Capital One
Community
Involvement
Report

Capital One Bank, East Harlem Branch
1999 1st Avenue
New York, New York
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Making a Lasting Impact: Capital One’s Commitment to Our Communities

At Capital One, we have always believed that as business leaders we have a unique opportunity to create value in the communities where we live and work. Applying the same principles we use in our business of innovation, collaboration, and empowerment to our investments in the community helps leverage our investment of time and money to fuel new ideas and inspire others to act.

By partnering with local nonprofits and civic leaders, we are taking mainstream banking into underserved neighborhoods and assisting with affordable housing, small business, workforce training, asset and wealth building, financial education and much more. A small sample of what we’ve been doing:

• We partnered with leading community organizations in Cypress Hills, Brooklyn, New York to combine our classic “neighborhood bank” experience with community development and philanthropic services to create a force for positive change.

• We opened student-run branches in high schools in New York City and Newark, New Jersey, which have been effective in teaching students how to manage their money, providing them hands-on banking experience, and building their self confidence.

• We have facilitated courses in business management for small business owners and made investments in loan funds resulting in hundreds of micro-loans through partnerships with nonprofit organizations such as SEEDCO and ACCION.

Capital One has always been a company where people roll up their sleeves and pitch in to get things done. Our associates take that same entrepreneurial spirit into their work in their communities. In 2009, they volunteered more than 84,000 hours, teaching personal finance, building homes, mentoring at-risk youth, and providing leadership guidance to nonprofits. They also contributed substantial pro bono professional services to help nonprofits with everything from marketing and information technology to finance and legal affairs. Our senior managers serve on over 300 nonprofit boards.

From the company’s earliest days, we’ve worked to make a meaningful difference in the lives of the people we touch. This report highlights how we’re investing in being part of the neighborhoods our associates and customers call home.

Richard D. Fairbank
Capital One Chairman and Chief Executive Officer
Chapter 1: Helping Communities Thrive

At Capital One, our goal is to help the communities in which we live and work thrive. We also do what we can to ensure that residents and business owners have the support they need to realize their goals. We make investments and bring together resources to transform not only the physical environment, but also the economic landscape.

To do this, we get involved in our communities. We meet with residents, listen to and help them uncover the unique issues that make it difficult for them to reach their goals. We then use that information to align our resources, form key partnerships, and develop and implement programs designed to unlock the potential that exists within each resident or business — and ultimately within the community itself.

In 2009, Capital One’s support of our communities included:

- Continuing support of the development of affordable housing through one of the most challenging economic times by providing $716 million in specialized financing for 126 properties resulting in 7,509 housing units
- Conducting 196 homebuyer trainings for 6,694 low-to moderate-income families and leveraging 253 third-party subsidies for 119 home buyers totaling $5.2 million

But the numbers only tell part of our story. Take a closer look at how we have tried to make a difference every day.
A holistic approach to a neighborhood

Our banking strategy is to be “devastatingly” local. That means that we look for ways in which we can meet the unique social needs of our local communities using our resources. Our State and Market Presidents, along with our local bankers, play a key role in uncovering those unique needs and working with our leadership teams to thoughtfully identify ways to deploy our resources. This also helps our branches gain a pipeline of potential new customers and deepens our relationships with existing customers.

Among the ways in which we focus our community development efforts to make the most meaningful investment includes:

- Increasing access to mainstream banking
- Providing economic development programs, workforce training, home ownership seminars, and financial literacy skill building materials and programs
- Providing specialized financing through Community Development Finance programs to help construct and rehabilitate housing for low- and moderate-income families

Examples of what we’re doing in each of these areas:

**Cypress Hills, Brooklyn, New York**

Capital One Bank occupies a stately building on Fulton Street, and our associates who work there have found many ways to connect with the community and its residents. In 2009, we began a placed-based community development and financial education pilot in the Cypress Hills neighborhood. The initiative places the neighborhood branch at the center of our efforts to enhance relationships with existing customers. It also helps us develop a pipeline of new customers by building trusting, long-term relationships with community members and offering financial and career training to help enhance residents’ economic prospects.

At the branch, our associates and nonprofit partners teach financial literacy skills, business ownership and management seminars, and home ownership seminars. In addition, we’re consistently finding ways to help both youth and adults increase their financial literacy and money management skills through activities such as instructor-led training sessions and experiential learning opportunities with local schools and nonprofits.

A key partner for Capital One in Cypress Hills is the Cypress Hills Local Development Corporation (LDC). Working together, we have been able to multiply the positive impact both organizations can have in this community through activities such as:

- Reaching out to more youth and adults to provide financial literacy skill-building activities
- Helping to increase the number of affordable housing units available in the neighborhood
- Developing innovative ways to help small business owners succeed
We estimate that we have reached more than 1,700 residents through partnerships with local organizations like the LDC, churches, and school groups, increasing opportunities for residents to achieve long-term financial stability and supporting a sustainable business for the neighborhood Capital One branch.

A sample of our work in Cypress Hills includes:

**Financial Literacy/Youth Services**

Capital One associates taught:

- Financial literacy skills to teens in after-school and GED programs at the Beacon Program
- Financial literacy skills to all 8th graders at Cypress Hills Community School and all 11th graders at Cypress Hills Collegiate Prep
- A year-long elective entrepreneurial class for 11th graders at Cypress Hills Collegiate Prep High School
- “Talking to Teens about Money” with our nonprofit partner, Consumer Action, to the Cypress Hills youth services staff

**Affordable Housing**

Capital One brought more affordable housing to the neighborhood, including:

- Offering a new portfolio mortgage product with grants tailored to meet the needs of low- to moderate-income buyers in communities like Cypress Hills
- Providing a $2.4 million construction loan to build a 12-unit affordable co-op
- Making a $330,000 line of credit to the Cypress Hills LDC to purchase vacant land for a new affordable housing development
- Providing an $838,000 construction loan for the development of low-income rental units and commercial space on Fulton Street in Cypress Hills, which are currently under construction

Capital One associates also taught bi-lingual homebuyer seminars for neighborhood residents.

**Small Business**

Capital One helped small business owners, many of whom were hit hard by the economic downturn in 2009. We:

- Opened our branch to our nonprofit partner, Brooklyn Economic Development Corporation, so members of their staff could provide one-on-one small business mentoring and management advice to local merchants
- Partnered with the Business Outreach Center (BOC), one of our local nonprofit partners, to provide a 56-hour training course for home-based child care providers. As part of this program, business owners also received technical assistance and seed grants provided by BOC.
Capital One associates from our Cypress Hill branch also taught a 10-hour entrepreneurial training course for local merchants.

**Philanthropy**

Capital One provided the Cypress Hills LDC with grants totaling $112,000 for general operating support and funding for key financial education and community development programs.

**Increasing Access to Banking**

Often low- to moderate-income neighborhoods lack easy access to traditional banking facilities, which leaves some residents with few options for safely managing their money. At Capital One, we make providing full-service banking to under-served neighborhoods a key part of our commitment to help residents realize their financial goals.

Examples of our work include:

**Banking Development District Program**

New York State has developed a Banking Development District Program to offer public sector incentives for banks to open branches in under-banked communities, thereby making those branches economically viable.

As part of this program, Capital One has opened three new branches in the past three years — in Manhattan, Brooklyn, and Harlem. We are actively promoting the benefits of banking to residents in these communities. Each of these branches offers a full suite of products, and our associates regularly conduct financial literacy skill building sessions and provide technical assistance and mentoring to small business owners.

“After five years searching for a bank that would open a full-service branch on Fulton Street, the Pratt Area Community Council was very excited when Capital One agreed to become part of our community. With the new Capital One Branch in operation, businesses and residents alike have the ability to bank at a convenient location in our neighborhood. The commercial lending and banking services will spur investment and provide opportunities for our local businesses to grow and prosper.”

— Deb Howard, Executive Director, Pratt Area Community Council (PACC)

**“Bank On” Initiatives**

In Newark, New Jersey and Texas, Capital One regularly partners with local officials like the city Comptroller to host programs designed to promote access to banking. As part of these programs, our associates:

- Provide residents with financial education information that helps them understand the importance of having a bank account
- Provide an easy, safe way for residents who are interested to open a consumer-friendly bank account

**Opportunity NYC**

Capital One is one of ten financial services institutions to participate in this innovative program designed to promote responsible banking and reduce poverty in New York City. Through this program, which was developed by New York’s Office of Financial Empowerment, banks offer financial incentives in the form
of cash transfers to families in one of three key areas correlated with poverty: education, health, or job training. Capital One offers participants one-on-one access to banking staff who help them understand the benefits of banking and the opportunity to open a basic savings account if they are interested.

**United Way of Greater New Orleans Individual Development Accounts**

Capital One partners with the United Way of Greater New Orleans to offer low-income families a matched savings account as a way to encourage them to save toward home ownership. Capital One hosts the accounts and matches contributions at a ratio of 4 to 1. These individual development accounts (IDAs) are a proven way to help residents see the benefits of saving and help them move toward long-term financial stability.

