conditions. This resulted in an increase to the allowance through the provision for loan losses. When additional allowances are necessary, a provision for loan losses is charged to earnings. The recommendations for increases or decreases to the allowance are presented by management to the board of directors. Where specific loan loss allowances have been established, any difference between the loss allowances and the amount of loss realized has been charged or credited to current income.

At December 31, 2020, the allowance for loan losses represented 0.32% of total loans, compared to 0.27% of total loans at December 31, 2019. Excluding the purchased guaranteed loans, the allowance for loan losses would have been 0.54% of total loans as of December 31, 2020 as compared with 0.42% of total loans as of December 31, 2019. The allowance for loan losses, as a percentage of loans, increased 0.05% from December 31, 2019 to December 31, 2020. The increase in the allowance for loan losses was due to the proactive increase of our loan loss provision due to the uncertainties of the overall impact of the ongoing pandemic.

The following table sets forth a breakdown of the allowance for loan losses by loan category at the dates indicated.

	At December 31,					
	2020			2019		
	Amount	Percent of Allowance to Total Allowance	Percent of Loans in Category to Total Loans	Amount	Percent of Allowance to Total Allowance	Percent of Loans in Category to Total Loans
	(Dollars in thousands)					
Real Estate:						
Residential	$479	75%	43.9%	$ 320	67%	46.4%
Commercial	108	17	37.2	93	20	35.0
Commercial and Industrial	18	3	14.4	18	4	11.9
Agricultural	—	—	2.3	1	—	4.1
Consumer	30	5	2.2	45	9	2.6
Total	$635	100%	100%	$ 477	100%	100%

The percentages of allowance are not consistent with the loan percentages due to the significant amount of fully guaranteed loans in the commercial real estate, commercial and industrial and agricultural segments. Such loans carry no related allowance.

Although management believes that its allowance for loan losses conforms with generally accepted accounting principles ("GAAP") based upon the available facts and circumstances, there can be no assurance that additions to the allowance will not be necessary in future periods, which would adversely affect our results of operations. Furthermore, our banking regulators, as an integral part of our examination process, periodically review our allowance for loan losses. The examinations may require us to make additional provisions for loan losses based on judgments different from ours. In addition, because future events affecting borrowers and collateral cannot be predicted with certainty, there can be no assurance that the existing allowance for loan losses is adequate or that increases will not be necessary should the quality of any loans deteriorate as a result of the factors discussed above. Any material increase in the allowance for loan losses may adversely affect our financial conditions and results of operations.

Analysis of Loan Loss Experience. The following table sets forth an analysis of the allowance for loan losses for the periods indicated. Where specific loan loss allowances have been established any differences between the loss allowance and the amount of loss realized has been charged or credited to the allowance.

	Years Ended December 31,	
	2020	**2019**
	(Dollars in thousands)	
Balance at the beginning of the period	$477	$ 502
Provision	280	60
Charge-offs:		
Real estate:		
Residential	84	44
Commercial	—	17
Commercial and Industrial	—	—
Agricultural	—	—
Consumer (1)	93	38
Total charge-offs	177	99
Recoveries:		
Real estate:		
Residential	24	1
Commercial	1	3
Commercial and Industrial	3	4
Agricultural	—	—
Consumer	27	6
Total recoveries	55	14
Net charge-offs	122	85
Balance at the end of the period	$635	$ 477
Ratio of net charge-offs during the period to average loans outstanding during the period	0.06%	0.05%
Allowance to total loans outstanding at the end of the period	0.32%	0.27%
Ratio of allowance for loan losses to non-performing loans	52.65%	41.37%

(1) The large increase in consumer charge-offs for 2020, as compared to 2019, was unrelated to the COVID-19 pandemic.

Interest Rate Management. Our earnings and the market value of our assets and liabilities are subject to fluctuations caused by changes in the level of interest rates. We manage the interest rate sensitivity of our interest-bearing liabilities and interest-earning assets in an effort to minimize the adverse effects of changes in the interest rate environment. Deposit accounts typically react more quickly to changes in market interest rates than mortgage loans because of the shorter maturities of deposits. To reduce the potential volatility of our earnings, we have sought to improve the match between asset and liability maturities and rates, while maintaining an acceptable interest rate spread.

We have an Asset/Liability Committee to coordinate all aspects involving asset/liability management. The committee establishes and monitors the volume, maturities, pricing and mix of assets and funding sources with the objective of managing assets and funding sources to provide results that are consistent with liquidity, growth, risk limits and profitability goals.

Liquidity Management. Liquidity is the ability to meet current and future financial obligations of a short-term nature. Our primary source of funds consist of deposit inflows, loan repayments, maturities of and payments on investment securities and borrowings from the Federal Home Loan Bank of New York. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition.

Our primary investing activities are the origination and purchase of loans and the purchase of securities. Our primary funding activities consist of activity in deposit accounts and Federal Home Loan Bank of New York advances. Deposit flows are affected by the overall level of interest rates, the interest rates and products offered by us and our local competitors and other factors. We generally manage the pricing of our deposits to be competitive.

Capital Management. We are subject to various regulatory capital requirements administered by our regulators. At December 31, 2020, we meet all capital adequacy requirements to which we are subject, including, CBLR. We are considered "well capitalized" under regulatory guidelines. See *"Regulation and Supervision—Bank Regulation—Capital Adequacy Requirements"* and Note 13 of the notes to the consolidated financial statements included in this offering circular.

Off-Balance Sheet Arrangements. In the normal course of operations, we engage in a variety of financial transactions that, in accordance with GAAP, are not recorded in our financial statements. These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. Such transactions are used primarily to manage customers' requests for funding and take the form of loan commitments and lines of credit. For information about our loan commitments and unused lines of credit, see Note 11 of the notes to the consolidated financial statements included in this offering circular.

For the year ended December 31, 2020, we did not engage in any off-balance sheet transactions reasonably likely to have a material effect on our financial condition, results of operations or cash flows.

Impact of Recent Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issues Accounting Standards Updates ("ASUs") to the FASB Accounting Standards Codification ("ASC"). This section provides a summary description of recent ASUs that have significant implications (elected or required) within the consolidated financial statements, or that management expects may have a significant impact on financial statements issued in the near future.

Future Accounting Standard to be Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments.* ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The Company is required to adopt this guidance in 2023. The Company continues to evaluate the potential impact of adopting this ASU.

Effect of Inflation and Changing Prices

The financial statements and related financial data presented in this offering circular have been prepared in accordance with GAAP, which require the measurement of financial position and operating results in terms of historical dollars without considering the change in the relative purchasing power of money over time due to inflation. The primary impact of inflation on our operations is reflected in increased operating costs. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant impact on a financial institution's performance than do general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

Our Management

Board of Directors

As of the date of this offering circular, the Board of Directors of Delhi Bank Corp. is composed of nine (9) members who are elected for terms of three (3) years, approximately one third of whom are elected annually as required by the Bylaws of Delhi Bank Corp. Each director of Delhi Bank Corp. is also a member of the Board of Directors of The Delaware National Bank. The executive officers of Delhi Bank Corp. and The Delaware National

Bank are elected annually by the respective Board of Directors and serve at such Board's discretion. The following tables present information with respect to our directors and executive officers. Unless otherwise stated, each director and executive officer has held his or her current occupation for the last five years. There are no family relationships among or between the directors or executive officers.

Name	Age (1)	Principal Occupation for Past Five Years and Business Experience	Director Since	Term Expires
Michael E. Finberg	74	Director and President of Margaretville Bowl Ltd.; President of MMA Corp.; Owner of Reliable Tent.	1998	2022
Peter V. Gioffe	48	Chief Executive Officer of Delhi Bank Corp. and The Delaware National Bank since October 23, 2017; President of Delhi Bank Corp. and The Delaware National Bank since 2016; Vice President and Controller of Delhi Bank Corp. and The Delaware National Bank from 2005 until 2016; Human Resources Officer of The Delaware National Bank from 2014 until 2016.	2014	2022
Kristen L. Baxter	47	Director of Auxiliary Services Finance, College Association at Delhi, Inc.	2015	2022
Bruce J. McKeegan	63	Attorney and Sole Owner of McKeegan & McKeegan.	2000	2023
Kurt R. Mable	51	Principal/Owner of Robert O. Mable Agency, Inc.	2017	2023
Andrew F. Davis III	75	Chairman of the Board of Delhi Bank Corp. and The Delaware National Bank. Director and Owner of D&D of Walton, Inc., an auto parts business.	1991	2021
Michelle D. Catan	55	Senior Business Advisor of Small Business Development Center. Co-owner of Sears of Oneonta.	2020	2021
Paul J. Roach	67	Director of Sportsfield Specialties, Inc. Former Vice President and Chief Financial Officer of the Clark Companies, a contracting company.	2001	2021
Jason J. Miller	46	General Manager of Delhi Telephone Company	2021	2021

(1) As of December 31, 2020.

Executive Officers Who are Not Directors

Name	Age (1)	Positions Held with Delhi Bank Corp. and/or The Delaware National Bank	Officer Since
Gretchen E. Rossley	58	Vice President and Chief Banking Officer since 2019 of The Delaware National Bank. Vice President of Administration from 2006 to 2019 of The Delaware National Bank. Secretary of Delhi Bank Corp. from 2005 to 2013; Vice President of Delhi Bank Corp. since 2014. Prior to 2005, Ms. Rossley served as Assistant Vice President of Customer Service and as Internal Auditor for The Delaware National Bank	2005
Deirdre A. Hillis	54	Vice President and Chief Lending Officer since 2019 of The Delaware National Bank. Vice President of Lending from 2009 to 2019 of The Delaware National Bank.	2009
Bryan R. Boyer	42	Controller of The Delaware National Bank since 2016 and Vice President of The Delaware National Bank since 2013. Treasurer of Delhi Bank Corp. since 2014. Mr. Boyer served as Senior Trust Officer of The Delaware National Bank from 2013 to 2018.	2013
Robin L. Hultenius	53	Vice President, Human Resources of The Delaware National Bank	2016
Yvonne T. Haynes	49	Vice President, BSA Officer of The Delaware National Bank	2016

(1) As of December 31, 2020.

Director Compensation

In 2020, independent directors of The Delaware National Bank received $1,920 for each regular and special Board meeting attended. Non-employee directors who were members of the Trust Committee of The Delaware National Bank received $340 for each committee meeting attended.

Executive Compensation

The following table sets forth the annual compensation paid by Delhi Bank Corp. to the three (3) highest paid persons who were executive officers of Delhi Bank Corp. and/or The Delaware National Bank for the fiscal year ended December 31, 2020.

Name of Individual or Identity of Group	Capacities in which Remuneration was Received	Aggregate Remuneration
The highest paid Executive Officers of The Delaware National Bank and Delhi Bank Corp. (1)	President and Chief Executive Officer of Delhi Bank Corp. and The Delaware National Bank; Vice President and Chief Banking Officer of The Delaware National Bank; and Vice President and Chief Lending Officer of The Delaware National Bank.	$822,556

(1) The group consists of three persons including: (i) Peter V. Gioffe, the President and CEO of Delhi Bank Corp. and The Delaware National Bank, (ii) Gretchen E. Rossley, Vice President and Chief Banking Officer of The Delaware National Bank and (iii) Deirdre A. Hillis, Vice President and Chief Lending Officer of The Delaware National Bank.

Salary Continuation Agreements

The Delaware National Bank has entered into salary continuation agreements with the current President and Chief Executive Officer of Delhi Bank Corp. and The Delaware National Bank, the Vice President of Administration of The Delaware National Bank and the Vice President of Lending of The Delaware National Bank.

The salary continuation agreement with the current President and Chief Executive Officer of The Delaware National Bank, as currently amended, provides for an annual benefit of $142,000, payable for 20 years, upon the executive's termination of employment on or after attaining the age of 60 for any reason other than death or a termination for specially-defined cause (the "President's Normal Retirement Benefit"). The agreement also provides for a reduced benefit (equal to the accrued liability balance reflected on the financial statements of The Delaware National Bank under GAAP on the date of the executive's termination of service), payable in five equal installments with the first payment made in the month following the executive's termination date, if the executive separates from service with The Delaware National Bank prior to attaining age 60. The agreement also provides for a disability benefit for a period of ten years if the executive separates from service with The Delaware National Bank on account of a disability before attaining age 60 equal to the accrued liability balance reflected on the financial statements of The Delaware National Bank under GAAP on the date of the executive's disability. In addition, the agreement provides for a change in control benefit if the executive separates from service with The Delaware National Bank within two years following a change in control regardless of the executive's age on the date of termination, which is equal to the actuarial equivalent of the President's Normal Retirement Benefit and is payable in a lump sum within 30 days of termination. The agreement also provides for certain benefits to the executive's beneficiary upon the death of the executive.

