

St. Louis Equal Housing and Community Reinvestment Alliance

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For Immediate Release

New Report Finds Lack of Minorities in Bank Leadership Positions and Disparities in Access to Credit

St. Louis, MO – The St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) released a new report today entitled *The State of Bank Reinvestment in St. Louis: An analysis of how banks are meeting the needs of the community*. This report examines how the top twenty banks in St. Louis are reinvesting in low- and moderate-income communities and communities of color.

The twenty banks included in this report hold over \$45 billion in deposits. Under the Community Reinvestment Act and fair lending laws, these banks have an affirmative obligation to reinvest in our community with services, products, and investments. This report examines the reinvestment performance of each of the largest banks and ranks the banks in the following five different categories: branch locations, home mortgage lending, small business lending, community development lending, and employment diversity. The scores and rankings identify the highest performing banks in each of the categories, yet there is not consistent performance by any bank for all five areas. Across all five categories of bank reinvestment in this report, there are serious gaps in how banks are meeting the needs of low- and moderate-income communities and communities of color.

This report finds that there is a lack of minorities in senior management positions and on banks' board of directors. Fifteen of the twenty banks included in this report provided data on the racial and ethnic composition of their employees, senior management and board of directors. Five banks reported zero minorities in senior management positions in their St. Louis market. Six banks reported zero minorities on their board of directors. The data in this report indicates that the larger national banks have higher levels of racial diversity in staff and leaders compared to the smaller local banks.

The report also examines home mortgage lending trends to minority borrowers and finds severe underrepresentation in mortgage originations and denial rate disparities. Minority households represent approximately 28 percent of the population in the St. Louis area. However, in 2011, all banks originated only 8 percent of home mortgage loans to minority borrowers. Of the top twenty banks in St. Louis, thirteen banks are lending below the aggregate and under performing in lending to minority borrowers. The highest performing bank originated 12 percent of loans to minority borrowers.

Further, African-American borrowers are more than twice as likely to be denied a home loan as white borrowers. In 2011, approximately 31 percent of African-American borrowers were denied compared to 13 percent of white borrowers. The disparity is highest among higher income borrowers. Among middle- and upper-income borrowers, blacks are 2.4 times more likely to be denied than whites.

This report is being released as part of the 50th commemoration of the Jefferson Bank demonstrations in St. Louis. These demonstrations marked an important civil rights event in St. Louis which shed light on discriminatory employment practices. Fifty years later, this report finds that banks are doing better at hiring minority employees, but there are serious disparities for minorities in bank leadership positions and access to credit.

The full report is available for download at www.slehkra.org, or by contacting Elisabeth Risch at erisch@ehoc-stl.org or 314-534-5800 ext. 7012.

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SLEHCRA is a coalition of non-profit and community organizations working in St. Louis to increase investment in low-income communities, regardless of race, and in minority communities, regardless of income, by ensuring that banks are meeting their obligations under the Community Reinvestment Act and fair lending laws.