**Student-run Branches**

At Capital One, we believe that financial literacy and money management skills are crucial building blocks for sustained financial stability and future success. We also believe that by instilling these skills early in life there is increased likelihood for them to become life-long habits. For high school students, our student-run branches provide not only the opportunity to learn first-hand about the importance of managing money wisely, but also to gain real job experience and college access assistance.

“This corporate partnership addresses the critical need for financial education among our students and their families in Newark. By working with Capital One Bank, we are empowering our students with the sound money management principles they will need to function as self-sufficient adults and achieve personal prosperity.”

— Cory A. Booker, Mayor, Newark, New Jersey

In 2007, Capital One opened the first bank branch in a New York City public school at the Fordham Leadership Academy for Business and Technology in the Bronx. Since then, we have opened a second student-run branch at West Side High in Newark, New Jersey and will open a third at Thurgood Marshall High School in Harlem, New York in 2010. These student-run branches, which are managed by Capital One associates, are open to students, teachers and school administrators three days each week. They offer a limited menu of products designed primarily for student savers.

Our student bankers, like our other banking associates, also provide financial education training to those in their communities, including other students, friends, and family members. This helps Capital One spread the message about the benefits of banking and money management skills throughout the community. For example, in January 2009, student bankers from West Side High School joined Capital One and Newark NoW, a nonprofit founded by Newark Mayor Corey Booker to provide Newark residents with skills, tools, and support to transform their neighborhoods, to host an Earned Income Tax Credit Day. The students invited friends, family, and neighbors to take advantage of free professional tax preparation and information on how to file for the tax credit.
To prepare for their experience at the in-school branch, our student bankers:

- Work during the summer at Capital One Bank branches to obtain hands-on experience as tellers and customer service representatives
- Spend two weeks in formal teller training at a Capital One Bank training center
- Participate in financial education training sessions

In addition, all student bankers attend a one-week college development program at a nearby university, where they begin planning for the college application process and receive college admission counseling. Nearly all alumni of the student banker program have since enrolled in college.

“This program provides an incredible opportunity for all West Side High School students to learn smart money management principles such as saving and budgeting from their peers. At the same time, the student bankers receive hands-on experience that will help them get ahead in college and in the workforce.”
— Dr. Clifford Janey, Superintendent of Newark Public Schools

Our student bankers have opened their doors to several high profile visitors including:

- FDIC Chairman Sheila Bair
- Comptroller of the Currency John Dugan
- New York State Comptroller Thomas DiNapoli
- Newark, New Jersey Mayor Corey Booker
- Bronx Borough President Rubin Diaz, Jr.

In January 2009, Mr. DiNapoli awarded the student bankers at the Fordham Leadership Academy with the first Your Money New York Recognition Award for Financial Education for their efforts to teach others about the importance of developing money management skills.

“This program has changed my thinking. Before, I wasn’t thinking about going to college. It helped me aim higher; it’s made me more responsible and more disciplined. Overall, being a student banker and participating in the program has made a big impact in my life.”
— Dulce Veliz, Student Banker (2008-2009 school year), Fordham Leadership Academy for Business and Technology
Providing Responsible, Affordable Mortgages

Affordable home ownership provides families with a sense of stability and the potential to build wealth over time. And, stable, financially secure families are better able to pursue opportunities like higher education, life-long learning, and retirement.

Capital One offers responsible mortgages to low- to moderate-income first-time home buyers. We also provide programs designed to help these individuals be successful, long-term homeowners. To make possible the best options for our customers, we layer our funding with public/private partnerships that provide grants and loan subsidies to reduce the cost of a home. This helps to ensure that our homeowners are able to manage the mortgage payments. In addition, we offer education sessions taught by either Capital One associates or one of our nonprofit partners to both prospective and new homeowners that discuss the responsibilities of home ownership. As a result, the mortgages originated through our affordable mortgage program have an excellent credit performance record, even through the current challenging economic period.

Spotlight on Homeownership

In Alexandria, Louisiana, Community Development Mortgage Originator Thomas Roque changed the lives of one Capital One Bank customer and her family forever. The customer, a single mother living in public housing who worked and attended school full-time, had little hope for owning her own home. Then, she met Roque, who encouraged her to participate in first-time homebuyer seminars, which taught her how to save and prepare for homeownership. Our customer also worked with Inner-City Revitalization Corporation, a local nonprofit focused on affordable housing.

Soon thereafter, the customer was able to purchase a new home. Capital One Bank provided a 30-year fixed rate loan that included four subsidies totaling nearly $41,000. “The look in my children’s eyes when we first went to visit our new house said enough,” said the customer. “After taking homeownership classes, I learned that by purchasing a home, I would not only be investing in my future but also in the future of my daughters. By purchasing my home, I would provide my children with an example of how to obtain and maintain assets to secure their future.”

Ensuring Affordable Home Ownership

Having a safe, affordable place to call home is one of the issues community residents often face. We finance the development and rehabilitation of affordable housing in communities across our footprint, making investments in entities that specialize in the development of mixed-use neighborhoods.

Because we understand that each community is different, our affordable housing mortgage loan originators become local housing experts. They:

- Work closely with local nonprofit partners to help promote affordable housing for low- to moderate-income families
- Meet one-on-one with prospective home buyers to demystify the home buying process
- Host home-buying preparation sessions
- Source subsidies designed to reduce the cost of homeownership
Examples of our work include:

**Glenmore Grove, Cypress Hills neighborhood, Brooklyn, New York**

In Cypress Hills, home ownership for low- to moderate-income families is often out of reach. Based on 2007 neighborhood sales, the median sales price for a two-family home was $580,000 — well above what these families can realistically afford without increasing the likelihood of economic hardship or foreclosure.

Investing in Glenmore Grove, a 12-unit “green” condominium development for low- to moderate-income individuals, is one way in which Capital One is trying to help. We provided a $2.4 million construction loan and, once construction is complete, our local community development mortgage loan officer will work with prospective buyers to help prepare them for homeownership and to identify affordable mortgage products.

“Enabling home ownership gives low- and moderate-income residents a greater stake in the neighborhood, which helps the community flourish. This is an example of what the future must be.”

— Marty Markowitz, Brooklyn Borough President, speaking at the Glenmore Grove groundbreaking

**Single family homes, Baton Rouge, Louisiana**

Following Hurricane Katrina, many New Orleans residents relocated to other cities, including Baton Rouge. This influx of new residents left Baton Rouge in need of additional affordable housing for low- to moderate-income residents. Since 2006, Capital One has invested $1.8 million in permanent financing and $8.9 million in equity financing to build 60 new single family homes. These three- and four-bedroom homes are available to low- to moderate-income families with incomes at or below 60 percent of the area median income (AMI). In addition to the new homes, the development will include a community center and business center.

**Helping Shape Affordable Housing Policy**

In addition to providing construction loans, equity investments, and permanent financing to developers, we offer responsible credit products to low- to moderate-income homebuyers. Our associates also are at the table with local and state officials, advocating for and helping to shape affordable housing policies.

**In Post-Hurricane Katrina New Orleans, Louisiana**

Capital One has played a role in helping to revitalize post-Hurricane Katrina New Orleans, not only because it plays an important role in the history of our company, but also because it is one of America’s great cultural cities. On the housing front, our associates:

- Partnered with the Finance Authority of New Orleans to advocate for changes to the Federal Housing Administration (FHA) 203(k) rehabilitation product and the FHA Streamline product to ensure that they met the needs of those in hurricane-impacted areas. The resulting modifications extended the permitted rehabilitation period, extended the types of construction allowed for the 203(k) product, and increased the dollar limit for the Streamline product for the entire Gulf Coast Region.

- Advocated for increased housing subsidies from the City of New Orleans for amounts ranging from $25,000 to $50,000 for low- and moderate-income homebuyers due to an increase in housing and insurance costs related to Hurricane Katrina
• Partnered with the Finance Authority of New Orleans to develop a modified bond program that provides mortgage subsidies of up to $75,000 per borrower

• Took the lead to redirect $75,000,000 in state funds to be used for mortgage subsidies

**In New York City**

• In 2008, Capital One provided a grant to the Association for Neighborhood and Housing Development (ANHD) to support the preparation of a study to explore policy options and financing mechanisms that could achieve permanent affordability in newly constructed subsidized housing in New York City.

The resulting report, titled “Roadmap to Permanent Affordability: Analysis, Observations and the Future of Subsidized Housing in New York City,” asserted that a rigorous asset management infrastructure is a pre-requisite for permanent affordability. As a result, the then New York City Housing Commissioner Shaun Donovan led his agency to build out its asset management capacity for improved oversight and compliance for affordable housing.

• In 2009, Capital One underwrote a national conference that brought together 60 housing officials, policy experts, practitioners, and advocates from several major cities to discuss workable permanence measures and advocacy strategies.

