



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 29, 1996

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First Independence National Bank of Detroit
Charter No. 15801

44 Michigan Avenue
Detroit, MI 48226

Comptroller of the Currency
Central District Office
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, Illinois 60605

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First Independence National Bank of Detroit** prepared by The Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of February 29, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

First Independence National Bank of Detroit has a satisfactory record of meeting the credit needs of its assessment area, including low- and moderate-income areas, in a manner consistent with its financial resources and capabilities. Management demonstrates a willingness to lend to borrowers of different income levels within the bank's assessment area and has taken an active role in developing and implementing community reinvestment projects. Management plans to improve these efforts through targeted loan growth.

The following table indicates the performance level of First Independence National Bank of Detroit with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>(First Independence National Bank of Detroit)</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints		X	

DESCRIPTION OF INSTITUTION

First Independence National Bank of Detroit (FINB), is a minority-owned bank which operates primarily within the city of Detroit, Michigan and serves the Detroit community. FINB is a subsidiary of First Independence Corporation, a one-bank holding company.

FINB is a full-service bank with four branches and eight Automatic Teller Machines (ATMs) located in Detroit and one ATM in Warren, Michigan, a nearby suburb. The bank's loan portfolio represents 44% of total assets. The portfolio consists primarily of real estate loans (77%), commercial loans (14%), loans to individuals (4%), credit cards (1%) and other loans (4%).

As of December 31, 1995, total assets of the bank were \$95 million. Historically, FINB has experienced financial difficulties which have prevented the bank from playing a major role in meeting community credit needs. However, since April 23, 1993, the date of our last CRA examination, return on average assets has shown positive, incremental increases. The bank's current economic condition should not impact its ability to meet the credit needs of the community. At the last CRA examination, the bank was rated "Satisfactory".

FINB is the only community bank located solely within the city of Detroit, however, the Detroit market is highly competitive. A number of large, regional banks operate within the area, along with savings and loan associations and credit unions. FINB held less than 2% market share of the total number of 1994 aggregate HMDA loans originated in the Detroit MSA.

The local economy has improved over the last three years primarily due to the upswing in sales in the automobile industry. The Detroit economy is directly linked to this industry with General Motors and Chrysler as two of the major area employers. Many small and mid-sized companies are also tied directly or indirectly to the automobile industry. Other prominent employers include the Detroit Board of Education, local, state and federal governments and the health care and retail trade industries.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is the city of Detroit which encompasses the cities of Hamtramck and Highland Park. All three cities are part of the Detroit MSA (#2160). The assessment area encompasses 335 census tracts. The following table highlights demographic information for the cities included in the bank's assessment area:

	Detroit		Hamtramck		Highland Park	
TOTAL POPULATION (1990 Census Data)	1,027,974		18,372		20,121	
POPULATED CENSUS TRACT CHARACTERISTICS (Based on HUD Median Family Income)	Count	%	Count	%	Count	%
Low (below 50% of median)	172	54%	5	71%	6	75%
Mod. (50 - 80% of median)	90	28%	2	29%	2	25%
Middle (80-120% of median)	45	14%	0	0%	0	0%
Upper (over 120% of median)	13	4%	0	0%	0	0%
Totals:	320	100%	7	100%	8	100%
HOUSING INFORMATION	Count	%	Count	%	Count	%
Owner Occupied Units	197,977	48%	4,134	47%	2,698	30%
Rental Occupied Units	176,080	43%	3,774	43%	5,335	58%
Vacant Housing Units	35,970	9%	793	9%	1,129	12%
Totals:	410,027	100%	8,701	100%	9,162	100%
1995 AVG. ANNUAL UNEMPLOYMENT RATES (Source: Michigan Employment Security Commission)	9.7%		8.0%		16.7%	

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank’s loan-to-deposit ratio is reasonable given the highly competitive banking environment and the lending capacity of similarly-situated banks. As of December 31, 1995, FINB’s average loan-to-deposit (LTD) ratio, based on quarterly Call Report data for 1995, was 50.81%. Although this ratio appears low in comparison to peer (68.46%), it compares more favorably to minority-owned banks located within the U.S. (54.22%). In addition, the bank’s LTD ratio is impacted by higher than average federal deposits that are unavailable to the bank for lending purposes. Eliminating these deposits improves the bank’s average LTD ratio to 57.51%.

A majority of loans originated and outstanding are within the bank’s assessment area. We reviewed a sample of 43 home purchase, refinance and home improvement loans originated in 1995, which represented 5.46% of the bank’s total loan originations (788). Based on our review, we determined that 58.14% of these loans were within the bank’s assessment area. We also used 1994 HMDA data to aid in our analysis of lending activity inside and outside of the bank’s assessment area. This review showed that more than 50% of FINB’s 1994 loan originations were within its assessment area. To further assess the bank’s penetration, we used

a bank prepared geographic report. This analysis showed that 55.88% of the portfolio is located within its assessment area.

The bank extends credit to all categories of borrowers within its assessment area. Based on the sample of 43 home purchase, refinance and home improvement loans originated in 1995, we noted that 20% were to individuals living in low-income census tracts and 48% were to individuals living in moderate-income census tracts. The bank's assessment area is comprised of 183 low-income census tracts (55%) and 94 moderate-income tracts (28%). By reviewing aggregate 1995 HMDA data, we determined that FINB's lending practices are consistent with local banks within the Detroit MSA. Traditionally, individuals within the bank's assessment area rely on funding sources other than banks, resulting in fewer lending opportunities.

FINB lends to individuals of all income levels. Using a sample of 56 home purchase and refinance loans originated in 1995, we noted that 39% of these loans were to low- and moderate-income individuals and 61% to middle- and upper-income individuals..

The bank's efforts in resolving written complaints relating to its CRA performance are satisfactory. While FINB received only one complaint since the last examination, management was responsive to the customer and has made appropriate attempts to rectify the situation.

The Fair Lending examination conducted at FINB uncovered no evidence of discriminatory credit practices. To assess whether all individuals have equal access to credit, we compared the credit characteristics of approved male or married couple residential mortgage applicants, to the credit characteristics of denied single female applicants. Based on this review, we determined that all groups are granted similar opportunities for credit by FINB. No instances of illegal discrimination or discouragement were noted. No violations of law were cited during the Fair Lending examination. The results of the Fair Lending review demonstrate that bank policies and procedures are adequate.