The salary continuation agreement with the Vice President and Chief Banking Officer of The Delaware National Bank provides for an annual benefit of $30,000, payable for 20 years, upon the executive's termination of employment on or after attaining the age of 62 for any reason other than death or a termination for specially-defined cause (the "Vice President's Normal Retirement Benefit"). The agreement also provides for a reduced benefit (equal to the accrued liability balance reflected on the financial statements of The Delaware National Bank under GAAP on the date of the executive's termination of service multiplied by a fraction, the numerator of which is the executive's years of service as of such date and the denominator of which is sixteen), payable in five equal installments with the first payment made in the month following the executive's termination date, if the executive separates from service with The Delaware National Bank prior to attaining age 62. The agreement also provides for a disability benefit for a period of ten years if the executive separates from service with The Delaware National Bank on account of a disability before attaining age 62 equal to the accrued liability balance reflected on the financial statements of The Delaware National Bank under GAAP on the date of the executive's termination of service, without regard to vesting. In addition, the agreement provides for a change in control benefit if the executive separates from service with The Delaware National Bank within two years following a change in control regardless of the executive's age on the date of termination, which is equal to the actuarial equivalent of the Vice President's Normal Retirement Benefit and is payable in a lump sum within 30 days of termination. The agreement also provides for certain benefits to the executive's beneficiary upon the death of the executive.

The salary continuation agreement with the Vice President Chief Lending Officer of The Delaware National Bank provides for an annual benefit of $32,000, payable for 20 years, upon the executive's termination of employment on or after attaining the age of 60 for any reason other than death or a termination for specially-defined cause (the "Lending Vice President's Normal Retirement Benefit"). The agreement also provides for a reduced benefit (equal to the accrued liability balance reflected on the financial statements of The Delaware National Bank under GAAP on the date of the executive's termination of service multiplied by a fraction, the numerator of which is the executive's years of service as of such date and the denominator of which is twelve), payable in five equal installments with the first payment made in the month following the executive's termination date, if the executive separates from service with The Delaware National Bank prior to attaining age 60. The agreement also provides for a disability benefit for a period of ten years if the executive separates from service with The Delaware National Bank on account of a disability before attaining age 60 equal to the accrued liability balance reflected on the financial statements of The Delaware National Bank under GAAP on the date of the executive's termination of service, without regard to vesting. In addition, the agreement provides for a change in control benefit if the executive separates from service with The Delaware National Bank within two years following a change in control regardless of the executive's age on the date of termination, which is equal to the actuarial equivalent of the Lending Vice President's Normal Retirement Benefit and is payable in a lump sum within 30 days of termination. The agreement also provides for certain benefits to the executive's beneficiary upon the death of the executive.

Corporate Governance and Board Matters

Director Independence

As of the date of this offering circular, Delhi Bank Corp.'s Board of Directors consists of nine (9) members, all of whom are considered independent under the regulations of the FDIC, except for Peter V. Gioffe, the current President and Chief Executive Officer of Delhi Bank Corp. and The Delaware National Bank.

Committees of the Board of Directors

The following table identifies the members of our Audit Committee as of December 31, 2020. Jason J. Miller was appointed to Delhi Bank Corp.'s Board of Directors and the Audit Committee on January 20, 2021.

Director	Audit Committee
Kristen L. Baxter	X
Michelle D. Catan	X
Andrew F. Davis III	X
Michael E. Finberg	X
Peter V. Gioffe	X
Bruce J. McKeegan	X
Kurt R. Mable	X
Paul J. Roach	X*
Number of Meetings in 2020	12

*Denotes Chairperson

Audit Committee

The Audit Committee assists the Board of Directors in its oversight of Delhi Bank Corp. accounting and reporting practices, the quality and integrity of Delhi Bank Corp.'s financial reports and Delhi Bank Corp.'s compliance with applicable laws and regulations. The Audit Committee is also responsible for engaging Delhi Bank Corp.'s independent auditors and monitoring its conduct and independence. The Board of Directors has determined that Paul J. Roach, Kristen L. Baxter and Michelle D. Catan are audit committee financial experts under the rules of the Securities and Exchange Commission. A majority of the members of the Audit Committee are considered independent under the regulations of the FDIC.

Transactions with Certain Related Persons

The Delaware National Bank extends credit to certain of our directors, officers and employees, as well as members of their immediate families, in connection with mortgage loans, home equity lines of credit and installment and other consumer loans.

The Delaware National Bank makes loans to executive officers and directors at reduced interest rates under a benefit program generally available to all other employees and does not give preference to any executive officer or director over any other employee. The following table reflects the aggregate amount of loans granted by The Delaware National Bank to each executive officer and director at December 31, 2020. These loans were performing according to their original terms at December 31, 2020. Jason J. Miller was appointed to the Board of Directors effective as of January 20, 2021 and is, therefore, not included in the table below.

Name	**Aggregate Loan Principal Outstanding at December 31, 2020**
Peter V. Gioffe *Director, President & Chief Executive Officer*	$ —
Kristen L. Baxter *Director*	$ —
Bryan R. Boyer *Vice President, Controller*	$ 104,570
Michelle D. Catan *Director*	$ —
Andrew F. Davis III *Director*	$ 52,317
Michael E. Finberg *Director*	$ —
Yvonne T. Haynes *Vice President, BSA Officer*	$ 102,968
Deirdre A. Hillis *Vice President and Chief Lending Officer*	$ 82,445
Robin L. Hultenius *Vice President, Human Resources*	$ —
Bruce J. McKeegan *Director*	$ 53,642
Paul J. Roach *Director*	$ 54,974
Kurt R. Mable *Director*	$ 62,176
Gretchen E. Rossley *Vice President and Chief Banking Officer*	$ 136,780

Delhi Bank Corp. engaged the services of McKeegan & McKeegan, which is owned by director Bruce McKeegan, to provide legal assistance to The Delaware National Bank in the form of contract review and general legal advice with respect to loans, deposit accounts, insurance, trust department and real estate matters, as well as mortgage closing and related services. Amounts paid to McKeegan & McKeegan totaled $43,324 in 2020 and $47,644 in 2019.

Delhi Bank Corp. has a long-standing relationship with Robert O. Mable Agency, Inc., an insurance company in which director Kurt Mable is the sole owner. Robert O. Mable Agency, Inc. represents Delhi Bank Corp. in the insurance marketplace through the provision of insurance brokerage services. Delhi Bank Corp. does not pay any fees directly to Robert O. Mable Agency, Inc.; rather, the agency receives a standard fee from the premiums paid by Delhi Bank Corp. directly to its insurers. There is no special discount or other arrangement offered to Delhi Bank Corp. by Robert O. Mable Agency, Inc.

In the ordinary course of business, the Company has granted PPP loans to entities affiliated with two directors. Robert O. Mable Agency, Inc., in which director Kurt Mable is the sole owner, received a loan in the amount of $62,176, and D&D of Walton, Inc., of which Andrew F. Davis III is the owner, received a loan in the amount of $52,317. Such transactions were made on substantially the same terms and at those rates prevailing at the same time for comparable transactions with other customers

Joan E. Pawlikowski, the sister-in-law of Kathryn Pawlikowski, who serves as the Secretary of Delhi Bank Corp., has been employed by The Delaware National Bank since 1990 and, since 2008, has held the role of Assistant Vice President.

Stock Ownership

The following table sets forth, as of December 31, 2020, certain information regarding the beneficial ownership of Delhi Bank Corp. common stock by each of the directors and executive officers of The Delaware National Bank, and all of our directors and executive officers as a group.

Name and Address (1)	Amount and Nature of Beneficial Ownership (2)	Percent of Class (3)
Kristen L. Baxter	443	*
Peter V. Gioffe	12,814[4]	*
Yvonne T. Haynes	1,339[5]	*
Deirdre A. Hillis	12,308[6]	*
Robin L. Hultenius	3,305[7]	*
Gretchen E. Rossley	15,333[8]	*
Andrew F. Davis III	68,580[9]	4.24%
Michael E. Finberg	4,922[10]	*
Kurt R. Mable	3,073[11]	*
Bruce J. McKeegan	7,631[12]	*
Paul J. Roach	21,127[13]	1.31%
Bryan R. Boyer	10,089[14]	*
Michelle D. Catan	317	*
All Executive Officers and Directors as a Group — (13) Persons in Total([15])	161,281	9.97%

* Does not exceed 1.0% of Delhi Bank Corp.'s voting securities.

(1) Delhi Bank Corp., 124 Main Street, Delhi, New York 13753.

(2) Differences may exist between figures shown here and actual share amounts due to rounding up of such numbers.

(3) Based on 1,617,453 shares outstanding as of December 31, 2020.

(4) Includes 10,212 shares held under The Delaware National Bank of Delhi Employee Stock Ownership Plan** for the account of Mr. Gioffe; 241 shares held as Custodian for Mr. Gioffe's daughter; and 1,900 shares held as trustee for the Nancy J. Lee Family Irrevocable Trust.

(5) Includes 1,339 shares held under The Delaware National Bank of Delhi Employee Stock Ownership Plan** for the account of Ms. Haynes.

(6) Includes 12,097 shares held under The Delaware National Bank of Delhi Employee Stock Ownership Plan** for the account of Ms. Hillis and 211 shares held jointly with Ms. Hillis' spouse.

(7) Includes 3,305 shares held under The Delaware National Bank of Delhi Employee Stock Ownership Plan** for the account of Ms. Hultenius.

(8) Includes 11,078 shares held under The Delaware National Bank of Delhi Employee Stock Ownership Plan** for the account of Ms. Rossley; 4,090 shares held jointly with Ms. Rossley's spouse and 165 shares held as custodian for Ms. Rossley's grandchildren.

(9) Includes 14,564 shares held by Mr. Davis' spouse, 5,368 shares held by D&D of Walton, Inc., of which he is the President and 7,361 shares held by Mr. Davis' son.

(10) Includes 404 shares held jointly with Mr. Finberg's son and 763 shares held jointly with Mr. Finberg's spouse.

(11) Includes 1,286 shares held jointly with Mr. Mable's spouse.

(12) Includes 5,150 shares held by Mr. McKeegan's spouse.

(13) Includes 5,345 shares held jointly with Mr. Roach's spouse.

(14) Includes 9,703 shares held under The Delaware National Bank of Delhi Employee Stock Ownership Plan** for the account of Mr. Boyer, and 71 shares held as custodian for Mr. Boyer's daughters.

(15) Jason J. Miller was appointed to the Board of Directors effective as of January 20, 20201 and is, therefore, not included in the table above.

** All share amounts held under The Delaware National Bank of Delhi Employee Stock Ownership Plan are as of June 30, 2020, the most recent practicable date for which this information is available.

To our knowledge, the only record owner of 10% or more of any class of our equity securities is Cede & Co. To our knowledge, there are no other beneficial owners of 10% or more of any class of our equity securities.

Regulation and Supervision

General

The Delaware National Bank is a nationally chartered banking association, the deposits of which are insured by the Deposit Insurance Fund administered by the FDIC. Federal law, primarily the National Bank Act, delineates the nature and extent of the activities in which The Delaware National Bank can engage. The Delaware National Bank's primary regulator is the OCC. By virtue of the insurance of its deposits, however, The Delaware National Bank is also subject to supervision and regulation by the FDIC. Such supervision and regulation subjects The Delaware National Bank to special restrictions, requirements, potential enforcement actions and periodic examination by the OCC and, in some circumstances, the FDIC. The primary purpose of such supervision and regulation is to protect the FDIC insurance fund and depositors. Additionally, Delhi Bank Corp. is a bank holding company subject to reporting to, and supervision by, the FRB.

The regulatory structure gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes. Any change in such regulatory requirements and policies, whether by the OCC, the FDIC, the FRB or Congress, could have a material adverse impact on The Delaware National Bank, and/or Delhi Bank Corp. and their operations.

