

St. Louis Equal Housing and Community Reinvestment Alliance

c/o EHOC · 1027 S. Vandeventer Avenue, 6th floor · St. Louis, MO · 63110 · www.slehkra.org

Capital One / ING merger

Big Issues:

- The merger would create the 5th largest financial institution in the country: another too big too fail.
- Declining involvement with the community:
 - o Community development lending decreased by 41% after the acquisition of Chevy Chase Bank in 2009.
 - o Prime Home lending declined by 95% after acquiring North Folk Bank in 2006.
 - o SBA 7(a) lending, which specifically target women, veterans, minorities, and low-income areas, declined from 228 million in 2006 to \$550,000 in 2010.
- Currently being investigated by HUD for discriminatory policy in lending to qualified borrowers. NCRC filed complaint that Capital One required FHA borrowers to have a higher score than what the government will insure, which disproportionately affects African-American and Hispanic borrowers. Capital One did admit wrongdoing with this policy and has promised a policy change, but only after the acquisition is complete (according to NCRC).
- Refused to participate in Hardest Hit Fund and Home Affordable Modification Program, and now wants ING's \$41 billion mortgage portfolio?
- Main product lines are subprime auto loans and credit cards – not quality and responsible lending. Additionally, Attorney Generals in Minnesota, West Virginia and California have investigated Capital One for false and misleading credit card marketing.
- Credit Card lending was not included in CRA review and exam – no accountability or disclosure for the main product line of the bank.
- CRA ratings are not valid evaluations of both Capital One and ING because the only assessment are their headquarter locations, which represent a minuscule portion of their activities. Both banks are avoiding CRA obligations. St. Louis not included in CRA evaluation, even though the bank and its subsidiaries have done a substantial amount of lending and business here.
- Capital One only has a Satisfactory rating, and a low Satisfactory on service test because of their lack of branches in low-income areas. As a major financial institution, that is unacceptable.

HMDA data

St. Louis MSA from Capital One, N.A., and Capital One Home Loans, LLC.

- Huge increase in home improvement loans. In 2009, nearly all home improvement loans with small amounts and unsecured loans.
- Low origination rates, especially for African-American borrowers, predominately minority areas, and low-income neighborhoods.

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		ORIGINATIONS								Origination Rate	Denial Rate
		2009		2008		2007		three year total		2007-2009	2007-2009
<i>borrower characteristics</i>		#	%	#	%	#	%				
race/ethnicity											
	White	111	53.88%	229	53.63%	243	63.78%	583	57.50%	48.02%	34.02%
	Black	17	8.25%	41	9.60%	38	9.97%	96	9.47%	29.09%	56.36%
	Asian	0	0.00%	4	0.94%	2	0.52%	6	0.59%	40.00%	40.00%
	Other	78	37.86%	153	35.83%	98	25.72%	329	32.45%	35.96%	49.62%
	Hispanic	2	0.97%	2	0.47%	4	1.05%	8	0.79%	36.36%	31.82%
Income characteristics											
	Low	30	14.56%	46	10.77%	36	9.45%	112	11.05%	36.48%	52.12%
	Moderate	36	17.48%	88	20.61%	70	18.37%	194	19.13%	32.72%	50.93%
	Middle	61	29.61%	135	31.62%	115	30.18%	311	30.67%	41.91%	41.91%
	Upper	79	38.35%	158	37.00%	155	40.68%	392	38.66%	47.63%	34.51%
	NA	0	0.00%	0	0.00%	5	1.31%	5	0.49%	55.56%	22.22%
Census tract characteristics											
racial composition		#	%	#	%	#	%				
	< 10% Minority	130	63.11%	255	59.72%	240	62.99%	625	61.64%	45.82%	35.70%
	10-19% Minority	30	14.56%	65	15.22%	61	16.01%	156	15.38%	48.45%	38.51%
	20-49% Minority	30	14.56%	53	12.41%	41	10.76%	124	12.23%	31.47%	53.30%
	50-79% Minority	7	3.40%	26	6.09%	19	4.99%	52	5.13%	31.14%	55.09%
	80-100% Minority	9	4.37%	28	6.56%	20	5.25%	57	5.62%	25.11%	64.32%
Income characteristic											
	Low	2	0.97%	10	2.34%	10	2.62%	22	2.17%	26.83%	67.07%
	Moderate	28	13.59%	77	18.03%	66	17.32%	171	16.86%	31.09%	56.00%
	Middle	107	51.94%	230	53.86%	192	50.39%	529	52.17%	40.41%	42.93%
	Upper	69	33.50%	110	25.76%	113	29.66%	292	28.80%	54.78%	25.14%
Loan Type											
	home purchase	0	0.00%	7	1.64%	22	5.77%	29	2.86%	52.73%	34.55%
	home improvement	203	98.54%	327	76.58%	153	40.16%	683	67.36%	37.53%	46.15%
	refinance	3	1.46%	93	21.78%	206	54.07%	302	29.78%	50.42%	33.39%
TOTAL		206		427		381		1014		40.99%	42.81%

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Small Business Lending

In St. Louis MSA, from Capital One, N.A. and Capital One Bank USA, N.A.

- Huge decline in small business loans since 2008, with nearly 80% decline in volume of loans.

2010 CRA disclosure	Total		Total %	
census tract	#	\$	#	\$
Low-Income	31	130	2.37%	1.10%
Moderate-Income	167	1740	12.78%	14.68%
Middle-Income	645	4268	49.35%	36.01%
Upper Income	430	5481	32.90%	46.25%
NA	34	233	2.60%	1.97%
Total	1307	11852		

2008 CRA disclosure				
	Total		Total	
census tract	#	\$	#	\$
Low-Income	113	368	1.77%	1.25%
Moderate-Income	772	2960	12.10%	10.03%
Middle-Income	2981	13652	46.73%	46.25%
Upper Income	2060	10723	32.29%	36.33%
NA	453	1813	7.10%	6.14%
Total	6379	29516		