In their remarks to conference attendees, both New York City Housing Commissioner Rafael Cestero and the President of the Housing Development Corporation identified the need to preserve rental housing for low-income New Yorkers as a top priority. Commissioner Cestero confirmed that New York City is actively exploring a path to permanence and credited ANHD with providing vital groundwork on key details and creating a sense of urgency for this policy shift.

**Ensuring Affordable Rental Housing**

For some low- to moderate-income families, homeownership is a goal that will take time to achieve, while others simply are not interested in owning a home. These families require safe, quality, affordable rental housing. At Capital One, we make investments to develop and rehabilitate rental housing in communities throughout our footprint. These developments include:

Sunlight Manor, Beaumont, Texas before and after renovations.
The Overlook at Oxon Hill, Washington, D.C.

Located in the Washington Highlands neighborhood of Southeast Washington, D.C., this 12-story, 316-unit building for working families and seniors is a critical step in the ongoing revitalization of the city’s Ward 8 section, and replaces Parkside Terrace, which was closed in 2005 because it was a major source of crime in the neighborhood.

Capital One was a tax credit equity investor and has committed to invest $25 million through the purchase of a limited partnership interest. Chevy Chase Bank also participated with Union Bank in providing construction financing for the development.

Developed by the Community Preservation Development Corporation, a Washington, D.C.-based nonprofit affordable housing developer, this rehabilitated complex opened in October 2009. It has over 13,000 square feet of community space, including reading rooms on each floor, a community room, a computer learning center, exercise facilities, a credit union, sundries store and beauty salon. Each apartment has Energy-star rated appliances, low-flow faucets and other energy-saving features in addition to high-speed Internet access.

The Fortune Academy, Manhattan, New York

Located next to the successful “Castle” development and not far from Capital One Bank’s West Harlem branch, this 114-unit multi-family facility will provide housing and social services for low-income residents, as well as individuals who were either formerly homeless or incarcerated.

Capital One’s participation in this development which is part of our ongoing commitment to help make affordable housing more available to those who live in New York City, included a construction bond credit enhancement and a tax credit equity investment for this development. The project is heavily subsidized, garnering support from various state, city, and local sources.

The development is the vision of the Fortune Society, a nonprofit organization devoted to serving and advocating for individuals exiting the criminal justice system. This organization’s mission calls for a combination of housing and social services to help provide its clients with a seamless transition from incarceration to permanent housing in the community. Fortune Society selected the Jonathan Rose Companies, a national developer known for building “green” affordable housing projects, to partner in the development.

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In addition to the special attention paid to creating community spaces within the building, the developers have instituted an unusual tenancy mix for this type of project and a first for the Washington, D.C. area: low-income senior citizens (those aged 62 and older) share the building with moderate-income working families. The senior units are on the lower seven floors, while the family units are on the top five floors. There are dedicated elevators to each section, meaning that seniors and families have separate elevators serving their respective section of the building.

All rental units are eligible for Section 42 tax credits and are rented to households with incomes at or below 60 percent of the median income. In Washington, D.C., 60 percent of median income is approximately $40,000 for a family of four. All 181 senior units and 20 of the family units will be subsidized by a Project-based Section 8 Voucher Contract meaning families pay no more than 30 percent of their income for housing costs.

**Sunlight Manor, Beaumont, Texas**

Capital One provided $5.8 million in low-income housing tax credit equity, a $2.6 million construction loan, and a $2.2 million permanent loan toward the financing of this 120-unit garden style apartment complex. The apartments will rent to low- and moderate-income families at 50 percent or 60 percent of the area median income (AMI). The property management company will provide residents with various services including GED training classes, after school programs, computer-based training opportunities, and notary services. The clubhouse will have an exercise room and computer lab. A bookmobile is scheduled to make regular visits to the complex.
Chapter 2: Helping Small Businesses

Small businesses are the cornerstone of any community. They provide employment opportunities, spur economic growth, and help to sustain the sense of well-being.

Capital One Bank remains at the forefront of helping the small businesses in our communities to achieve their financial objectives. We provide innovative products and superior service, and continue to be committed to finding innovative solutions to increase lending to these businesses. In fact, during the credit crisis, our loan approval rate increased, which allowed businesses to remain open.

Additionally, our teams have spent time with small business owners, listening to their needs and identifying opportunities to explore innovative solutions to help support the recovery of the small business sector. We have also spent time with both state and federal officials identifying opportunities to develop responsible lending strategies and to stimulate lending.

In 2009, Capital One’s support of small businesses included:

- Hosting approximately **135 seminars** focused on building small business management skills hosted with nearly **2,700 small business owners participating**
- Referring over **400 small businesses to alternative lenders** through the Second Look Program
- Supporting small businesses by providing **$2 million in grants, loans, and investments** to 55 nonprofits involved in micro-enterprise development — over two-thirds of which are women and/or minority-owned businesses
Helping Washington, D.C. Help Small Businesses

In late 2009, Capital One was invited to participate in the Obama Administration’s Forum on Small Business Lending. Bob Kottler, Capital One’s head of Small Business Banking, represented the company and joined the discussion to identify the needs of small business owners during these challenging economic times and to generate recommendations for improving the small business lending environment. Among the recommendations Capital One shared were:

- Ways to make Small Business Administration (SBA) programs more accessible to small businesses
- Streamlining requirements for existing loan programs
- Enabling the refinancing of debt on owner-occupied commercial properties

Second Look Program

In today’s economic environment, securing funding to open or expand a business is often difficult, even from the neighborhood bank. And, for small businesses that are very small in size or that don’t have a proven track record it is nearly impossible. Those are exactly the small business owners we at Capital One want to help — even when our own underwriting guidelines don’t allow us to provide funding.

Started in 2007, our Second Look Program connects these non-bankable small business owners with a select group of nonprofit, community-based lenders in our local markets such as ACCION USA, ACCION Texas, People Fund, and SEEDCO Financial Services. When we are unable to make a loan, but recognize potential in a business, our associates can refer the owner to those lenders for a “second look.” These alternative lenders may be able to provide reasonably priced alternative financing and business management counseling. We have referred over 1,000 small businesses to our nonprofit partners since 2007.

Spotlight on Small Business Ownership

Being an entrepreneur and starting a business is a journey that takes persistence and determination — and, help from many sources.

After working as employees of an East Village cheese shop, two former Buddhist monks had the chance to buy it in 2005. Because they didn’t have a long credit history, they first negotiated a five-year loan to buy the shop. The Business Outreach Center Network (BOC), a nonprofit Community Development Finance Institution (CDFI) which specializes in lending to small businesses that would not qualify for funding from a traditional bank, provided a $25,000 loan for the initial down payment for that loan.

BOC, which is one of the local nonprofits that Capital One partners with in New York City, also provided the men with counseling to help them better manage their finances and build their credit scores. By early 2009, they felt ready to seek financing to own the store in full. With the help of BOC, they approached Capital One Bank. We provided a $350,000 loan and BOC provided a $50,000 loan.

“The proprietors of the East Village Cheese Shop worked with our community partner BOC, and we clearly saw the strength and vibrancy of this neighborhood business that is such an important part of the East Village,” said Richard Schnapper, Senior Vice President, Capital One Bank. “Capital One Bank continues to see good lending opportunities and a demand for specialized products and services in the region.”
Supporting Community Development Finance Institutions (CDFIs)

CDFIs specialize in lending to small businesses that don’t meet the underwriting standards of large banks. Because we understand the unique role that these organizations can play in helping small business owners build viable businesses, Capital One provides low-interest, flexible loans to help capitalize small business loan funds through our CDC North. We have provided loans to several of our Second Look partners, including ACCION USA, ACCION Texas, Seedco Financial Services. In addition, we provide support to Opportunity Finance Network, the national trade association for CDFIs.

Helping Business Owners Increase Their Business Skills

In addition to access to credit and loans, we also believe that in a tough business environment, small business owners need guidance, support, and recommendations on small changes that will affect noticeable improvements in their bottom line. We partner with local nonprofits to connect small business owners with experts who can help them:

- Fortify their business plans
- Streamline their operations or infrastructure
- Find innovative solutions to strengthen their overall businesses

Partnership with the Business Outreach Center (BOC) Network, New York City

Sometimes all budding entrepreneurs need is a guide — someone who understands their situation and can help them develop their business skills. Working with the Business Outreach Center (BOC) Network in New York City, Capital One has helped those interested in starting child care businesses to learn the ins and outs of managing a business. With this knowledge, these residents are able to become self-employed and to create new jobs in the neighborhood.

Known as the Child Care Business Development Program, the course provides 56 hours of intensive business training and access to one-on-one counseling, primarily to low-income women. In the fall of 2008, BOC Network and Capital One, working in partnership with the Cypress Hills LDC and associates in the local Capital One branch, brought the program to the Cypress Hills neighborhood of Brooklyn, New York. Associates assisted in the planning and outreach for the program and helped conduct a portion of the entrepreneurial training.

“The Child Care Business Development Program gave me the foundation and confidence to move forward. It showed me how to put everything together to have a successful business.”