Certain of the statutory and regulatory provisions applicable to Delhi Bank Corp. and The Delaware National Bank are described below. This discussion is intended to be a summary, does not purport to be a complete description of the applicable statutes and regulations and their effects on Delhi Bank Corp. and The Delaware National Bank and is qualified in its entirety by reference to the statutes and regulations involved.

Holding Company Regulation

Federal Regulation. Due to its control of The Delaware National Bank, Delhi Bank Corp. is subject to examination, regulation, and periodic reporting under the Bank Holding Company Act of 1956 ("BHCA"), as administered by the FRB.

Delhi Bank Corp. is required to obtain the prior approval of the FRB to acquire all, or substantially all, of the assets of any bank or bank holding company or merge with another bank holding company. Prior FRB approval will also be required for Delhi Bank Corp. to acquire direct or indirect ownership or control of any voting securities of any bank or bank holding company if, after giving effect to such acquisition, Delhi Bank Corp. would, directly or indirectly, own or control more than 5% of any class of voting shares of such bank or bank holding company. In evaluating such transactions, the FRB considers such matters as the financial and managerial resources of and future prospects of the companies involved, competitive factors, regulatory compliance and the convenience and needs of the communities to be served. Bank holding companies may acquire additional banks in any state, subject to certain restrictions such as deposit concentration limits. In addition to the approval of the FRB, prior approval may also be required from other agencies having supervisory jurisdiction over banks to be acquired.

A bank holding company is generally prohibited from engaging in or acquiring direct or indirect control of more than 5% of the voting securities of any company engaged in non-banking activities. One of the principal exceptions to this prohibition is for activities found by the FRB to be so closely related to banking or managing or controlling banks to be a proper incident thereto. Some of the principal activities that the FRB has determined by regulation to be closely related to banking are: (i) making or servicing loans; (ii) performing certain data processing services; (iii) providing discount brokerage services; (iv) acting as fiduciary, investment or financial advisor; (v) finance leasing personal or real property; (vi) making investments in corporations or projects designed primarily to promote community welfare; and (vii) acquiring a savings association, provided that the savings association only engages in activities permitted of bank holding companies.

Under Federal law, a bank holding company that meets specified conditions, including being "well capitalized" and "well managed," may opt to become a "financial holding company" and thereby engage in a broader array of financial activities than previously permitted. Such activities can include insurance underwriting and investment banking. Delhi Bank Corp. has not, up to now, opted to become a financial holding company. Federal law also authorizes banks to engage through "financial subsidiaries" in certain of the activities permitted for financial holding companies. Financial subsidiaries are generally treated as affiliates for purposes of restrictions on a bank's transactions with affiliates.

The FRB has adopted capital adequacy guidelines for bank holding companies (on a consolidated basis) substantially similar to those of the OCC for a bank. However, the capital adequacy requirements do not apply to a bank holding company with consolidated assets less than $3 billion (per an interim final rule) and meet certain qualitative requirements such as not conducting significant non-banking or off-balance sheet activities.

A bank holding company is generally required to give the FRB prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of the company's consolidated net worth. The FRB may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe and unsound practice, or would violate any law, regulation, FRB order or directive, or any condition imposed by, or written agreement with, the FRB. There is an exception to this approval requirement for well-capitalized bank holding companies that meet certain other conditions and bank holding companies that are subject to Regulation Y.

The FRB has issued a policy statement regarding the payment of dividends by bank holding companies. In general, the FRB's policies provide that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the bank holding company appears consistent with the organization's capital needs, asset quality, and overall financial condition. The FRB's policies also require that a bank holding company serve as a source of financial strength to its subsidiary banks by standing ready to use available resources to provide adequate capital funds to those banks during periods of financial stress or adversity and by maintaining the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks where necessary. These regulatory policies could affect Delhi Bank Corp.'s ability to pay dividends or otherwise engage in capital distributions. Delhi Bank Corp.'s ability to pay dividends could also be restricted should The Delaware National Bank ever become "undercapitalized." See *"—Bank Regulation—Corrective Measures for Capital Deficiencies."*

Delhi Bank Corp.'s status as a registered bank holding company under the BHCA does not exempt it from certain federal and state laws and regulations applicable to corporations generally, including, without limitation, certain provisions of the Federal securities laws.

Change in Control. Under the Change in Bank Control Act of 1978 (the "CBCA"), a written notice must be submitted to the FRB if any person (including a company), or any group acting in concert, seeks to acquire 10% of any class of Delhi Bank Corp.'s outstanding voting securities, unless the FRB determines that such acquisition will not result in a change of control of the bank. Under the CBCA, the FRB has 60 days within which to act on such notice taking into consideration certain factors, including the financial and managerial resources of the proposed acquiror, the convenience and needs of the community served by the bank and the antitrust effects of an acquisition.

Under the BHCA, any company would be required to obtain prior approval from the FRB before it may obtain "control" of Delhi Bank Corp. within the meaning of the BHCA. Control for BHCA purposes generally is defined to mean the ownership or power to vote 25% or more of any class of Delhi Bank Corp.'s voting securities or the ability to control in any manner the election of a majority of Delhi Bank Corp.'s directors. An existing bank holding company would be required to obtain the FRB's prior approval under the BHCA before acquiring more than 5% of Delhi Bank Corp.'s voting stock. See *"—Holding Company Regulation—Federal Regulation."*

Bank Regulation

Business Activities. The activities of national banks are governed by federal law and regulations. In particular, the authority of national banks to lend money, accept deposits, branch and engage in other activities is found in the National Bank Act and the OCC's regulations.

Examinations. The OCC periodically examines and evaluates national banks. Based upon such examination and evaluation, the OCC may revalue the assets of the institution and require that it establish specific reserves to compensate for the difference between the OCC-determined value and the book value of such assets.

Capital Adequacy Requirements. Delhi Bank Corp. and The Delaware National Bank are required to maintain specified levels of regulatory capital under regulations of the FRB and the OCC, respectively. In September 2019, regulatory agencies, including the FRB and OCC, adopted a final rule, effective January 1, 2020, creating a CBLR for institutions with total consolidated assets of less than $10 billion that meet other qualifying criteria related to off-balance sheet exposures and trading assets and liabilities. The CBLR provides for a simple measure of capital adequacy for qualifying institutions. Management has elected to use the CBLR framework for Delhi Bank Corp. and The Delaware National Bank.

The CBLR is calculated as Tier 1 Capital to average consolidated assets as reported on an institution's regulatory reports. Qualifying institutions that elect to use the CBLR framework and that maintain a leverage ratio of greater than 9% will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the regulatory agencies' capital rules, and to have met the well-capitalized ratio requirements. In April 2020, as directed by Section 4012 of the CARES Act, the regulatory agencies introduced temporary changes to the CBLR. These changes, which subsequently were adopted as a final rule, temporarily reduced the CBLR requirement to 8% through the end of 2020. Beginning in 2021, the CBLR requirement was increased to 8.5% for the calendar year before returning to 9% in 2022.

The OCC has the ability to establish individual minimum capital requirements for a particular institution which vary from the capital levels that would otherwise be required under the applicable capital regulations based on such factors as concentrations of credit risk, levels of interest rate risk, the risks of non-traditional activities, and other circumstances. The OCC has not imposed any such requirement on The Delaware National Bank.

Corrective Measures for Capital Deficiencies.

The federal banking regulators are required to take "prompt corrective action" with respect to capital-deficient institutions. Agency regulations for "prompt corrective action" define, for each capital category, the thresholds at which institutions are "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized."

As described above, Delhi Bank Corp. and The Delaware National Bank are considered "well capitalized" if they meet the minimum CBLR requirements. A qualifying institution utilizing the CBLR framework that fails to maintain a leverage ratio greater than the required percentage is allowed a two-quarter grace period in which to increase its leverage ratio back above the required percentage. During the grace period, a qualifying institution will still be considered "well capitalized" so long as it maintains a leverage ratio of no more than one percent less than the required percentage. If an institution either fails to meet all the qualifying criteria within the grace period, or fails to maintain a leverage ratio of no more than one percent less than the required percentage, it becomes ineligible to use the CBLR framework and must instead comply with generally applicable capital rules, sometimes referred to as Basel III rules.

Under the Basel III rules:

- A "well capitalized" bank has a total capital risk-weighted ratio of 10.0% or higher; a Tier 1 risk-weighted ratio of 8.0% or higher; a common equity Tier 1 risk-based capital ratio of 6.5% or higher; a Tier 1 leverage ratio of 5.0% or higher and is not subject to any written agreement, order or directive requiring it to maintain a specific capital level for any capital measure.

- An "adequately capitalized" bank has a total risk-weighted ratio of 8.0% or higher; a Tier 1 risk-weighted ratio of 6.0% or higher; a common equity Tier 1 risk-based capital ratio of 4.5% or higher; a leverage ratio of 4.0% or higher (3.0% or higher if the bank was rated a composite 1 in its most recent examination report and is not experiencing significant growth); and does not meet the criteria for a well-capitalized bank.

- A bank is "undercapitalized" if it fails to meet any one of the ratios required to be adequately capitalized. An institution that has a total risk-weighted ratio less than 6.0%; a Tier 1 risk-weighted ratio of less than 4.0%; a common equity Tier 1 risk-based capital ratio less than 3.0% or a leverage ratio that is less than 3.0% is considered to be "significantly undercapitalized" and an institution that has a tangible equity to assets ratio equal to or less than 2% is deemed to be "critically undercapitalized."

As an institution's capital decreases, the OCC's enforcement actions may become more severe. A significantly undercapitalized institution is subject to mandated capital raising activities, restrictions on interest rates paid and transactions with affiliates, removal of management, prohibitions on holding company dividends and other restrictions. The OCC has only very limited discretion in dealing with a critically undercapitalized institution and is generally required to appoint a receiver or conservator within specified time frames.

Banks with risk-based capital and leverage ratios below the required minimums may also be subject to certain administrative actions, including the termination of deposit insurance upon notice and hearing, or a temporary suspension of insurance without a hearing in the event the institution has no tangible capital.

Restrictions on Bank Dividends. Without prior approval, a national bank may not declare a dividend if the total amount of all dividends declared by the bank in any calendar year exceeds the total of the bank's retained net income for the current year and retained net income (meaning net income less all dividends declared) for the preceding two years. Under federal law, the bank cannot pay a dividend if, after paying the dividend, the bank would be "undercapitalized." The OCC may declare a dividend payment to be unsafe and unsound even though the bank would continue to meet its capital requirements after the dividend.

Loans to One Borrower. Subject to certain exceptions, federal law provides that a national bank may not make a loan or extend credit to a single or related group of borrowers in excess of 15% of its unimpaired capital and surplus. An additional amount may be lent, equal to 10% of unimpaired capital and surplus, if secured by specified readily-marketable collateral. At December 31, 2020, The Delaware National Bank's limit on loans-to-one borrower was $4.1 million. At that date, The Delaware National Bank's largest lending relationship was $2.2 million.

Standards for Safety and Soundness. The federal banking agencies have adopted Interagency Guidelines prescribing Standards for Safety and Soundness. The guidelines set forth the safety and soundness standards that the federal banking agencies use to identify and address problems at insured depository institutions before capital becomes impaired. If the OCC determines that a banking institution fails to meet any standard prescribed by the guidelines, the OCC may require the institution to submit an acceptable plan to achieve compliance with the standard.

Branching. National banks are authorized to establish branches within the state in which they are headquartered to the extent state law allows branching by state banks. The Riegle-Neal Interstate Banking and Branching Efficiency Act (the "Act") provided for interstate branching for national banks. Under the Act, interstate branching by merger was authorized on June 1, 1997, unless the state in which the target has enacted a law opting out of interstate branching. *De novo* interstate branching is permitted by the Act to the extent the state into which the bank is to branch has enacted a law authorizing out-of-state banks to establish *de novo* branches.

Assessments. National banks pay semi-annual assessments to the OCC to fund its operations. These assessments are based primarily on asset size and financial condition.

Insurance of Deposit Accounts. The Delaware National Bank's deposits are insured up to applicable limits by the Deposit Insurance Fund of the FDIC.

The FDIC imposes a risk-based deposit premium assessment system that determines assessment rates for an insured depository institution based on an assessment rate calculator, which is based on a number of elements to measure the risk each insured depository institution poses to the FDIC insurance fund.

