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**For Immediate Release:**

**Community Groups Oppose Midland States Bank Acquisition of Heartland Bank**

St. Louis, MO – SLEHCRA, a coalition of non-profit and community organizations, filed a public comment letter yesterday with the Federal Reserve Bank of St. Louis challenging Midland States Bank's acquisition of Heartland Bank. Midland States Bank, based in Effingham, Illinois, announced its acquisition of Heartland Bank, of St. Louis, Missouri, on September 12, 2013. The bank filed an application for the acquisition with the Federal Reserve Bank of St. Louis, which is subject to regulatory review and public comments.

SLEHCRA's public comment letter states that the bank acquisition will not result in a benefit to the public, particularly low- and moderate-income communities and minority communities, as required by law. SLEHCRA points out serious concerns with Midland States Bank's service to minority communities and low- and moderate-income communities.

The Bank Holding Company Act requires banking regulators to consider the public interest when approving or denying bank mergers or acquisitions. Banks applying to acquire another institution must state what public benefits can reasonably be expected to result from the proposed transaction.

Based on analysis of home mortgage lending, small business lending, and branch locations, SLEHCRA is concerned that Midland States Bank is not adequately meeting the needs of the community in their St. Louis market, as well as in other market areas in Illinois. Specifically, in the St. Louis market, Midland States Bank received only 6 home loan applications from African-American borrowers out of a total of 1,530 loan applications in the last four years (2009-2012). African-Americans represent only 0.39 percent of the bank's loan applicants during that time period, despite that 20.7 percent of households in the bank's St. Louis market area are African-American. The bank received 7 loan applications from Hispanic borrowers in the St. Louis market, which represent 0.46 percent of applicants over the last four years. Hispanics represent nearly 2 percent of households in the St. Louis market. Similarly, the bank's market penetration to African-American and Hispanic borrowers is also extremely low in the bank's market areas of Champaign, Illinois and in Joliet, Illinois, both of which are areas with significant minority populations. Additionally, SLEHCRA is concerned that the bank's home mortgage lending to low-income borrowers and communities lag behind the aggregate lending record over the last two years in the bank's St. Louis market area. In contrast, Heartland Bank's performance in serving the community is much better. Heartland Bank is one of the top mortgage lenders in the St. Louis area, and their market penetration to minority borrowers and low- and moderate-income borrowers is above the aggregate lending

Based on fair lending concerns with Midland States Bank's extremely low market penetration to minority borrowers, the Metropolitan St. Louis Equal Housing and Opportunity Council (EHOc), a SLEHCRA member, filed a fair housing complaint with the U.S. Department of Housing and Urban Development (HUD) against Midland States Bank. SLEHCRA is asking that the Federal Reserve not approve the acquisition until the fair housing complaint is resolved and that the bank clearly define the benefits the public can expect as a result of the acquisition.

Additionally, the National Community Reinvestment Coalition, in Washington, D.C., and the Woodstock Institute in Chicago, Illinois, also filed public comment letters with the Federal Reserve Bank of St. Louis challenging Midland States Bank acquisition of Heartland Bank. The public comment letters are posted online at [www.slehcra.org](http://www.slehcra.org).

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