— Afi Washington, a new child care business owner in Cypress Hills

Graduates of the Childcare Business Development Program celebrate their accomplishment.
Micro-business Incubators

Studies have shown that companies fostered within incubator programs typically have much higher survival rates than other fledgling firms. Capital One Bank is finding innovative ways to help new small business owners gain the skills and resources necessary to run their businesses effectively.

Since 2006, our associates have forged relationships with over 50 organizations that support small businesses. And, we have provided grants to help those organizations achieve their missions of providing technical assistance and business management guidance to small businesses. In 2009, Capital One provided nearly $1 million in grants to these types of organizations and has consistently worked with them to develop micro-business incubators to help business students, budding entrepreneurs, and small business owners develop their business management acumen and skills.

Some examples of business incubators Capital One has helped implement:

LaGuardia Community College Design Center, Long Island City, New York
Capital One collaborated with NY Designs, a local nonprofit, and LaGuardia College in Long Island City, New York to develop the city’s first micro-business incubator for student designers.

Our associates work together with LaGuardia’s Small Business Development Center staff to provide information and training on a range of business topics, including how to apply for funding, create a business plan, market products, and network to develop key relationships. The students receive rent-free studios, counseling on managing their specific business, and shared administrative resources to help them deliver on their visions.

Baton Rouge Community College, Baton Rouge, Louisiana
The Small Business Training Center Student Incubator Project at Baton Rouge Community College is designed to help young people with a vision to own their own business the chance to develop their business management skills. The five-month program provides training on how to develop a business plan, a marketing plan, and expansion plans; peer-to-peer mentoring and support; office space; and services such as basic utilities.

Capital One Campus Entrepreneurship Challenge, Hofstra University, Uniondale, New York
In 2009, Capital One partnered with Hofstra University to develop the Capital One Campus Entrepreneurship Challenge to provide students in Uniondale, New York hands-on business training and a lecture series that promotes the importance of entrepreneurs to the community.

Richard Hayes, an assistant business professor at Hofstra who heads the Capital One Campus Entrepreneurship Challenge, said he came up with the idea for the students to run businesses because reading case studies can be dry. The challenge combines the hands-on business training with a lecture series that provides understanding of the importance of entrepreneurs in the community, and how small businessmen and women are the basis for local economies.

As part of the Challenge, Hofstra University and Uniondale High School students formed three teams to operate businesses — designing and selling T-shirts, running a game room at the high school, and offering tutoring services. Capital One provided each team with seed money to start the business and pay for equipment and material. In addition, Capital One associates served as mentors for the teams,
acting as a de facto Board of Directors to them. These associates also provided guidance on business plan development and perspectives on how to handle business management issues such as cash flow projections, profit margins, customer service, and the overall product development process.

“As a local bank, we are committed to investing in Long Island and helping our community to grow and thrive. Unique partnerships like the one between Capital One and Hofstra University give us the opportunity to promote entrepreneurship at both the high school and college level, which will make a difference to our youth, the families that reside here, and the communities across Long Island that are so important to our future.”

— Andrew F. Corrado, Nassau County Market President

**Mentoring Programs**

At Capital One, we’re always looking for opportunities to share the talents of our associates with our communities. Through our small business mentoring program, our associates make a one-year commitment to serve as mentors to small business owners in their communities. During their mentoring sessions, associates provide guidance on business fundamentals such as planning and management as well as in their area of professional expertise such as marketing, human resources, or information technology.

**Other Learning Opportunities**

Because we’re committed to helping small businesses succeed, we partner with local nonprofits to connect small business owners with experts who can help them tighten their business plans, strengthen their operations or infrastructure, and find innovative solutions to strengthen their overall businesses. Here are some examples of how we’re supporting business owners through learning opportunities:

As part of our mentoring program, Capital One associates help small business owners with their business plans, networking, and marketing strategies.
“Surviving Tough Times” Seminar – Texas
Taught in both English and Spanish, Capital One partnered with SCORE to deliver a seminar designed to help business owners better understand the economic downturn and help them identify ways in which they can fortify their businesses to weather the storm.

“Successful Business Practices for Entrepreneurs” – Louisiana
Capital One partnered with Delgado Community College, the largest community college in Louisiana, to offer a 10-course series designed to help budding entrepreneurs learn about all aspects of business ownership.

“Small Business Basics” – New York and New Jersey
Capital One associates, in partnership with local nonprofits, developed and delivered this seminar to aspiring local business owners. It provides an overview of the fundamentals of owning and operating a small business.

“Getting Down to Business” – Houston, Texas
Capital One partnered with ACCION Texas to design and deliver a course for small business owners in low- to moderate-income communities. As part of the course, Capital One associates helped the business owners gain a better understanding of a wide variety of topics related to running a business including credit, budgeting, marketing, building business plans, financing options, using technology effectively, networking with peers, and securing insurance.

“The knowledge, information, and assistance I received through the “Getting Down to Business” seminar went far beyond my expectations. Every instructor showed their determination to see us succeed. I used everything I learned, and have been able to launch my business by acquiring my first small business loan through ACCION Texas. It was a great year for me and I owe it to the Capital One Bank “Getting Down to Business” program.”

— Veronica Montgomery, owner of The Chili Shak in Houston, Texas

Upon graduation from the course, the business owners received a 4 to 1 match on their savings from Capital One, meaning that they were eligible for up to $4,000 in a match grant. They also received a $500 gift card from Office Depot and a one-year membership in the African American Chamber of Commerce.

“Connections” Webinar
In conjunction with National Small Business Week 2009, Capital One’s Small Business team produced a live streaming video webinar designed to connect small business owners across the country with a panel of experts from Capital One, the Better Business Bureau, the U.S. Chamber of Commerce, and other partnering organizations. The discussion centered on essential tips and best practices to help maintain and grow a business in a down market.
“My relationship with my Capital One mentor has been a good one. He has been very helpful and responsive to every question I have presented. I look forward to continuing the relationship and using this great program as my business grows. Capital One’s M/WBE Mentor Program should be the benchmark for all major corporations who are interested in assisting the growth and development of historically underutilized firms.”
— Lo Davis, Mentee, President, Five Star Industrial and Business Supply

Supplier Diversity
At Capital One, we believe that diversity enhances the fabric of both our company and our communities. Diverse communities have stronger ties among all who live and work there and foster an environment where innovation can happen. And, for Capital One, including a diverse set of suppliers in our workplace can lead to more robust products and services.

We strive to create mutually beneficial relationships with minority- and women-owned businesses and look to include these businesses in every sourcing opportunity where possible. Because we also want to help these businesses thrive, we look for opportunities to help them build their business skills and make connections in the community. Examples of our work include:

**Capital One Diverse Supplier Mentoring Program**
As part of this program, Capital One associates offer guidance in their areas of professional expertise to minority- and women-owned business owners. Over the past three years, over 35 diverse suppliers have participated in our mentoring program.

**The Women Presidents Education Organization’s Matchmaker and Networking Program – Richmond, Virginia**
Capital One and The Women Presidents Education Organization hosted an event at our Richmond campus designed to bring together women-owned firms with area companies in order to connect small businesses with procurers of goods and services as a way to help the small businesses generate new leads.

Our Supplier Diversity program has received several awards. For example, from the Virginia Minority Supplier Development Council (VMSDC), which is a statewide agency that seeks to match companies with certified minority suppliers on its roster, we have twice received their “Raising the Bar Award” and most recently received their “Lasting Impression Award.” This award recognizes a corporate member for outstanding professional image related to Supplier Diversity as exhibited in the business community.

See also information on Capital One’s Second Look Program.

Capital One associates serve on the Board of the Maryland/Washington, D.C. Minority Supplier Development Council, and participate in the National Gay and Lesbian Chamber of Commerce and the Bank Diversity Council.

“Capital One sets high standards for its suppliers, then creates innovative programs and processes to ensure minority suppliers have an opportunity to meet and exceed those standards when competing for its business.”
— Tracy G. Jeter, President and CEO of VMSDC
Chapter 3: Investing for Good

At the heart of Capital One’s philanthropic and associate volunteerism program is the vision we have for each community where we live and work — neighborhoods that are vibrant homes to successful people and businesses. It is this vision that engages our associates in our communities, building relationships, listening for the greatest needs, and investing both our company’s resources and the talents of our associates in innovative programs and partners. All done with the steadfast belief that we can help bring brighter futures within reach for community residents.

Our approach to philanthropy and volunteerism is designed to balance the needs in the community with the strategic direction of our business, with a goal of fostering the economic vitality of our communities. We believe that economic vitality can be greatly enhanced when residents have access to quality education and financial literacy skill building programs, and when we support programs and partners that focus on community development.