Deposit insurance per account owner is currently $250,000 for all types of accounts. That level was made permanent by the Dodd-Frank Act. The Dodd-Frank Act increased the minimum target Deposit Insurance Fund ratio from 1.15% of estimated insured deposits to 1.35% of estimated insured deposits. The Dodd-Frank Act eliminated the 1.5% maximum fund ratio, instead leaving it to the discretion of the FDIC.

The FDIC has authority to increase insurance assessments. A significant increase in insurance premiums would likely have an adverse effect on the operating expenses and results of operations of The Delaware National Bank. Management cannot predict what insurance assessment rates will be in the future.

Insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC or the OCC. The management of the Delaware National Bank does not know of any practice, condition or violation that might lead to termination of deposit insurance.

Restrictions on Transactions with Affiliates and Insiders. Transactions between a bank and any non-banking affiliates are subject to Section 23A of the Federal Reserve Act. An affiliate of a bank is any company or entity that controls, is controlled by or is under common control with The Delaware National Bank, including Delhi Bank Corp. Currently, a subsidiary of a bank that is not also a depository institution is not generally treated as an affiliate of the bank for purposes of Sections 23A and 23B unless it is a "financial subsidiary" that is engaged in activities not permissible for the bank itself. In general, Section 23A imposes limits on the amount of transactions with affiliates, and also requires certain levels of collateral for loans to and guarantees issued on behalf of affiliated parties.

Affiliate transactions are also subject to Section 23B of the Federal Reserve Act which generally requires that transactions between the bank and its affiliates be on terms substantially the same, or at least as favorable to the bank, as those prevailing at the time for comparable transactions with or involving other nonaffiliated persons.

The Sarbanes-Oxley Act of 2002 generally prohibits loans by Delhi Bank Corp. to its executive officers and directors. However, the law contains a specific exception for loans by a bank to its executive officers and directors in compliance with federal banking laws. The restrictions on loans to directors, executive officers, principal stockholders and their related interests (collectively referred to herein as "insiders") contained in the Federal Reserve Act and Regulation O apply to all insured depository institutions. Those restrictions include quantitative and qualitative limits on loans to insiders, including more stringent limits on loans to executive officers. There is also an aggregate limitation on all loans to insiders and their related interests and certain board approval requirements. Those loans cannot exceed the institution's total unimpaired capital and surplus, and the OCC may determine that a lesser amount is appropriate. Loans to insiders may generally be made only on non-preferential terms except as part of a bank-wide employee benefit program that does not favor insiders over other employees. Insiders are subject to enforcement actions for knowingly accepting loans in violation of applicable restrictions.

Community Reinvestment Act. The Community Reinvestment Act of 1977 ("CRA") and the regulations issued thereunder are intended to encourage banks to help meet the credit needs of their service area, including low and moderate income neighborhoods, consistent with the safe and sound operation of the banks. These regulations also provide for regulatory assessment of a bank's record in meeting the needs of its service area when considering applications to establish branches, merger applications and applications to acquire the assets and assume the liabilities of another bank. An unsatisfactory record can substantially delay or block such a transaction. Federal law requires federal banking agencies to make public a rating of a bank's performance under the CRA. The Delaware National Bank's latest CRA rating was "Satisfactory."

Consumer Laws and Regulations. The Delaware National Bank's operations are also subject to various federal laws applicable to credit transactions, including the Truth-In-Lending Act, Home Mortgage Disclosure Act of 1975, Equal Credit Opportunity Act, Fair Credit Reporting Act of 1978, Fair Debt Collection Practices Act, Right to Financial Privacy Act, Electronic Funds Transfer Act, and Check Clearing for the 21st Century Act.

The Delaware National Bank must comply with the applicable provisions of these consumer protection laws and regulations as part of their ongoing operations.

Enforcement Powers. The OCC, the FDIC, the FRB and the other federal banking agencies have broad enforcement powers, including the power to issue cease and desist orders, remove directors and officers, impose substantial fines and other civil penalties and appoint a conservator or receiver. Failure to comply with applicable laws, regulations and supervisory agreements could subject The Delaware National Bank or Delhi Bank Corp., as well as officers, directors and other institution-affiliated parties of these organizations, to administrative sanctions such as cease and desist orders and potentially substantial civil money penalties. The OCC may appoint the FDIC as conservator or receiver for a national bank (or the FDIC may appoint itself, under certain circumstances) if any one or more of a number of circumstances exist, including, without limitation, the fact that the bank being undercapitalized and having no reasonable prospect of becoming adequately capitalized or failing to submit and implement an acceptable capital restoration plan; the bank being in unsafe and unsound condition to transact business or the bank undergoing a substantial dissipation of assets or earnings due to violation of law or regulation or an unsafe or unsound practice.

Federal Reserve System. The FRB regulations previously required savings associations to maintain non-interest earning reserves against their transaction accounts (primarily Negotiable Order of Withdrawal and regular checking accounts). The regulations generally provided that reserves be maintained against aggregate transaction accounts as follows for 2020: a 3% reserve ratio was assessed on net transaction accounts up to and including $127.5 million; a 10% reserve ratio was applied above $127.5 million. The first $16.9 million of otherwise reservable balances (subject to adjustments by the FRB) were exempted from the reserve requirements. These reserve requirements were reduced to 0% effective March 26, 2020.

Effect on Economic Environment. The policies of regulatory authorities, including the monetary policy of the FRB, have a significant effect on the operating results of banks. Among the means available to the FRB to affect the money supply are open market operations in U.S. Government securities, changes in the discount rate on member bank borrowings, and changes in reserve requirements against member bank deposits or in interest paid on excess reserves. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid for deposits.

FRB monetary policies have materially affected the operating results of banks in the past and can be expected to continue to do so in the future. The nature of future monetary policies and the effect of such policies on the business and earnings of the bank cannot be predicted.

Description of Common Stock

We are authorized to issue 5,000,000 shares of common stock having a par value $1.00 per share. Each share of our common stock has the same relative rights as, and is identical in all respects with, each other share of common stock. We are not authorized to issue preferred stock.

Voting Rights. The holders of our common stock possess exclusive voting rights. Each holder of common stock is entitled to one vote for each share held of record on all matters submitted to a vote of holders of common stock. Holders of shares of common stock are not entitled to cumulate votes for the election of directors.

Dividends. The holders of common stock are entitled to such dividends as the Board of Directors may declare from time to time out of funds legally available for the payment of dividends. Dividends from us largely depend upon the receipt by us of dividends from The Delaware National Bank because we generally have no source of cash flow other than dividends from The Delaware National Bank.

We pay quarterly dividends to our stockholders based on a quarterly determination of the Board of Directors. It is our present intention to continue our present dividend policy subject to the discretion of the Board of Directors. The Plan does not represent a change in our dividend policy. Stockholders who do not wish to participate and those who are ineligible to participate in the Plan will continue to receive cash dividends when and as declared. As discussed in "*Risk Factors – We cannot guarantee future payment of dividends*," we cannot provide assurance whether, or at what rate, we will continue to pay dividends.

Liquidation. In the event of our liquidation, dissolution or winding up, the holders of shares of common stock are entitled to share ratably in all assets remaining after payment of all of our debts and other liabilities.

Other Characteristics. Holders of common stock do not have any preemptive, conversion or other subscription rights with respect to any additional shares of common stock which may be issued. Therefore, the Board of Directors may authorize the issuance and sale of shares of our capital stock without first offering them to our existing stockholders. The common stock is not subject to any redemption or sinking fund provisions.

Plan of Distribution

The Delaware National Bank will act as the Plan Administrator and purchase shares of our common stock to fund the Plan directly from Delhi Bank Corp. at fair market value. We will appoint a third party plan administrator if shares are to be purchased in the open market or in negotiated transactions to fund the Plan. Since the inception of the Plan in August 2003, all shares to fund the Plan have been acquired directly from Delhi Bank Corp. from its treasury shares. No employee, officer or director will receive any commissions or additional remuneration for activities involving the Plan. We have no arrangements to engage securities dealers in connection with the Plan at this time. All of our stockholders who choose to participate in the Plan must do so by completing and returning to us the Authorization Form and all other required materials as described under *"Delhi Bank Corp. Dividend Reinvestment and Optional Cash Purchase Plan"* and listed on the Authorization Form. We are making no recommendation regarding participation in the Plan. Peter V. Gioffe, President and Chief Executive Officer of Delhi Bank Corp., should be contacted for any questions regarding the Plan at (855) 333-3544.

Dividends and Stock Repurchases

Delhi Bank Corp. has paid cash dividends since 1994. In 2020, we declared quarterly cash dividends for an annual dividend of $0.7485 per share. No assurance can be given that we will continue to pay dividends or that they will not be reduced or eliminated in the future. Our ability to pay dividends is primarily a function of the dividend payments we receive from The Delaware National Bank. The payment of dividends from The Delaware National Bank will depend upon The Delaware National Bank's earnings, financial condition, restrictions under applicable law and regulations and other factors relevant at the time the Board of Directors of The Delaware National Bank considers any declaration of dividends. As a bank holding company, our ability to pay dividends is subject to FRB regulations as described under *"Regulation and Supervision – Holding Company Regulation*," and the FRB's policy statement regarding the payment of dividends by bank holding companies as described under "*Risk Factors Related to the Offering – We cannot guarantee future payment of dividends.*"

Delhi Bank Corp. has repurchased its common stock in the past under stock repurchase plans adopted by the Board of Directors. Our current stock repurchase plan was last extended on February 24, 2016 and remains open as of the date of this offering circular. No assurance can be given that we will adopt stock repurchase plans to repurchase our common stock in the future. Any potential repurchase of our common stock in the future will depend on our earnings, financial condition, restrictions under applicable law and regulations and other factors relevant at the time the Board of Directors considers any repurchase plan.

Use of Proceeds

We cannot predict the number of shares of common stock that will be purchased under the Plan or the prices at which shares will be purchased. As of the date of this offering circular, the proceeds received by Delhi Bank Corp. pursuant to the Plan have been used to cover the costs of the Plan and for general corporate purposes. To the extent that additional shares are purchased from us, and not in the open market, as contemplated as of the date of this offering circular, we intend to use the proceeds from the sales to cover the costs of this offering. Once the costs of this offering have been paid, we intend to add any additional proceeds from the sales to our general funds to be used for general corporate purposes, including, without limitation, investments in and advances to The Delaware National Bank and repurchases of our common stock. The amounts and timing of the application of proceeds will depend upon our funding requirements and the availability of other funds.

Legal Opinion

Squire Patton Boggs (US) LLP, Washington, DC, has issued a legal opinion concerning the validity of the common stock being issued in connection with the Plan.

Independent Auditors

The financial statements as of December 31, 2020 and 2019 and for the years then ended in this offering circular have been audited by Baker Tilly US, LLP, our independent auditors.

Index to Consolidated Financial Statements
of Delhi Bank Corp.

