NATIONAL COMMUNITY REINVESTMENT COALITION NCRC

Get the Facts!

Capital One Has Failed to Meet the Convenience & Needs of Communities

Capital One has a poor record of meeting convenience and needs, and serving small businesses and homeowners. As a rapidly growing national bank, there is a much higher standard Capital One must meet before the acquisition of ING Direct can move forward.

Capital One Buys Banks, Reduces Lending and Services:

- After acquiring North Fork Bank in 2006, Capital One reduced prime home lending by 95 percent in three years. And Capital One reduced North Fork's home lending to Latinos from 26 percent of its loans in 2006 to just 5 percent in 2009.

- Capital One shrunk its lending to small businesses with revenues of less than $1 million. In 2006, North Fork issued 63 percent of its business loans to the smallest businesses with revenues under $1 million. By 2009, the portion plummeted to just 16 percent.

- After its acquisition of Hibernia, Capital One received a low-satisfactory on its CRA exam for services, largely because ***it had no branches in low-income areas in Houston, Dallas, New Orleans, and Baton Rouge.*** Capital One's response? Continue to serve the wealthy. From 2005-2007 it opened 37 branches in wealthy areas and just 1 in low-income neighborhoods measured by the exam.

Capital One Violates Discrimination Laws and Avoids Responsibility:

- Capital One has refused to issue government insured loans to qualified borrowers with lower credit scores, even though the loans are guaranteed. Capital One faces an active complaint with the U.S. Department of Housing and Urban Development for this discriminatory policy. After NCRC challenged the acquisition, Capital One admitted its wrongdoing in the form of a policy change that *they say will happen far after the acquisition is complete.*

- No help for homeowners. Capital One has refused to participate in the Hardest Hit Fund (HHF), which provides assistance for unemployed homeowners and the federal Home Affordable Modification Program (HAMP), subjecting them to legal challenges for their servicing practices. Is it really wise to allow them to acquire ING Direct's $41 billion mortgage portfolio?

- Capital One exploited a regulatory loophole to exclude its credit card lending from its last CRA exam by the Federal Reserve, shielding their main line of business from accountability to the public's needs and convenience.

Subprime Auto Loans and Credit Cards Don't Adequately Serve Convenience and Needs:

- Volume of credit is not equal to quality credit, and Capital One main two lines of business – auto loans and credit card loans – are of dubious quality, in product lines rife with abuse.
  - ✓ Capital One is the largest subprime auto loan lender in the United States. Analysis of Capital One's 2010 data shows that the majority of its consumer banking activity focuses on issuing auto loans.
  - ✓ 75 percent of Capital One's income, and 66 percent of its revenue, comes from credit cards, which Capital One aggressively targets to subprime borrowers. These credit cards feature high interest rates and significant penalties and fees.

Capital One and ING Serve Who They Want:

- Veterans, women and minorities need not apply. Capital One's Small Business Administration (7a) lending plummeted from $228 million nationwide in 2006 to an embarrassing $550,000 in 2010. 7(a) lending is largely targeted to women, veterans, minorities and to low-income areas.

- ING is a luxury brand with a primary focus on wealthier consumers. As an Internet bank, it largely avoids any commitment to community needs and convenience under the Community Reinvestment Act. Though it lends nationally, it is only examined for CRA purposes in Wilmington, DE (it's headquarters), where it made just 5.5 percent of its home loans to African-Americans while, all lenders, as a group, issued 11 percent in 2009.

- In a loophole that allows even national banks like Capital One to pick the geographic areas where they are assessed, a 2005 Office of Thrift Supervision CRA exam designated the Washington, DC area as the only official area that counted on the CRA exam, even though loans in the Washington DC area were just one percent of Capital One's total loans.

Do we really want to allow a credit card bank with a poor record of meeting convenience and needs to become even larger?