Comprehensive Partnerships

Our support for community-based organizations is holistic. Our approach includes not only corporate giving, but the provision of a comprehensive mix of resources and opportunities to each partner nonprofit to create measurable community impact, including:

• Executive participation on the nonprofit’s board
• Pro-bono consulting services
• Hearts and hands “volunteers”
• Teaching financial education
• Media exposure

In 2009, Capital One’s philanthropy and volunteerism efforts included:

• Capital One associates gave **84,500 hours** of their time to company-sponsored activities.
• Of those 84,500 hours, associates taught **24,000 hours** of financial education.
• Capital One associates donated more than **$2 million in professional services** to nonprofit organizations through our pro bono volunteerism program.
• On our annual All-Associate Survey, **81 percent of Capital One associates** reported that they “feel good about the ways in which Capital One contributes to the community.”
In choosing where to invest our philanthropic dollars and the time of associates, we look for strong organizations with high quality, effective programs. Our comprehensive review includes indicators such as:

- A well articulated mission, vision, and values that guide the organization
- A strong board of directors and management team
- Strong results from outcomes-based evaluation and/or support and testimony of knowledgeable funding sources
- A commitment to performing on-going outcomes-based assessment
- Financial strength as evidenced by a historical record of stable, growing revenues, diversity of income sources, strong cash reserves, long-term grants and/or strong involvement by board members.

An example of our comprehensive partnership is:

**University of New Orleans, UNO Charter School Center**

Our partnership with the University of New Orleans (UNO) Charter School Center is part of Capital One’s multi-faceted long-term commitment to helping revitalize and rebuild New Orleans and the Gulf region following Hurricane Katrina. We view quality education as a catalyst for further neighborhood development.

Because research has shown that charter schools improve the academic achievement of students living in low-income New Orleans, we have provided several grants for operational support of the UNO partnership. One of our executives sits on the New Beginnings School Foundation. Other Capital One investments include:

- Capital One sponsored library READesigns in two elementary schools
- Associates taught financial literary skill building sessions for parents
- In partnership with Kaboom!, Capital One associates built a school playground
- Associates from our Brand department donated pro bono hours to help the UNO Foundation with its communications and marketing materials

**Dedicated Local Leaders**

Capital One has a deep local investment in the success of the communities in our associates and customers live, work, and learn.

**Role of Our Market Presidents**

To ensure that we never lose sight of what’s important to communities in our footprint, we’ve asked some of our senior banking executives to serve in a unique role — to spend a great deal of time talking to residents, local and state officials, local nonprofits, and our own associates so they may become experts on the communities in their respective regions. Using the information gained from these relationships, our bankers help to ensure that we invest our resources in programs and partners that will make a tangible difference in helping to build our business and our communities.

Our Market Presidents also serve as:

- Advocates for customer concerns, and issues and are empowered to quickly address issues
- A bridge between local, state-wide, and national associate teams; organizing and mobilizing volunteer teams; and helping drive morale, community involvement and team spirit in the local area
- Liaisons with their local executive teams and local nonprofits to provide grants to organizations in their communities
Board Leadership Program

We further our commitment to help our nonprofit partners increase their capacity to serve our communities with our Board Leadership Program. Capital One executives volunteer to serve on the boards of nonprofits where they apply their business acumen and leadership skills to help organizations strengthen infrastructure and effectively fulfill their missions. In return, our executives gain professional development opportunities and increase their networks. Our company also benefits as these executives build increasingly deep, trusting relationships in the community.

In order to equip our executives for excellent service, we provide them with tailored training sessions on nonprofit governance. These sessions provide executives with knowledge and tools that will help them make a difference at a deeply local level.

In 2009, about 29 percent of the company’s executives at the Vice President or above level served on a nonprofit board.

“Banking is a relationship-focused business. Whether we’re working to meet the needs of a community or an individual customer, relationships and personalized service are key. Our Market Presidents play a critical role in overseeing and coordinating company resources to help ensure that we’re making a meaningful contribution to our local communities. They are here to bring local experience and banking expertise to the table and ensure that the local community knows that, at Capital One, they have a banker they can trust to provide the support they need.”

— Lynn Pike, President, Capital One Bank

Engaged Associates

Our volunteer programs support our company’s strong commitment to community service and volunteerism. Our volunteer programs support our company’s strong commitment to community service and volunteerism. They also provide our associates, who are passionate about giving back, with a number of ways to get involved.

Hands-on Involvement: Our Associate Volunteer Programs

Since the earliest days of Capital One, our associate volunteers have been active in our communities, working side-by-side with our nonprofit partners to make a difference. Every day they demonstrate their personal commitment, engaging in a variety of company-sponsored volunteer activities that help brighten lives and show residents that we care.

Because volunteerism is such an integral part of our culture, Capital One has a flexible work arrangement policy that allows associates to take time off during the work day to participate in a company-sponsored volunteerism activity. In addition, within our lines of business, associates eagerly substitute holiday parties and other types of team building exercises in favor of participating in volunteer activities.

In 2009, our associates volunteered 84,500 hours of their time through company-sponsored activities and events. These activities took place in 31 different cities across the country and involved working with 1,233 different nonprofit organizations. And, on our annual associate survey, 81 percent of associates reported that they feel good about the ways in which Capital One contributes to the community.
We were honored to be one of five U.S. corporations awarded the 2009 Points of Light Corporate Engagement Award for the quality of our associate volunteerism programs awarded by the Points of Light Institute.

“It is truly inspiring to see the new threshold of creativity and innovation that corporations and businesses are applying to their corporate volunteer engagement initiatives. They are bringing a new, more integrated strategic approach to how they invite and support their employees to use their skills to make a difference in communities.”

— Michelle Nunn, CEO of Points of Light Institute and co-founder of the HandsOn Network

At Capital One, we’ve designed a comprehensive associate volunteer program that provides our associates with a variety of activities that allows them the flexibility to participate in ways that best suit them. Our program includes:

**Pro Bono Volunteerism**

Capital One was founded on a simple principle: recruit great people and provide them the opportunity to be their best. Plain and simple — great people make our company work. Because we believe so strongly in the professional talents of our associates, we created a way to share their talents with our nonprofit partners as a way to maximize their ability to serve our communities. At the same time, our associates experience professional development and personal growth opportunities. In 2009, nearly 90 percent of managers surveyed reported that participation in the pro bono program helped associates enhance their leadership skills.

To date, our Pro Bono Program includes associates from our Brand Marketing, IT, HR, Finance, Legal, and M&A departments. In 2009, these associates contributed more than 3,500 hours, worth approximately $2 million, through 84 projects with 59 nonprofit partners.

“The Pro Bono Volunteer program allows me to use knowledge I’ve gained throughout my career and apply it in a different way. It’s great to be able to use our day-to-day skills differently and to see how much of a benefit that is for the nonprofit. It makes me feel good to work for a company that values my abilities and also encourages me to share my skills in the community.”

— Meredith Davis, Capital One associate

**Community Corps Councils**

As members of the communities in which they live and work, our associates are able to provide a wealth of information about the business and social needs of their communities. Therefore, we’ve established local Community Corp Councils (CCC) comprised of associates who have a passion for volunteerism in each of our markets. In addition, the National Community Corps Council, comprised of representatives from each local Council, provides the strategic direction for events including our annual Literacy Celebration and Holiday Outreach activities.

These associates identify, organize, and implement volunteer activities designed to meet the specific social needs of their communities and to have an immediate impact therein.

**Celebrating Capital One Volunteers**

We’ve seen first-hand the positive impact that our culture of giving back and our flexible volunteer program offerings have on associate morale. For example, in 2009, 81 percent of associates reported feeling good about the ways Capital One contributes to the community.
Capital One’s leaders are proud of the commitment associates make to their communities and wanted to find a way to recognize the work they do. Our Capital One Volunteer of the Year Award, which is awarded as part of our National Volunteer Week celebration, is given to the associate and team who best embody our corporate Values and who have done outstanding work to strengthen our communities.

**Team Volunteer of the Year**

Our 2009 Capital One Team Volunteer of the Year award was presented to the Enterprise Risk Management team (Clint Kelly, Christy Lindvall, Dorothy Owens, Wendy Rainville, Elwood Thomas, Greg Cohen, and Kenny Yu), which performed volunteer services at Miles Jones Elementary School in Richmond, Virginia. The team adopted the school, where more than 80 percent of students are eligible for the free- or reduced-priced lunch program, focusing on two goals:

- providing for students
- addressing core needs of the administration

Using this approach, the team donated books and computers, mentored students, restored school facilities and grounds, and taught financial education. In addition, the team provided ongoing support of the Communities in Schools initiatives.

In addition to the school partnership, the team embedded a culture of volunteerism within their department, through holiday outreach, bike builds and other team events in Richmond and Northern Virginia. These efforts benefited the Salvation Army, Habitat for Humanity and the Food Bank Community Kitchen — to name a few. Overall, the team donated nearly 1,600 hours of time to the local community.
Focus on Financial Literacy and Education

Capital One believes that having access to a quality education and having financial literacy skills are important foundations for helping our children build successful futures. Our philanthropic and volunteerism programs focus our resources on making a difference in those areas.

Encouraging a Love of Learning

A quality education is one of the most important determinants of future success for children and youth, and financial literacy and money management skills are crucial building blocks for economic success. These are the reasons that we support academic achievement from pre-school through college and invest in programs that prepare young people for a love of life-long learning and economic self-sufficiency.