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Independent Auditors' Report

To the Board of Directors and Stockholders of
Delhi Bank Corp. and Subsidiary

We have audited the accompanying consolidated financial statements of Delhi Bank Corp. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2020 and 2019 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delhi Bank Corp. and Subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Baker Tilly US, LLP

Wilkes-Barre, Pennsylvania
March 17, 2021

Delhi Bank Corp. and Subsidiary

Consolidated Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and due from banks	$ 9,187,666	$ 2,733,612
Interest-bearing deposits with banks	33,348,000	29,368,000
Available-for-sale securities	81,993,315	67,830,979
Held-to-maturity securities	2,275,207	1,263,053
Restricted equity securities	304,300	704,700
Loans receivable, net	201,171,002	181,168,172
Premises and equipment, net	3,246,993	3,445,814
Bank owned life insurance	7,704,761	7,485,610
Other assets	2,391,540	2,352,120
Total assets	$ 341,622,784	$ 296,352,060
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	$ 65,405,415	$ 48,394,028
Interest-bearing	237,961,868	205,182,995
Total deposits	303,367,283	253,577,023
Short-term borrowings	-	7,525,000
Finance lease liability	142,237	165,253
Other liabilities	4,052,387	3,911,775
Total liabilities	307,561,907	265,179,051
Stockholders' Equity		
Common stock, $1 par; 5,000,000 shares authorized; 1,707,961 shares issued and 1,617,453 shares outstanding in 2020, and 1,690,531 shares issued and 1,584,207 shares outstanding in 2019	1,707,961	1,690,531
Additional paid-in capital	5,495,180	4,952,349
Retained earnings	27,886,032	26,894,978
Accumulated other comprehensive income	1,116,107	109,482
Treasury stock, at cost; 90,508 shares in 2020 and 106,324 shares in 2019	(2,144,403)	(2,474,331)
Total stockholders' equity	34,060,877	31,173,009
Total liabilities and stockholders' equity	$ 341,622,784	$ 296,352,060

See notes to consolidated financial statements

Delhi Bank Corp. and Subsidiary

Consolidated Statements of Income
Years Ended December 31, 2020 and 2019

	2020	2019
Interest and Dividend Income		
Interest and fees on loans	$ 7,705,391	$ 7,898,685
Investments:		
Taxable	1,387,593	1,624,002
Tax-exempt	132,066	173,751
Interest-bearing deposits with banks	621,438	766,234
Dividends	18,373	21,199
Total interest and dividend income	9,864,861	10,483,871
Interest Expense		
Deposits	1,466,049	1,725,093
Borrowed funds and finance lease	19,757	35,179
Total interest expense	1,485,806	1,760,272
Net Interest Income	8,379,055	8,723,599
Provision for Loan Losses	280,000	60,000
Net Interest Income After Provision for Loan Losses	8,099,055	8,663,599
Noninterest Income		
Service charges and fees and other income	1,138,582	1,138,710
Bank owned life insurance income	219,151	199,740
Total noninterest income	1,357,733	1,338,450
Noninterest Expense		
Salaries and employee benefits	3,831,211	3,618,737
Occupancy and equipment	1,742,817	1,696,003
Professional fees	307,936	304,813
FDIC premiums	68,598	19,288
Director fees	159,615	146,200
ATM and debit card processing	139,708	132,932
Other real estate owned	20,489	67,881
Contributions	49,131	180,955
Other	441,283	486,903
Total noninterest expense	6,760,788	6,653,712
Income Before Provision for Income Tax	2,696,000	3,348,337
Provision for Income Tax	502,916	633,234
Net Income	$ 2,193,084	$ 2,715,103
Earnings Per Share	$ 1.37	$ 1.72

See notes to consolidated financial statements

Delhi Bank Corp. and Subsidiary

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2020 and 2019

	2020	2019
Net Income	$ 2,193,084	$ 2,715,103
Other Comprehensive Income		
Unrealized gains on available-for-sale securities	1,274,209	1,664,467
Tax effect	(267,584)	(349,538)
Total other comprehensive income	1,006,625	1,314,929
Total Comprehensive Income	$ 3,199,709	$ 4,030,032

See notes to consolidated financial statements

Delhi Bank Corp. and Subsidiary

Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2020 and 2019

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, December 31, 2018	$ 1,673,825	$ 4,421,912	$ 25,324,245	$ (1,205,447)	$ (2,554,808)	$ 27,659,727
Net income	-	-	2,715,103	-	-	2,715,103
Other comprehensive income	-	-	-	1,314,929	-	1,314,929
Issuance of 16,706 shares of common stock	16,706	516,683	-	-	-	533,389
Purchase of 10,195 shares of treasury stock	-	-	-	-	(326,691)	(326,691)
Sale of 17,976 shares of treasury stock	-	13,754	-	-	407,168	420,922
Dividends declared ($.7254 per share)	-	-	(1,144,370)	-	-	(1,144,370)
Balance, December 31, 2019	1,690,531	4,952,349	26,894,978	109,482	(2,474,331)	31,173,009
Net income	-	-	2,193,084	-	-	2,193,084
Other comprehensive income	-	-	-	1,006,625	-	1,006,625
Issuance of 17,430 shares of common stock	17,430	571,190	-	-	-	588,620
Purchase of 4,005 shares of treasury stock	-	-	-	-	(134,561)	(134,561)
Sale of 19,821 shares of treasury stock	-	(28,359)	-	-	464,489	436,130
Dividends declared ($.7485 per share)	-	-	(1,202,030)	-	-	(1,202,030)
Balance, December 31, 2020	$ 1,707,961	$ 5,495,180	$ 27,886,032	$ 1,116,107	$ (2,144,403)	$ 34,060,877

See notes to consolidated financial statements

Delhi Bank Corp. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Net income	$ 2,193,084	$ 2,715,103
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	280,000	60,000
Depreciation	309,964	294,522
Amortization and accretion of investment securities, net	547,892	550,204
Deferred income taxes	(22,392)	62,000
Bank owned life insurance income	(219,151)	(199,740)
Loss on sale of foreclosed assets	4,485	674
Loss on disposal of premises and equipment	-	5,843
Provision for loss on foreclosed assets	-	18,506
Net change in:		
Other assets	(256,735)	291,452
Other liabilities	55,613	10,693
Net cash provided by operating activities	2,892,760	3,809,257
Cash Flows From Investing Activities		
Net (increase) decrease in interest-bearing deposits in banks	(3,980,000)	1,747,000
Purchase of available for sale securities	(35,900,193)	(16,512,157)
Proceeds from maturities, calls and principal repayments of available-for-sale securities	22,464,174	16,238,650
Purchase of held-to-maturity securities	(1,454,281)	(420,644)
Proceeds from maturities, calls and principal repayments of held-to-maturity securities	442,127	1,243,227
Purchase of restricted equity securities	(405,800)	(1,915,400)
Proceeds from redemption of restricted equity securities	806,200	1,505,900
Net increase in loans receivable	(20,364,843)	(7,616,870)
Proceeds from sale of foreclosed assets	119,528	148,246
Purchase of premises and equipment	(111,143)	(281,016)
Net cash used in investing activities	(38,384,231)	(5,863,064)
Cash Flows From Financing Activities		
Net increase (decrease) in deposits	49,790,260	(9,791,522)
Net (decrease) increase in short-term borrowings	(7,525,000)	7,428,489
Principal payments on finance lease liability	(23,016)	(20,508)
Dividends paid	(1,186,908)	(1,136,161)
Issuance of common stock	588,620	533,389
Purchase of treasury stock	(134,561)	(326,691)
Proceeds from sale of treasury stock	436,130	420,922
Net cash provided by (used in) financing activities	41,945,525	(2,892,082)
Net Increase (Decrease) in Cash and Due From Banks	6,454,054	(4,945,889)
Cash and Due From Banks, Beginning	2,733,612	7,679,501
Cash and Due From Banks, Ending	$ 9,187,666	$ 2,733,612

See notes to consolidated financial statements

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Delhi Bank Corp. (Bank Corp.) and its wholly-owned subsidiary, The Delaware National Bank of Delhi (Bank) (collectively, Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

Nature of Operations

The Company provides a full range of commercial banking services to individual and small business customers in Delaware County, New York and the surrounding counties. The area is a rural market with an economic base made up of light manufacturing, retail and agricultural businesses. The Company's primary deposit products are demand deposits and interest bearing time and savings accounts. It offers a full array of loan products to meet the needs of retail and commercial customers.

The Bank is subject to regulation by the Office of the Comptroller of the Currency. The Bank Corp. is subject to regulation by the Federal Reserve Bank of New York.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, the valuation of investment securities and determination of other-than-temporary impairment thereon, and valuation of deferred tax assets.

In connection with the determination of the allowance for loan losses, management generally obtains independent appraisals for significant properties. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in economic conditions. It is reasonably possible that the estimated losses on loans may change materially in the near term.

The Company's investment securities are comprised of a variety of financial instruments. The fair values and possible other-than-temporary impairment of these securities are subject to various risks including changes in the interest rate environment and general economic conditions. Due to the increased level of these risks and their potential impact on the fair values and the need to recognize other-than-temporary impairment of the securities, it is possible that the amounts reported in the accompanying consolidated financial statements could materially change in the near term.

Cash and Due From Banks

For the purposes of the statements of cash flows, cash and due from banks includes cash on hand and amounts due from other banks.

Interest-Bearing Deposits With Banks

Interest-bearing deposits with banks consist of certificates of deposit and are carried at cost which approximates fair value.

Significant Group Concentration of Credit Risk

The Company grants loans to customers primarily located in Delaware County, New York and the surrounding counties. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on the economic conditions in its marketplace. The Company does not have any significant concentrations from one industry or customer.

Investment Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as held-to-maturity and reported at amortized cost. Securities not classified as held-to-maturity are classified as available-for-sale and reported at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. The Company has no trading securities.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Declines in the fair value of held-to-maturity and available-for-sale securities below their costs that are deemed to be credit-related are reflected in earnings as realized losses.

Restricted Equity Securities

Restricted equity securities consist of investments in the Federal Home Loan Bank of New York (FHLB), the Federal Reserve Bank of New York and the Atlantic Community Bankers Bank. Investments in these entities are restricted and carried at cost.

The Company, as a member of the FHLB system, is required to maintain an investment in the capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no quoted market value and is carried at cost. Management considers whether this investment is impaired based on the ultimate recoverability of the cost basis rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of the cost includes (1) the significance of the decline in net assets of the FHLB as compared to the capital stock amount and the length of time this situation has persisted, (2) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB, (3) the impact of legislative and regulatory changes on the institutions and on the customer base of the FHLB and (4) the liquidity position of the FHLB. Management believes no impairment charge is necessary related to its investment in FHLB stock.

Loans Receivable

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding unpaid principal balances, adjusted for the allowance for loan losses and any unamortized deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield over the contractual life of the loan using the interest method.

The loan receivable portfolio is segmented into real estate, commercial and industrial, agricultural and consumer loans. Real estate loans include loans secured by commercial, residential and agricultural properties. Residential loans include 1-4 family mortgage loans and home equity loans. Commercial and industrial loans are secured by equipment, accounts receivable, inventories or other business assets. Agricultural loans are secured by equipment and other farm assets. Consumer loans consist of personal installment and auto loans and credit cards. The segments of the Company's loan portfolio are disaggregated to a level that allows management to monitor risk and performance. Common risk characteristics include loan type, collateral type and geographic location.

Generally, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is well secured. When a loan is placed on nonaccrual status, unpaid interest is reversed against interest income. Interest received on nonaccrual loans, including impaired loans, is either applied to principal or recognized as interest income, depending on management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months) and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past due status of all classes of loans receivable is determined based on contractual due dates for loan payments.

Allowance for Loan Losses

The allowance for loan losses represents management's estimate of losses inherent in the loan portfolio as of the balance sheet date and is recorded as a reduction to loans. The allowance for loan losses is increased by the provision for loan losses and decreased by charge-offs, net of recoveries. Loans deemed to be uncollectible are charged against the allowance, and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable are charged off to the allowance as soon as it is determined that the repayment of all, or part, of the principal balance is highly unlikely. Consumer loans are generally charged off no later than 120 days past due on a contractual basis (earlier in the event of bankruptcy) or if there is an amount deemed uncollectible.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance. The allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components.

The specific component relates to loans that are classified as impaired. For loans that are classified as impaired, a specific allowance is established when the collateral value, observable market price, or discounted cash flows of the impaired loan is lower than the carrying value of that loan. A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment records, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis.

The estimated fair values of substantially all of the Company's impaired loans are measured based on the estimated fair value of the loan's collateral.

For loans secured by real estate, estimated fair values are determined through third-party appraisals. When a real estate secured loan becomes impaired, a decision is made regarding whether an updated certified appraisal of the real estate is necessary. This decision is based on various considerations, including the age of the most recent appraisal, the loan-to-value ratio based on the original appraisal and the condition of the property. Appraised values are discounted, when necessary, to arrive at the estimated selling price of the collateral, which is considered to be the estimated fair value. The discounts also include estimated costs to sell the property.

For loans secured by non-real estate collateral, such as accounts receivable, inventory and equipment, estimated fair values are determined based on the borrower's consolidated financial statements, inventory reports, accounts receivable agings or equipment appraisals or invoices. Indications of value from these sources are generally discounted, as appropriate, based on the age of the financial information or the quality of the assets.

The general component covers pools of loans by loan class including loans not considered impaired, as well as smaller balance homogeneous loans, such as residential and consumer loans. These pools of loans are evaluated for loss exposure based upon historical loss rates, adjusted for qualitative risk factors. These qualitative risk factors include:

1. Lending policies and procedures, including underwriting standards and collection, charge-off and recovery practices.

2. National, regional, and local economic and business conditions as well as the condition of various market segments, including the value of underlying collateral for collateral dependent loans.

3. Nature and volume of the portfolio and terms of loans.

4. Experience, ability and depth of lending management and staff.

5. Volume and severity of past due, classified and nonaccrual loans as well as other loan modifications.

6. Existence and effect of any concentrations of credit and changes in the level of such concentrations.

7. Oversight, including the impact of banking laws and regulations as well as the overall regulatory environment.

Each factor is assigned a value to reflect improving, stable or declining conditions based on management's best judgment using relevant information available at the time of the evaluation. Adjustments to the factors are supported through documentation of changes in conditions in a narrative accompanying the allowance for loan loss calculation.

The allowance calculation methodology includes further segregation of loan classes into risk rating categories. The borrower's overall financial condition, repayment sources, guarantors and value of collateral, if appropriate, are evaluated annually for all loan classes. Credit quality risk ratings include regulatory classifications of pass, special mention, substandard, doubtful and loss. Loans criticized as special mention have potential weaknesses that deserve management's close attention. If uncorrected, the potential weaknesses may result in deterioration of the repayment prospects. Loans classified substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified doubtful have all the weaknesses inherent in loans classified substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as a loss are considered uncollectible and are immediately charged to the allowance for loan losses. Loans not classified are rated pass. To help ensure that risk ratings are accurate and reflect the present and future capacity of borrowers to repay a loan as agreed, the Company has a structured loan rating process encompassing both internal and external oversight. The Company's loan officers are responsible for the timely and accurate risk rating of all loans in the Company's loan portfolio at origination and on an ongoing basis. The Company utilizes an external loan review consultant to conduct a loan review of its portfolio each year. The external consultant generally reviews all commercial loan relationships exceeding a specified threshold.

Loans whose terms are modified are classified as troubled debt restructurings if the Company grants such borrowers concessions and it is deemed that those borrowers are experiencing financial difficulty. Concessions granted under a troubled debt restructuring may involve a temporary reduction in interest rate or an extension of a loan's stated maturity date. Nonaccrual troubled debt restructurings are restored to accrual status if principal and interest payments, under the modified terms, are current for six consecutive months after modification. Loans classified as troubled debt restructurings are designated as impaired.

In addition, federal regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses and may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management. Based on management's comprehensive analysis of the loan portfolio, management believes the current level of the allowance for loan losses is adequate.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation computed on the straight-line method over the estimated lives of the assets. Finance lease right-of-use assets are recorded at an amount equal to the lease liability at commencement plus initial direct costs and is amortized over the shorter of the lease term or the estimated life of the asset. The lease liability is equal to the present value of the minimum lease payments. Amortization of finance lease right-of-use assets is included in depreciation expense.

Bank Owned Life Insurance

The Company is the owner and beneficiary of life insurance policies on certain current and former executive employees and directors. The life insurance investment is carried at the cash surrender value of the underlying policies. The increase in the cash surrender value is recognized as a component of noninterest income. The policies can be liquidated, if necessary, with tax costs associated. However, the Company intends to hold these policies and, accordingly, the Company has not provided for deferred income taxes on the earnings from the increase in cash surrender value.

Earnings Per Share

Earnings per share is based on the weighted average number of shares of common stock outstanding. The Company's basic and diluted earnings per share are the same since there are no dilutive shares of potential common stock outstanding. Weighted average shares outstanding were 1,604,379 in 2020 and 1,576,840 in 2019.

Advertising Costs

Advertising costs are expensed as incurred and were $36,475 in 2020 and $49,387 in 2019.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less costs to sell at the date of foreclosure, establishing a new cost basis. Any losses based on the asset's fair value at the date of foreclosure are charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed and the assets are carried at the lower of carrying amount or fair value less cost to sell. Costs incurred in maintaining foreclosed assets and subsequent adjustments to the carrying amount of the assets are included in noninterest expenses. Foreclosed assets totaled $0 and $42,000 at December 31, 2020 and 2019, respectively, and are included in other assets. Foreclosed assets consist entirely of residential real estate. Residential real estate loans in process of foreclosure at December 31, 2020 were approximately $112,000.

Income Taxes

Income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities. Enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Treasury Stock

Treasury stock is recorded at cost. The subsequent disposition or sale of the treasury stock is recorded using the average cost method.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income consists solely of the net unrealized gains on available-for-sale securities, net of deferred income taxes. Accumulated other comprehensive income consists of net unrealized gain of $1,412,794 less deferred income taxes of $296,687 at December 31, 2020 and $138,585 less deferred income taxes of $29,103 at December 31, 2019.

Revenue Recognition

The Company recognizes revenue from various sources, including loans, investment securities, bank-owned life insurance, deposit accounts and sales of assets.

Interest income on loans is accrued on the unpaid principal balance and recorded daily. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method. Other loan fees, including late charges, are recognized as they occur.

Interest income on debt securities, including purchase premiums and discounts, is calculated using the interest method over the term of the securities. Dividends on equity securities are recorded when declared.

Earnings on bank-owned life insurance policies represent the increase in the cash surrender value of these policies as well as any gains resulting from settlement of the policies.

Service charges and fees include overdraft and other deposit account fees, debit card interchange income, trust department fees, and other miscellaneous fees and income. Revenue is recognized when the Company’s performance obligation is completed which is generally monthly for interchange and trust department income or when a transaction has been completed, such as when an overdraft occurs. Other fees and income are generally transactional in nature and are recognized as they occur.

Gains or losses on sales of assets are generally recognized when the asset has been legally transferred to the buyer and the Company has no continuing involvement with the asset. The Company does not generally finance the purchase.

Consolidated Statements of Cash Flows

Interest paid totaled $1,562,719 in 2020 and $1,708,454 in 2019. Income tax payments totaled $510,000 in 2020 and $550,000 in 2019. Amounts transferred from loans to foreclosed assets were $82,013 in 2020 and $69,319 in 2019.

Subsequent Events

Subsequent events were evaluated through March 17, 2021, the date the consolidated financial statements were available to be issued.

Future Accounting Standard to be Adopted

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments.* ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The Company is required to adopt this guidance in 2023. The Company continues to evaluate the potential impact of adopting this ASU.

2. Cash and Due From Banks

The Company is required to maintain amounts on reserve with the Federal Reserve Bank. These reserves totaled $0 at December 31, 2020 and $1,685,000 at December 31, 2019.

The Company is also required to maintain clearing balance funds on deposit with the Federal Reserve Bank. The required minimum clearing balance at December 31, 2020 and 2019 was $0 and $1,109,000, respectively.

3. Investment Securities

The amortized cost and fair values of investment securities available-for-sale and held-to-maturity are as follows:

	December 31, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale:				
U.S. government agencies	$ 19,785,341	$ 543,116	$ 192,887	$ 20,135,570
U.S. government sponsored enterprises, (GSE), mortgage-backed securities - residential	57,310,083	953,589	63,247	58,200,425
Local government obligations	3,485,097	172,223	-	3,657,320
Total	$ 80,580,521	$ 1,668,928	$ 256,134	$ 81,993,315
Held-to-maturity:				
Local government obligations	$ 2,275,207	$ 84,778	$ -	$ 2,359,985

	December 31, 2019			
Available-for-sale:				
U.S. government agencies	$ 21,889,044	$ 255,014	$ 235,231	$ 21,908,827
U.S. GSE, mortgage-backed securities - residential	40,102,838	238,354	274,055	40,067,137
Local government obligations	5,700,512	154,596	93	5,855,015
Total	$ 67,692,394	$ 647,964	$ 509,379	$ 67,830,979
Held-to-maturity:				
Local government obligations	$ 1,263,053	$ 71,711	$ -	$ 1,334,764

The amortized cost and fair market values of debt securities at December 31, 2020, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations without call or prepayment penalties.

	Available-for-Sale	
	Amortized Cost	Fair Value
Due in one year or less	$ 1,208,850	$ 1,233,113
Due after one through five years	1,511,167	1,535,981
Due after five through ten years	12,243,182	12,528,411
Due after ten years	8,307,239	8,495,385
Mortgage-backed securities	57,310,083	58,200,425
Total	$ 80,580,521	$ 81,993,315

	Held-to-Maturity	
	Amortized Cost	Fair Value
Due in one year or less	$ 1,490,019	$ 1,499,715
Due after one through five years	662,688	704,197
Due after five through ten years	87,500	109,447
Due after ten years	35,000	46,626
Total	$ 2,275,207	$ 2,359,985

There were no sales of available-for-sale securities in 2020 or 2019.

The following tables show the gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	December 31, 2020					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale:						
U.S. government agencies	$ 944,737	$ 11,219	$ 6,006,680	$ 181,668	$ 6,951,417	$ 192,887
Mortgage-backed securities, GSE, residential	12,116,829	59,563	405,378	3,684	12,522,207	63,247
Total	$ 13,061,566	$ 70,782	$ 6,412,058	$ 185,352	$ 19,473,624	$ 256,134

	December 31, 2019					
Available-for-sale:						
U.S. government agencies	$ 3,772,012	$ 52,361	$ 7,738,925	$ 182,870	$ 11,510,937	$ 235,231
Mortgage-backed securities, GSE, residential	2,098,955	10,582	19,830,173	263,473	21,929,128	274,055
Local government obligations	445,000	93	-	-	445,000	93
Total	$ 6,315,967	$ 63,036	$ 27,569,098	$ 446,343	$ 33,885,065	$ 509,379

The Company had 32 debt securities in unrealized loss positions at December 31, 2020. The securities have depreciated approximately 1.3 percent from the Company's amortized cost basis. These securities are primarily issued by U.S. government agencies and U.S. government sponsored enterprises. The unrealized losses are considered to result from changes in interest rates and not from downgrades in the creditworthiness of the issuers. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. The Company does not intend to sell these securities nor is it more likely than not that it will be required to sell these securities prior to recovery. No declines are deemed to be other-than-temporary.

Investment securities with carrying amounts of $62,271,193 and $45,769,247 at December 31, 2020 and 2019, respectively, were pledged to secure deposits as required or permitted by law.

4. Loans Receivable and Allowance for Loan Losses

Loans receivable at December 31 are summarized as follows:

	2020	2019
Real estate:		
Residential	$ 85,764,806	$ 81,750,179
Commercial	74,962,636	63,570,961
Commercial and industrial	29,105,342	21,470,213
Agricultural	4,678,288	7,472,471
Consumer	4,316,298	4,711,511
Total	198,827,370	178,975,335
Allowance for loan losses	(635,054)	(476,777)
Deferred loan costs and purchase premiums, net	2,978,686	2,669,614
Net	$ 201,171,002	$ 181,168,172

Included above are individual loans purchased by the Company representing the fully guaranteed portion of loans originated through the Small Business Administration (SBA), U.S. Department of Agriculture and Farm Services Agency as well as Paycheck Protection Program (PPP) loans originated by the Company. Such loans are irrevocably guaranteed by the full faith and credit of the U.S. government as to principal and accrued interest. No allowance has been provided for these loans based on the guarantee. The table below details these loans by loan type at December 31:

	2020	2019
Real estate:		
Commercial	$ 52,196,483	$ 41,557,388
Commercial and industrial	24,690,980	16,372,369
Agricultural	4,597,004	7,253,402
Total	81,484,467	65,183,159
Allowance for loan losses	-	-
Purchase premiums and origination fees, net	112,983	47,611
Net	$ 81,597,450	$ 65,230,770

Changes in the allowance for loan losses for 2020 and related loan information are as follows:

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Agricultural	Consumer	Total
Allowance for loan losses:						
Beginning balance, January 1, 2020	$ 320,198	$ 93,268	$ 17,842	$ 657	$ 44,812	$ 476,777
Charge-offs	(83,544)	-	-	-	(93,149)	(176,693)
Recoveries	23,957	104	3,475	-	27,434	54,970
Provision	218,978	14,279	(3,665)	(373)	50,781	280,000
Ending balance, December 31, 2020	$ 479,589	$ 107,651	$ 17,652	$ 284	$ 29,878	$ 635,054
Ending balance individually evaluated for impairment	$ 8,655	$ -	$ -	$ -	$ -	$ 8,655
Ending balance collectively evaluated for impairment	$ 470,934	$ 107,651	$ 17,652	$ 284	$ 29,878	$ 626,399
Loans receivable at December 31, 2020, total balance	$ 85,764,806	$ 74,962,636	$ 29,105,342	$ 4,678,288	$ 4,316,298	$ 198,827,370
Ending balance individually evaluated for impairment	$ 1,127,131	$ 142,716	$ -	$ -	$ -	$ 1,269,847
Ending balance collectively evaluated for impairment	$ 84,637,675	$ 74,819,920	$ 29,105,342	$ 4,678,288	$ 4,316,298	$ 197,557,523