Examples of our work include:

**The Heart of America Foundation**

Having the ability to read is a key life skill, and helping to instill a love of reading at an early age is one of the focuses for Capital One’s philanthropy and volunteerism programs. Reading can open a child’s eyes to a world beyond the one in which they live each day, encouraging them to dream new dreams for themselves. We work with The Heart of America Foundation to support a variety of literacy programs and activities. For example, each March, as a part of Literacy Month, our associates hold book drives, volunteer to distribute books, and read to children at local schools.

Through The Heart of America Foundation READesign™ program, we apply a portion of our philanthropic dollars and the talents of our associates to transform school libraries into vibrant environments — environments that encourage students to visit, explore, and read the books found there. As part of these READesign efforts, our associates repaint walls, add colorful art, replace old furniture with new, and restock the library shelves with new books, including books that teach money management skills.

In 2009, Capital One completed four READesign projects and one Reading Corner in local elementary schools in our footprint. Altogether, since 2006, we’ve completed 14 READesign projects and one Reading Corner.

In addition, between 2003 and 2009, with help from The Heart of America Foundation, we’ve distributed more than one million books, valued at approximately $8.63 million, to nearly 399,000 children through the READesign program and other literacy and education-related activities.

**Helping Equip Smart Money Managers**

At Capital One, we want to help members of our communities, of any age, to be smart money managers. Our goal is to help take the mystery out of managing money, and increase skills related to setting financial goals, establishing and maintaining good credit, and rebuilding credit if things go off track.
Reading to students at local schools is one way in which our associate volunteers get involved.

Working with The Heart of America Foundation, associates READesign school libraries and provide new books to students.

Our approach is based on our belief that having a thorough understanding of financial matters helps consumers make better decisions about their personal finances, and that savvy consumers are good for community businesses, including ours. Accordingly, we’ve forged innovative ways to teach the basics of money management to both students and adults, using interactive experiences and engaging materials to help increase their financial literacy skills. Here are some examples:

**Financial Education for Elementary School Students**

KidzBANK is an interactive experience for elementary school students that introduces them to banking and teaches them the importance of developing a savings habit. Students learn banking basics through a school-based, student-operated “bank branch” under the guidance of their teachers and local Capital One branch associates.

In 2010, in addition to serving students in Louisiana and Texas, Capital One will pilot KidzBANK in six schools in New York (in Suffolk County, Brooklyn, and Staten Island) in partnership with five local branches.

“Students can be adults for a day. The program teaches them financial literacy through invaluable experiential learning. Thanks to this incredibly generous gift from Capital One, more middle school students will have first-hand experiences that will help them in all aspects of their lives, and help prepare them for the world.”

— Sean Rush, President and CEO of JA Worldwide
The Capital One/Junior Achievement Finance Park, a mobile classroom where students learn financial literacy skills, visited 14 Capital One communities and served nearly 20,000 students in 2009.

Financial Education for Middle and High School Students

Since 2006, Capital One has partnered with Junior Achievement Worldwide (JA) to bring financial education to students across the country — more than 33,000 students to date. Together, we created the Capital One Junior Achievement Finance Park™, which is an innovative mobile financial literacy program that teaches the tenets of money management to middle and high school students.

Following four weeks of in-class lessons, students visit a mock city where they become “adults for a day,” developing and managing a budget and making financial decisions as they encounter real-life situations. Capital One’s support of this initiative includes a philanthropic commitment of $8 million since 2006, and our associate volunteers staff the mock city and serve as mentors to the students as they complete the experience.

In 2009, we proudly partnered with Junior Achievement of the National Capital Area (JANCA) to break ground on a permanent Finance Park facility in Fairfax, Virginia — the home of our corporate headquarters and one of the largest counties in the state, which means we have the opportunity to reach many more students to instill important financial literacy skills.
“The ability to manage personal finances is a critical life skill that all students should learn. With the support of Junior Achievement and Capital One, students will be able to visit this new facility to gain hands-on experience in managing money, paying bills, and saving for the future. We appreciate their support and this contribution that will help prepare our students to be financially literate.”

— Jack D. Dale, Superintendent of Fairfax County Public Schools

As a result of our innovative work done in partnership with JA, Capital One was honored to receive the first U.S. Chamber of Commerce’s “Corporate Citizenship Partnership Award.” In 2009, JA honored Capital One with its Gold Presidential Service Award, which recognizes a JA partner for outstanding levels of volunteer service.

Financial Education for Teens and Adults

In 2001, Capital One and Consumer Action, a consumer education and advocacy group, partnered to develop MoneyWi$e, a first of its kind personal financial education program. MoneyWi$e offers free materials available in a variety of different languages to anyone looking to learn more about money management. To date, we’ve partnered to produce 12 modules on topics such as banking basics, money management, building and maintaining good credit, rebuilding tarnished credit, saving, wealth management, keys to homeownership, micro-business basics, identity theft, elder fraud, and tips for talking to teens about money. All of the modules are available on the MoneyWi$e Web site, www.money-wise.org.

One of the main objectives of MoneyWi$e is to deliver financial literacy training where it is needed and to ensure that it is used effectively to change behaviors. The program also provides training to staff of local organizations so that they in turn are equipped to provide financial literacy training to their constituents, especially those in low- to moderate-income communities. We believe that by combining Consumer Action’s network of more than 10,000 community-based organizations with Capital One’s associate volunteers to provide these training sessions, we’ve together created a powerful outreach engine that has, to date, reached more than 3.7 million consumers.

To further increase the reach of the MoneyWi$e materials, in 2008 Capital One and Consumer Action partnered to develop MoneyWi$e Online, a set of interactive Web-based tools, tips, and resources for consumers seeking to increase their financial literacy skills. To access these online materials, visit www.capitalone.com.
“Capital One’s approach to working with the community — based on an understanding of the great value they can offer by leveraging the same capabilities that have made them a successful business — is unique among corporations. By bringing to bear not only their financial resources, but their talented people and business expertise, Capital One has generated profound, positive outcomes for Consumer Action, our community partners, and their clients.”

— Ken McEldowney, Executive Director of Consumer Action

Philanthropy Grants and Partnerships

At Capital One, one of our goals is to help strengthen our communities by working with local partners to help address the social needs of residents. Our grant-making program allows us to extend our reach and impact in a community through dynamic partnerships with local nonprofits that have implemented innovative programs to help residents bridge the gap between their current circumstances and their dreams.

As in other aspects of our community programs, our grant-making program focuses on supporting nonprofits that:

• Are deeply involved in delivering education and financial literacy programs
• Make an impact through community development programs

In addition, because part of our approach includes being a responsive community member, Capital One also supports important neighborhood efforts through grants made by our Capital One Foundation, Market Presidents Network, and associate diversity networks.

Partners in Excellence

Our Partners in Excellence program is a grant-making strategy designed to provide intensive support over multiple years to nonprofit organizations that demonstrate innovation in their field and the ability to take their services to scale in local communities. Capital One serves as the convener, funding agent, and catalyst for collaboration and connectivity for our grantee partners. We also provide integrated services and resources such as:

• Executive board member placements
• General and pro bono volunteers
• Board member training
• Outcomes and evaluation training
• Financial education resources
• The services of Innovation Network, an external consultant that assists the organization with strategic development and growth, specifically in the areas of programmatic evaluation, technical assistance, and strategic management

We launched the Partners in Excellence Program as a pilot in 2007 in our Mid-Atlantic region with a $1.5 million investment in 12 grantee partners in the Washington, D.C. area. Since then, Capital One has given over $4.2 million in contributions and more than $200,000 in pro bono services to these 12 grantee partners.

Examples of the work we’re doing under the Partners in Excellence Program include:
**Latin America Youth Center – WISE (Workforce, Investment and Social Enterprise) Program**

The WISE program provides job readiness and life skill training, job development and support services to at risk youth to enable them to become productive, confident, employed adults. Capital One's support provides services for 200 low income, immigrant and minority youth in Washington, D.C. who:

- Have dropped out of school
- Have completed high school but lack the skills to be employable
- Are underemployed

The program empowers youth to reach their full potential through job training, education and support services and opportunities that lead to employment, GED attainment and or college enrollment.

To date, Capital One has given $675,000 in funding to support the Latin America Youth Center – WISE Program. Our associates have provided pro bono services and general volunteer support and one of our executives serves on the board of directors and chairs their annual fundraising dinner.

**Higher Achievement, Washington, D.C.**

Higher Achievement is a nonprofit organization that provides middle school children from underserved areas year-round academic enrichment programs and preparation for top high school placement. Since 2004, Capital One has provided $440,000 to support the organization’s programs, including the After-School Scholars Program and the Summer Achievement Program. Our investment helps Higher Achievement serve approximately 400 students each year through these programs, instilling in them the principle of academic rigor and helping them see the benefits of education.