Changes in the allowance for loan losses for 2019 and related loan information are as follows:

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Agricultural	Consumer	Total
Allowance for loan losses:						
Beginning balance, January 1, 2019	$ 358,051	$ 95,088	$ 15,121	$ 362	$ 33,506	$ 502,128
Charge-offs	(43,852)	(17,125)	-	-	(38,266)	(99,243)
Recoveries	600	2,733	4,143	-	6,416	13,892
Provision	5,399	12,572	(1,422)	295	43,156	60,000
Ending balance, December 31, 2019	$ 320,198	$ 93,268	$ 17,842	$ 657	$ 44,812	$ 476,777
Ending balance individually evaluated for impairment	$ 14,791	$ -	$ -	$ -	$ 2,702	$ 17,493
Ending balance collectively evaluated for impairment	$ 305,407	$ 93,268	$ 17,842	$ 657	$ 42,110	$ 459,284
Loans receivable at December 31, 2019, total balance	$ 81,750,179	$ 63,570,961	$ 21,470,213	$ 7,472,471	$ 4,711,511	$ 178,975,335
Ending balance individually evaluated for impairment	$ 1,323,539	$ 169,764	$ -	$ -	$ 3,614	$ 1,496,917
Ending balance collectively evaluated for impairment	$ 80,426,640	$ 63,401,197	$ 21,470,213	$ 7,472,471	$ 4,707,897	$ 177,478,418

The following table summarizes information on impaired loans at December 31:

December 31, 2020	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential real estate	$ 1,045,460	$ 1,025,865	$ -	$ 1,096,911	$ 3,081
Commercial real estate	152,061	142,716	-	164,556	-
Consumer	-	-	-	120	-
With an allowance recorded:					
Residential real estate	101,266	101,266	8,655	103,672	-
Consumer	-	-	-	833	-
Totals:					
Residential real estate	1,146,726	1,127,131	8,655	1,200,583	3,081
Commercial real estate	152,061	142,716	-	164,556	-
Consumer	-	-	-	953	-

December 31, 2019	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential real estate	$ 1,238,208	$ 1,216,136	$ -	$ 1,299,844	$ 24,954
Commercial real estate	179,298	169,764	-	309,570	6,598
Consumer	1,154	912	-	1,945	136
With an allowance recorded:					
Residential real estate	107,403	107,403	14,791	239,900	-
Consumer	2,702	2,702	2,702	747	-
Totals:					
Residential real estate	1,345,611	1,323,539	14,791	1,539,744	24,954
Commercial real estate	179,298	169,764	-	309,570	6,598
Consumer	3,856	3,614	2,702	2,692	136

The following table presents information on nonaccrual loans at December 31:

	2020	2019
Residential real estate	$ 1,063,609	$ 1,053,103
Commercial real estate	142,716	96,664
Consumer	-	2,702
Total	$ 1,206,325	$ 1,152,469

The following table presents information by the Company's internal risk rating system at December 31:

2020	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Agricultural	Consumer	Total
Pass	$ 80,597,631	$ 71,325,563	$ 28,881,942	$ 4,673,165	$ 4,207,287	$ 189,685,588
Special mention	3,057,800	2,204,443	206,639	5,123	91,789	5,565,794
Substandard	1,957,261	1,432,630	16,761	-	17,222	3,423,874
Doubtful	152,114	-	-	-	-	152,114
Loss	-	-	-	-	-	-
Total	$ 85,764,806	$ 74,962,636	$ 29,105,342	$ 4,678,288	$ 4,316,298	$ 198,827,370

2019	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Agricultural	Consumer	Total
Pass	$ 76,258,224	$ 60,614,139	$ 21,178,018	$ 7,464,467	$ 4,502,345	$ 170,017,193
Special mention	3,074,802	1,402,017	218,132	8,004	181,558	4,884,513
Substandard	2,349,090	1,554,805	74,063	-	27,608	4,005,566
Doubtful	68,063	-	-	-	-	68,063
Loss	-	-	-	-	-	-
Total	$ 81,750,179	$ 63,570,961	$ 21,470,213	$ 7,472,471	$ 4,711,511	$ 178,975,335

The following table presents information on past due status at December 31:

2020	30-59 Days Past Due	60-89 Days Past Due	Greater > 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days Accruing
Residential real estate	$ 924,214	$ 74,891	$ 546,625	$ 1,545,730	$ 84,219,076	$ 85,764,806	$ -
Commercial real estate	28,117	-	42,334	70,451	74,892,185	74,962,636	-
Commercial and industrial	-	-	-	-	29,105,342	29,105,342	-
Agricultural	-	-	-	-	4,678,288	4,678,288	-
Consumer	34,700	2,814	-	37,514	4,278,784	4,316,298	-
Total	$ 987,031	$ 77,705	$ 588,959	$ 1,653,695	$ 197,173,675	$ 198,827,370	$ -

2019	30-59 Days Past Due	60-89 Days Past Due	Greater > 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days Accruing
Residential real estate	$ 387,182	$ 89,563	$ 685,365	$ 1,162,110	$ 80,588,069	$ 81,750,179	$ -
Commercial real estate	-	-	-	-	63,570,961	63,570,961	-
Commercial and industrial	-	-	-	-	21,470,213	21,470,213	-
Agricultural	-	-	-	-	7,472,471	7,472,471	-
Consumer	1,614	2,702	-	4,316	4,707,195	4,711,511	-
Total	$ 388,796	$ 92,265	$ 685,365	$ 1,166,426	$ 177,808,909	$ 178,975,335	$ -

The Company may grant a concession or modification for economic or legal reasons related to a borrower's financial condition that it would not otherwise consider resulting in a modified loan which is then identified as a troubled debt restructuring (TDR). The Company may modify loans through rate reductions, extensions of maturity, interest only payments or payment modifications to better match the timing of cash flows due under the modified terms with the cash flows from the borrowers' operations. Loan modifications are intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. TDRs are considered impaired loans for purposes of calculating the Company's allowance for loan losses.

The Company identifies loans for potential restructure primarily through direct communication with the borrower and evaluation of the borrower's consolidated financial statements, revenue projections, tax returns and credit reports. Even if the borrower is not presently in default, management will consider the likelihood that cash flow shortages, adverse economic conditions, and negative trends may result in a payment default in the near future.

The Company did not enter into any TDRs or have any TDRs default in 2020 and 2019.

In 2020, the Company instituted a payment deferral program to assist borrowers experiencing financial hardship due to COVID-19 related challenges. This program was established in response to federal banking agencies guidance encouraging banks to work with borrowers that may be unable to meet their contractual obligations due to the effects of COVID-19. This guidance stated that short-term modifications (up to six months) made on a good faith basis in response to COVID-19 to borrowers who were current at the time of modification are not considered TDRs. In addition, Section 4013 of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) provided that loan modifications related to COVID-19 on a loan that was current at December 31, 2019 are not considered TDRs. Through December 31, 2020, the Company has modified $13,992,725 of loans to allow for payment deferrals. These deferrals included principal, and principal and interest deferrals, generally for three months. Additional modifications were made as necessary. At December 31, 2020, $299,758 of loans remained on payment deferral.

5. Premises and Equipment

Premises and equipment at December 31 is summarized as follows:

	2020	2019
Land	$ 744,592	$ 744,592
Buildings and improvements	5,097,645	5,044,435
Furniture and equipment	1,723,712	1,744,249
Right-of-use asset under finance lease	300,000	300,000
Total cost	7,865,949	7,833,276
Less accumulated depreciation	4,618,956	4,387,462
Net	$ 3,246,993	$ 3,445,814

The Company leases a branch facility under the terms of a lease agreement that has been accounted for as a finance lease. The lease expires in 2025. The net book value of the right-of-use asset under finance lease was $93,333 at December 31, 2020 and $113,333 at December 31, 2019.

Future minimum lease payments are as follows:

Years ended December 31:	
2021	$ 35,580
2022	35,580
2023	35,580
2024	35,580
2025	23,720
Total minimum lease payments	166,040
Less amount representing interest	23,803
Net present value of minimum lease payments	$ 142,237

Interest expense on the finance lease was $10,404 in 2020 and $11,832 in 2019 based on an interest rate of 6.70 percent. Amortization of the asset was $20,000 in 2020 and 2019. Total cash paid for the finance lease was $33,420 in 2020 and $32,340 in 2019.

6. Deposits

Deposit account balances at December 31 are summarized as follows:

	2020	2019
Noninterest-bearing	$ 65,405,415	$ 48,394,028
Interest-bearing demand	33,024,246	25,176,868
Money market	23,600,447	19,209,239
Savings	100,383,014	86,311,180
Time	80,954,161	74,485,708
Total	$ 303,367,283	$ 253,577,023

Time deposits in denominations of $250,000 and over were $29,496,025 and $27,658,945 at December 31, 2020 and 2019, respectively.

At December 31, 2020, scheduled maturities of time deposits are as follows (in thousands):

2021	$ 48,409
2022	8,777
2023	7,207
2024	7,971
2025	8,590
Total	$ 80,954

7. Borrowed Funds

The Company has a $1,500,000 unsecured line of credit agreement with the Atlantic Community Bankers Bank. Borrowings bear interest at the prime rate plus .50 percent, with a floor of 4.50 percent (4.50 percent at December 31, 2020). The line expires July 2021. There were no borrowings at December 31, 2020 and 2019.

Overnight borrowings with the FHLB were $0 and $7,525,000 at December 31, 2020 and 2019, respectively.

The Company may borrow funds on a long-term basis from the FHLB up to the amount of eligible collateral (loans and securities) it places with the FHLB. At December 31, 2020, the Company had a net borrowing capacity of approximately $47 million. There were no long-term borrowings at December 31, 2020 and 2019.

8. Income Taxes

The provision for income tax consists of the following:

	2020	2019
Current	$ 525,308	$ 570,234
Deferred	(22,392)	63,000
Total	$ 502,916	$ 633,234

The reconciliation between the expected statutory income tax provision and the actual provision for income tax is as follows:

	2020		2019	
	Amount	Percent	Amount	Percent
Expected provision at statutory rate	$ 566,160	21.0 %	$ 703,151	21.0 %
Tax-exempt income	(70,479)	(2.6)	(77,096)	(2.3)
Other	7,235	.3	7,179	.2
Actual provision and rate	$ 502,916	18.7 %	$ 633,234	18.9 %

The following temporary differences gave rise to the net deferred tax (liability) asset at December 31:

	2020	2019
Deferred compensation	$ 855,134	$ 834,960
Allowance for loan losses	133,552	90,227
Other	89,252	78,499
Total deferred tax assets	1,077,938	1,003,686
Depreciation	(45,153)	(63,372)
Unrealized gains on available-for-sale securities	(296,687)	(29,103)
Deferred loan costs	(750,461)	(685,540)
Total deferred tax liabilities	(1,092,301)	(778,015)
Net deferred tax asset before valuation allowance	(14,363)	225,671
State valuation allowance	(55,514)	(50,356)
Net deferred tax (liability) asset	$ (69,877)	$ 175,315

The net deferred tax liability is included in other liabilities in 2020 and the net deferred tax asset is included in other assets in 2019.

The Company has elected the option to deduct the net interest income on qualified loans from its New York State taxable income. The Company believes the amount of this deduction will exceed its New York State taxable income for the foreseeable future. As a result, the Company has determined the realization of its state deferred tax assets is not expected and has established a valuation allowance for the amount of the net state deferred tax assets.

The Company had no unrecognized tax benefits at December 31, 2020 and 2019. There were no interest and penalties recognized in the consolidated balance sheets and statements of income in 2020 and 2019.

9. Pension and Postretirement Benefits

The Company sponsors two defined contribution plans, a 401(k) plan and a non-leveraged employee stock ownership plan (ESOP) covering substantially all eligible Company employees. Eligible employees may defer and contribute a percentage of their annual earnings to the plans. In the 401(k) plan, the Company contributes 100 percent of the first 5 percent of compensation deferred. In the ESOP, the Company contributes 100 percent of the first 5 percent of compensation deferred. Pension expense for these plans was $199,643 in 2020 and $186,028 in 2019. The ESOP held 145,125 and 143,778 of the Company's stock at December 31, 2020 and 2019, with a fair value of $2,467,125 and $3,127,172, respectively. The ESOP shares are eligible to receive dividends and are considered outstanding shares for purposes of computing net income per share.

The Company also has individual deferred compensation arrangements with certain key executives and directors which provide supplemental retirement benefits. The total of these obligations was $3,547,726 and $3,463,514 at December 31, 2020 and 2019, respectively. Deferred compensation expense was $352,812 in 2020 and $299,093 in 2019.

10. Related-Party Transactions

In the ordinary course of business, the Company has granted loans to principal officers, directors, significant shareholders (greater than 10 percent) and their affiliates. Such transactions were made on substantially the same terms and at those rates prevailing at the same time for comparable transactions with other customers. The following table summarizes the activity in these loans:

	2020	2019
Balance, beginning	$ 615,974	$ 783,183
New loans and other changes	367,414	165,360
Repayments and other changes	(333,516)	(332,569)
Balance, ending	$ 649,872	$ 615,974

Other changes result from the addition to or removal of individuals from the related party category.

The Company held deposits of $330,548 and $366,563 for related parties at December 31, 2020 and 2019, respectively.

A director of the Company provides professional legal services to the Company. Fees for these services were approximately $43,300 in 2020 and $47,600 in 2019.

11. Financial Instruments With Off-Balance-Sheet Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated balance sheet. The Company's exposure to credit loss is represented by the contractual amounts of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Unfunded commitments under lines of credit are commitments for possible future extensions of credit to existing customers. These lines of credit may or may not be collateralized and usually contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Standby letters of credit written are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans.

To reduce credit risk related to the use of credit-related financial instruments, the Company might deem it necessary to obtain collateral. The amount and nature of the collateral obtained is based on the Company's credit evaluation of the customer. Collateral held varies but may include cash, securities, accounts receivable, inventory, property, plant and equipment and real estate. The Company has not incurred any losses on its commitments in either 2020 or 2019.

Financial instruments whose contract amount represents credit risk were as follows:

	2020	2019
Commitments to extend credit (including lines of credit)	$ 27,553,641	$ 21,183,404
Standby letters of credit	427,024	397,024

12. Fair Value Disclosures

Fair value is defined as an exit price representing the amount that would be received to sell an asset or settle a liability in an orderly transaction between market participants. A three-level hierarchy exists for fair value measurements based upon the inputs to the valuation of an asset or liability.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities;

Level 2 - Valuation is determined from quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument;

Level 3 - Valuation is derived from model-based and other techniques in which at least one significant input is unobservable and which may be based on the Company's own estimates about the assumptions that a market participant would use to value the asset or liability.

The following table sets forth the Company's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Available-for-sale:				
U.S. government agencies	$ -	$ 20,135,570	$ -	$ 20,135,570
U.S. government sponsored enterprises, (GSE), mortgage - backed securities - residential	-	58,200,425	-	58,200,425
Local government obligations	-	3,657,320	-	3,657,320
Total	$ -	$ 81,993,315	$ -	$ 81,993,315

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Available-for-sale:				
U.S. government agencies	$ -	$ 21,908,827	$ -	$ 21,908,827
U.S. government sponsored enterprises, (GSE), mortgage - backed securities - residential	-	40,067,137	-	40,067,137
Local government obligations	-	5,855,015	-	5,855,015
Total	$ -	$ 67,830,979	$ -	$ 67,830,979

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

All debt securities are measured at fair value using quoted prices from an independent third party that provide valuation services, such as matrix pricing, for similar assets, with similar terms in actively traded markets.

The following table sets forth the Company's financial assets and liabilities subject to fair value adjustments on a nonrecurring basis by level within the fair value hierarchy:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Impaired loans, net	$ -	$ -	$ 92,611	$ 92,611

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Impaired loans, net	$ -	$ -	$ 92,612	$ 92,612

Impaired loans that are collateral dependent are written down to fair value through the establishment of specific reserves. Such collateral is primarily real estate whose value is based on appraisals performed by certified appraisers. These values are generally adjusted based on management's knowledge of changes in market conditions or other factors. Since the adjustments may be significant, are based on management's estimates and are generally unobservable, they have been classified as Level 3.

The appraisals may be adjusted by management for qualitative reasons and estimated liquidation expenses. Management's assumptions may include consideration of location and occupancy of the property and current economic conditions. At December 31, 2020 and 2019, to account for these factors, negative adjustments to the appraisal value between 15-20 percent (weighted average of 15.9%) were made and liquidation expenses of 6 percent were assumed.

In addition to the disclosures of financial instruments recorded at fair value, U.S. GAAP requires the disclosure of the estimated fair value of all the Company's financial instruments. The majority of the Company's assets and liabilities are considered financial instruments. However, many of these instruments lack an available market. In addition, the Company's general practice and intent is to hold its financial instruments to maturity. The Company has considered the fair value measurement criteria as required under the accounting standard relating to fair value measurement as noted above. Fair value estimates have been determined based on the methodologies management considers most appropriate for each financial instrument.

	2020				
	Carrying Amount	**Estimated Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:					
Cash and due from banks	$ 9,187,666	$ 9,187,666	$ 9,187,666	$ -	$ -
Interest-bearing deposits with banks	33,348,000	33,348,000	-	33,348,000	-
Available-for-sale securities	81,993,315	81,993,315	-	81,993,315	-
Held-to-maturity securities	2,275,207	2,359,985	-	2,359,985	-
Restricted equity securities	304,300	304,300	-	304,300	-
Loans receivable, net	201,171,002	213,124,000	-	-	213,124,000
Accrued interest receivable	1,177,805	1,177,805	-	1,177,805	-
Financial liabilities:					
Deposits	303,367,283	304,469,123	-	304,469,123	-
Accrued interest payable	43,953	43,953	-	43,953	-
Off-balance sheet financial instruments:					
Commitments to extend credit	-	-	-	-	-
Standby letters of credit	-	-	-	-	-

	2019				
	Carrying Amount	**Estimated Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:					
Cash and due from banks	$ 2,733,612	$ 2,733,612	$ 2,733,612	$ -	$ -
Interest-bearing deposits with banks	29,368,000	29,368,000	-	29,368,000	-
Available-for-sale securities	67,830,979	67,830,979	-	67,830,979	-
Held-to-maturity securities	1,263,053	1,334,764	-	1,334,764	-
Restricted equity securities	704,700	704,700	-	704,700	-
Loans receivable, net	181,168,172	190,329,000		-	190,329,000
Accrued interest receivable	1,264,171	1,264,171	-	1,264,171	-
Financial liabilities:					
Deposits	253,577,023	253,809,315	-	253,809,315	-
Short-term borrowings	7,525,000	7,525,000	-	7,525,000	-
Accrued interest payable	120,866	120,866	-	120,866	-
Off-balance sheet financial instruments:					
Commitments to extend credit	-	-	-	-	-
Standby letters of credit	-	-	-	-	-

The carrying value of short-term financial instruments, as listed below, approximates their fair value. These instruments generally have limited credit exposure, no stated or short-term maturities and carry interest rates that approximate market.

Assets	**Liabilities**
Cash and due from banks	Demand and savings deposits
Interest-bearing deposits with banks	Short-term borrowings
Accrued interest receivable	Accrued interest payable

The fair value methodology for available-for-sale securities was described previously. The fair value methodology for held-to-maturity securities is similar to the methodology for available-for-sale securities. The fair value of restricted equity securities is considered to approximate its carrying value as there is no market for these securities and the stock is redeemable at par value.

For short-term loans and variable rate loans which reprice within 90 days, the carrying value is considered to approximate fair value. For other types of loans, fair value was estimated by discounting cash flows using current market interest rates for similar loans, adjusted to reflect credit risk.

The fair value of interest-bearing time deposits is estimated by discounting contractual cash flows using current rates for instruments with similar maturities.

The fair value of commitments to extend credit is estimated using the fees currently charged for similar agreements. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of standby letters of credit is based on fees currently charged for similar agreements plus the estimated cost to terminate or otherwise settle the obligations. The fair value of these instruments is considered immaterial.

13. Regulatory Matters

The Bank is subject to regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth in the following table) of total capital, Tier 1 capital (as defined in the regulations) and common equity Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. A capital conservation buffer of 2.50 percent, comprised of common equity Tier I capital, is also established above the regulatory minimum capital requirements and must be maintained to avoid limitations on capital distributions.

In 2020, the Bank adopted the new community bank leverage ratio framework. This framework simplifies the regulatory capital requirements by requiring the Bank meet only the Tier 1 capital to average assets (leverage) ratio. The Bank must only maintain a leverage ratio greater than the 9 percent required minimum to be considered well capitalized under this framework. The Bank can opt out of the new framework and return to the risk-weighting framework at any time. In April 2020, the federal banking agencies temporarily reduced the minimum requirement to 8 percent for 2020, increasing to 8.50 percent for 2021, and returning to 9 percent for 2022 and thereafter.

Management believes, as of December 31, 2020, that the Bank meets all capital adequacy requirements to which they are subject.

As of December 31, 2020, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum ratios as set forth in the following tables. There are no conditions or events since that notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios are as follows:

	2020				
	Actual			To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	(Dollar Amounts in Thousands)	Amount	Ratio
Tier 1 (core) capital (to average assets)	$ 33,145	9.8 %		$ 27,009	8.0 %

	2019					
	Actual		For Capital Adequacy Purposes		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollar Amounts in Thousands)			
Total capital (to risk-weighted assets)	$ 31,805	28.7 %	$ ≥ 8,873	8.0 %	$ ≥ 11,901	10.0 %
Common equity Tier 1 capital (to risk-weighted assets)	31,266	28.2	≥ 4,991	4.5	≥ 7,209	6.5
Tier 1 (core) capital (to risk-weighted assets)	31,266	28.2	≥ 6,654	6.0	≥ 8,873	8.0
Tier 1 (core) capital (to average assets)	31,266	10.5	≥ 11,934	4.0	≥ 14,918	5.0

The Federal Reserve Bank has established capital guidelines for bank holding companies. These guidelines allow small bank holding companies, as defined, an exemption from regulatory capital requirements. The Bank Corp. meets the eligibility criteria and is exempt from regulatory capital requirements.

The Bank is subject to legal limitations on the amount of dividends that can be paid to the Bank Corp. without regulatory approval. Generally, the dividend limit is equal to the current and preceding two years net income less dividends paid during the same period. However, dividend payments would be prohibited if the effect would cause the Bank's capital to be reduced below minimum capital requirements as discussed above. The Bank's retained earnings available for dividends was approximately $3,954,000 at December 31, 2020.

14. Dividend Reinvestment and Optional Cash Purchase Plan

In 2003, the Company established a Dividend Reinvestment and Optional Cash Purchase Plan (Plan) for its shareholders. The Plan is designed to provide the Company's stock at no transactional cost to its shareholders. Cash dividends paid to shareholders who are enrolled in the Plan plus voluntary cash deposits received are used to purchase shares either directly from the Company, from shares that become available in the open market or from the Company's previously acquired treasury stock. The Company has reserved 393,750 shares of its un-issued common stock for issuance under the Plan. Once these shares are issued, the Plan will terminate but there is no set termination date. Under Regulation A of the Securities Act of 1933, as amended, the Company may offer and sell up to $20 million of eligible securities annually. The Company issued 17,430 shares of common stock in 2020 and 16,706 shares of common stock in 2019 directly from authorized but unissued shares of the Company, plus the Company sold 5,743 shares of treasury stock in 2020 and 6,091 shares of treasury stock in 2019 for a total of 23,173 and 22,797 shares in 2020 and 2019, respectively. As of December 31, 2020, there were 109,314 shares available for future issuance.

You should rely only on the information contained in this offering circular. Delhi Bank Corp. has not authorized anyone to provide you with different information. This offering circular does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered by this offering circular in any jurisdiction in which, or to any person to whom, such offer or solicitation is not authorized or in which the person making the solicitation is not qualified to do so. Neither the delivery of this offering circular nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of Delhi Bank Corp. since any of the dates as of which information is furnished in this offering circular or since the date of this offering circular.

DELHI BANK CORP.

DIVIDEND REINVESTMENT AND OPTIONAL CASH PURCHASE PLAN

102,953 Shares of Common Stock

OFFERING CIRCULAR

March 17, 2021