We also donated in-kind technology to the Achievement Center’s computer labs, a Capital One executive has served on the Board of Directors, and associates from our Brand and IT departments provided pro bono support.

**Goodwill of Greater Washington, D.C.**

Goodwill of Greater Washington’s mission is to educate, train, employ and place people with disadvantages and disabilities, creating a stronger workforce and a more vital community while building dignity for the people served through the removal of barriers to personal success.

Since 2005, Capital One has provided funding to support initiatives such as the Goodwill Campus in Arlington, Virginia workforce development program for low-income individuals with disabilities, and organization capacity building. In 2010 Capital One will provide funding to support the expansion of Goodwill’s retail stores to increase capacity for workforce development programs and employment opportunities in Goodwill stores.

In addition our associates provided pro bono volunteer services including an IT assessment which resulted in a comprehensive strategic IT plan for local Goodwill stores and the decision for Goodwill to hire a CIO. Associates from our Environmental Sustainability Office and local Virginia Green Teams partner with Goodwill to offer technology recycling in support of Earth Day.
Northern Virginia Family Services (NVFS)

Northern Virginia Family Services serves to empower individuals and families to improve their quality of life, and to promote community cooperation and support in responding to family needs. Additionally, NVFS’s Credit Counseling programs provide counseling services and debt management resources to low-moderate income individuals.

Since 1999, Capital One has providing funding in support of various programs, including the Training Futures Workforce Development Program, Credit Counseling Program, Road to Independence Sponsorship Gala, and annual CARE awards. We also support the organization with general associate and pro bono volunteer services (IT and Brand) and a Capital One executive has served on the Board of Directors of NVFS.

We are in the process of evaluating the Partners in Excellence model to determine how to best implement it across our footprint, thereby continuing to partner with and support high-quality, results-driven organizations.

Capital One Foundation

Research shows that coordinating community wide solutions maximizes outcomes for programs and the communities they serve. We believe a coordinated investment in both community development and academic achievement has the potential to reverse the downward spiral of intergenerational poverty.

Because we believe that the two fields and their goals are interconnected, the vision of the Capital One Foundation is to invest in partners who demonstrate a commitment to both improving academic achievement and building
strong communities. We work with strong, smart organizations who want to break down silos and find creative solutions to the complex problems of their communities. We also believe that one of the most important roles we can play is to connect organizations actively working to address these issues, helping them to incubate solutions, share lessons learned, and create a network of experts for them to use as they scale their programs. As they work to find effective practices that bridge the gap between traditional economic and community development and educational achievement, they will be more efficient and effective in building community practice. We call this emerging field “education-centered community development.”

Organizations that receive Foundation grants meet the following criteria:

- Have integrated services, with a focus on community strengthening and youth development
- Demonstrate continuous improvement through outcome measurement and applied learning that informs effective practice

**Education-Centered Community Development**

To deliver on this vision, the Capital One Foundation has invested in four program models to learn how they can both achieve more efficient academic outcomes and change their communities at the same time. The four programs are:

- **National Academy Foundation – Dallas and Houston, Texas, New York City**
  This organization is developing materials, assessments tools, and supportive services for “gold standards” for paid internships for high school students.

- **New Beginnings School Foundation – New Orleans, Louisiana**
  This organization is creating the Capital One Foundation Greater Literacy Center of New Orleans, which will provide a full range of literacy and GED accreditation services to both parents of the New Orleans Charter School network students and residents in the community.

- **New Visions for Public Schools – New York City**
  This organization is engaging the community to increase student achievement in three public high schools, including a parent resource center in Community Health Academy of the Heights (CHAH), student facilitation of public conversations on pollution and global warming at the High School for Youth and Community Development (YCD), and the creation of a student-run production company at the Academy for Careers in Television and Film (ACTvF).

- **21st Century School Fund – Washington, D.C.**
  This organization is working with three public high schools in Washington, D.C. (Cardozo High School, Roosevelt High School, and Thurgood Marshall Academy Public Charter High School) to improve each school’s campus green spaces, create parent/community resource centers, and increase school and community collaboration.

The Capital One Foundation is continuing to invest in other innovative organizations.

“We are thrilled to partner with Capital One on the development of critical internship support materials and an internship assessment tool. Research shows that internships for high school students lead to positive, long-lasting effects on their earnings and family stability. Thanks to the Capital One Foundation’s support, we can extend and deepen these outcomes to more NAF students, and thereby their families and communities.”

— JD Hoye, President, National Academy Foundation
Veritas Therapeutic Services, Inc. – Harlem, New York

Educational achievement, job and career readiness training

Veritas offers treatment programs, job training, continuing education, vocational skills, and individual and family support for healthy re-entry into the community for those recovering from substance abuse and for recovering women and their young children.

With funding support from the Capital One Foundation, Veritas has:

- Furnished their GED classroom with the necessary furniture and equipment such as desks, chairs and new computers
- Funded a new job training program, which allows clients who have been in treatment for at least 130 days to hold paid positions within Veritas’ organization for three months

In addition, Veritas will use Foundation funding to expand the number of job training opportunities available to its clients. Each job training position is designed to build employable skills focused on food service, administrative, community outreach and maintenance positions.

“Veritas Therapeutic Community has received outstanding support from Capital One this year. Capital One’s grant made possible two new classrooms for low income adults working to complete their high school education. Capital One staff members also led a “Shop Your Closet” drive that provided every Veritas client with interview and work clothes for their first job after completing the program.”

— Sherry Thomas, Executive Director, Veritas Therapeutic Services, Inc.

Neighborhood Centers Inc., BEE Practical with Money Program – Houston, Texas

Financial Literacy

The “Basic Economics Education,” or the “BEE Practical with Money” program, is teaching financial literacy to approximately 420 elementary charter school students in three charter schools in Houston, Texas. Using the Practical Money Skills for Life curriculum, students are learning healthy spending, saving and giving habits with a focus on critical consumerism, thrift and altruism. As a part of the program students:

- Visit local banks, including Capital One Bank, where they are encouraged to open a personal savings account
- Earn “scholar dollars” for academic and personal achievement to be used to teach comparative shopping at the school store
- Visit Junior Achievement’s BizTown

Capital One Bank has made a $3.3 million New Markets Tax Credits investment to support Neighborhood Centers Inc. in the development of a new $15-million community center in the Gulfton/Sharpstown area of Southwest Houston. The new community center, known as the Baker-Ripley House, is designed to resemble a community village and will include an elementary charter school that will be an integral part of Neighborhood Center Inc.’s education activities. It will also include a welcome center that will house traditional community center activities such as:
• After-school and adult-education programs and accompanying childcare
• An art building
• A reunion hall for performances and group activities
• A low income community development credit union
• A business center

“We are very grateful to Capital One for underwriting the BEE Practical with Money program. The earlier we can teach our children to be informed consumers, smart savers and engaged citizens in their communities, the greater the likelihood they will grow up to be responsible, financially secure adults. BEE Practical with Money supports all three of these important traits in a fun and educational manner.”

— Pamela Sailors, Superintendent of Schools for Neighborhood Centers Inc.

DC-CAP Program – Washington, D.C.

Educational achievement, college access, and financial education

The DC-CAP College Retention Program was developed to help ensure that all students successfully complete their college education by counteracting the factors that have historically kept a college degree an illusion and not a reality. Working with the D.C. Public and charter high school systems and other local partners, their college retention efforts have yielded impressive results.

Capital One has supported DC-CAP since 2004, providing grants help the organization fund the general operating expenses of the program.

“Capital One has been more than just a financial donor to DC-CAP. Their assistance and expert guidance on the development of our branding, marketing materials, logo and PR strategy has been invaluable. We value our partnership with Capital One and know that because of their support DC-CAP is able to reach and have an even greater impact on the community and the students we serve”

— Argelia Rodriguez, President and CEO, DC-CAP

Awards and Recognition

The evidence of the difference we make in our communities is best seen in the faces of those in our communities:

• Someone who learns something new in a financial education program we helped facilitate
• A family that has access to affordable housing as a result of a deal we closed
• A child who enjoys a bright, well stocked school library as a result of a library READesign

It’s also in the faces of our associates — a look that conveys a sense of pride in how Capital One supports their communities and provides them with unique opportunities to give back by helping others in need.

And, we also are honored when our nonprofit partners and other organizations choose to recognize the work we do and the way we do it. Below are some examples of the corporate awards we’ve received:
2009 Junior Achievement Worldwide Gold Presidential Service Award: Recognized for being a JA partner delivering outstanding levels of volunteer service

Washington Business Journal's 2009 Community Impact Business Philanthropy Award: Recognized for our associate volunteer programs, including our pro bono volunteerism program, in the Greater Washington, D.C. region

State of Louisiana Board of Education 2009 Distinguished Partners in Education Award: Recognized for our significant contributions to education in the state. Capital One has been a strong supporter of charter school and other community revitalization initiatives in New Orleans and across Louisiana

2009 Suited for Change Annual Service Award of Excellence: Recognized for our support of the Professional and Career Development Program, which provides professional clothing and ongoing career education for low-income women. Our associates delivered MoneyWi$e Financial Education seminars to thousands of low-income women in the Washington, D.C. area

Fairfax County, Virginia Public School’s Blue Ribbon Award for Best Partnership Event: Recognized for our 2008 Library READesign at Glen Forest Elementary School. In addition to refurbishing the school library, Capital One associates provided 2,000 students with five new books to take home

Richmond Metropolitan Business League’s 2009 Distinguished Service Award: Recognized for community service efforts to support the small and minority business community in Central Virginia

Junior Achievement of North Louisiana’s 2008 Outstanding Business for Volunteers: Received this honor for our collaboration with Junior Achievement to help drive financial literacy among children through the Junior Achievement/Capital One Finance Park program

The U.S. Department of Labor 2008 Award for Contributions to Create a Youth Supply Pipeline: Received this award for our partnership with Year Up

Great Richmond Early Childhood Development Coalition’s 2007 Early Childhood Champion Award: Received this award for our efforts to improve early childhood education

The 2007 Greater Washington Business Philanthropy Summit Capacity Building Award: Received this award for our efforts to help local nonprofits increase their operating capacity

Corporate Volunteer of the Year Award 2007: Received this award from Junior Achievement of the National Capital Area for service to their organization

U.S. Chamber’s 2006 Corporate Citizenship Award: Capital One and Junior Achievement jointly honored with the Chamber’s Corporate Citizenship Partnership award for finding new ways to teach money management skills to more than seven million school-aged youth from low- to moderate-income families

American Red Cross 2006 Pennington Award: Received the Pennington Award from the Louisiana Capital Area Chapter, American Red Cross, for sustained meritorious financial support of the humanitarian services
**Diversity Recognition:** Received recognition for our efforts to create a best-in-class diversity organization:

- Named to Working Mother magazine’s 100 Best Companies list
- Received Conceive magazine’s 50 Best Workplaces for Prospective Parents 2009
- Ranked #76 on the 2008 Dave Thomas Foundation for Adoption 100 Best Adoption-Friendly Workplaces List
- Received 2008 Alfred P. Sloan Awards for Business Excellence in Workplace Flexibility
- Ranked #5 on Diversity Edge magazine’s list for the Best Companies for Diverse Graduates
- Ranked #46 on the 2008 DiversityInc magazine Top 50 Companies for Diversity list
- Women 3.0 Magazine named Capital One to its 2007 Top 100 Companies for Women
- Named among the “Best Places to Work for LGBT Equality” by the Human Rights Campaign (HRC) Foundation
Chapter 4: Serving Consumers Responsibly

In 2009, the recession took an enormous toll on everyone — our customers, our families, our communities, and our nation. At Capital One, we delivered solutions designed to help consumers facing challenges or those in need. Below is a list of some of the ways we sought to help:

- Developed innovative ways for Capital One cardholders to donate to their favorite charities
- Partnered with other credit card issuers to help customers who may be struggling with their debt
- Redesigned our own operations to provide consumers with more privacy and control during stressful times
- Have helped increase consumers’ awareness of the types of fraud that could occur and what to do if they become victims of fraud

As a part of our mentoring program, Capital One associates help small business owners with their business plans, networking, and marketing strategies
“Help with My Credit” Participation
In March 2009, Capital One joined forces with other leading U.S. credit card issuers and payments networks to provide a new resource for consumers who are struggling to make their credit card payments. “Help with My Credit” invites consumers who are struggling with credit card debt to call a toll-free telephone number. Operators will provide information on speaking with a customer service representative associated with their card issuer or to accredited credit counseling agencies.

Consumers can also visit www.HelpWithMyCredit.org, where they can find more information about how to manage their credit cards, communicate with credit card companies, and identify and speak with an accredited credit counselor.

Helping Consumers Be Better Money Managers
Capital One Bank associates shared their expertise in a number of financial subjects such as budgeting, mortgage foreclosure, retirement, and taxes by volunteering in several efforts to help provide consumers with financial information and financial education resources.

In New York, our associates joined others in manning telephones for Your Money Helpline, a week-long call-in opportunity organized by the Office of Financial Empowerment (OFE) that was designed to provide money management information and financial education resources to New Yorkers. The OFE is the first local government initiative in the nation aimed expressly at educating, empowering and protecting those with low incomes so that they are better able to build assets and make the most of their financial resources.

In Newark, New Jersey, Capital One associates served as volunteer operators for the Newark Financial Hotline, an initiative sponsored by the City of Newark, with goals similar to those of New York City’s Your Money Helpline.

Returning Privacy and Control
Many consumers faced with the uncertainty and potential embarrassment of not being able to keep up with their credit card payments are reluctant to reach out to their issuers to explain their situation. Capital One enables customers facing this situation to reach out to us using the anonymity and convenience of our online servicing application versus speaking with an agent. On the site, they will find information on their account, be able to set up flexible payment arrangements and take advantage of other special offers that might be available to them.

Card Lab Connect
Card Lab Connect is a credit card affinity program that helps nonprofits expand their giving channels, while providing their supporters with a convenient and meaningful way to donate to charity programs. Unlike other affinity card programs which generally cater to larger, national organizations, our program is available for nonprofits of all sizes.
No Hassle Giving Site

Capital One’s No Hassle Giving Site (www.capitalone.com/give) allows Capital One cardholders to research, select, and donate to the cause of their choice the easy, no hassle way — with just a click of a button. Capital One will cover the transaction costs for every donation, ensuring that 100 percent of the donation is delivered to charity. Cardholders can choose from more than 1.2 million U.S.-based charities (those registered as a 501C3 with the IRS). Capital One cardholders also can set up charitable donations online the way they want—one-time only or a recurring donation. This is another way Capital One is putting more control in the hands of our customers by providing them the opportunity to customize and enhance their credit card experience.

Focus on Fraud Protection

At Capital One, we are committed to protecting the personal and financial information of our customers. We protect this information in a number of different ways:

- Firewall systems and intrusion detection software prohibit unauthorized access to our systems.
- Encrypting sensitive information with 128-bit Secure Socket Layer (SSL) protects the confidentiality of customer data.
- Extended Validation (EV) SSL provides an extra layer of security to help customers know that they are on a Capital One secure site.
- Information security built right into our systems and networks uses internationally recognized security standards, regulations, and industry-based best practices.
- We employ strong authentication controls following guidance provided to us by the Federal Government’s banking regulators.
- Associates are required to take information security awareness training and apply this training to their job every day.

We have a robust Information Protection Center — Fraud Protection available on our Web site.
Chapter 5: Protecting the Environment

At Capital One, we recognize the need to monitor and be mindful of our impact on the environment. Every day, we strive to ensure that we operate our business in an environmentally sound and socially responsible manner. We also seek to raise awareness of sustainability best practices among our shareholders, consumers, associates and suppliers.

Since 2008, when we started our environmental sustainability journey, we have raised awareness among our associates and made progress embedding sustainability thinking in our businesses. Among our accomplishments:

- In 2008, Capital One set an EPA-approved target to reduce our Green House Gas (GHG) emissions by 10 percent over the next five years.
- All nine of our Richmond, Virginia West Creek campus buildings have received Green Globe certification (being awarded 3 globes on a 4 globe scale) from the Green Building Initiative.
- In 2009, as part of establishing our Paper Procurement Policy, Capital One pledged to increase the percentage of recycled content in our overall paper consumption, where cost, quality, and business requirements allow.
- As a result of this pledge, within three years, 10 percent of all of the fiber used to produce our paper company-wide will come from post consumer waste (PCW) fiber sources.

To ensure that we maintain a focus on this important topic, we have established layered governance.

- Our Environmental Sustainability Office (ESO) is responsible for coordinating Capital One’s corporate environmental sustainability activities.
- Our Environment Council, which meets each month, is comprised of leaders across the company who have a passion for protecting the environment and who champion environmental best practices in their respective business operations.
- Our Green Corps are made up of associates in each of our markets who coordinate and implement local community activities that demonstrate our commitment to helping our communities “be green.”
Capital One associates are very active in our Environmental Community of Practice, and help organize community revitalization projects.

Our sustainability efforts focus along three dimensions:

- facilities operations
- our business practices
- our communities

“Green” Facilities Operation

To demonstrate our commitment to being good environmental citizens, our Corporate Real Estate (CRE) department has adopted several practices that have allowed us to minimize our direct environmental impact. These include implementing green renovations of existing properties and specifying green construction for some of our new buildings where business and economic needs allow.

- The facilities on our two Central Virginia campuses have been awarded three globes on a four globe Continual Improvement Existing Building certification scale by assessors from the Green Building Initiative. Other non-leased, company properties are being evaluated on a rolling basis.
- Four West Creek campus office buildings in Richmond, Virginia received the EPA: Energy Star certification, placing them in the upper quartile of building energy performance.
- We have established a process to manage energy performance standards across the portfolio.

Other CRE initiatives

Reducing Greenhouse Gas Emissions: In September 2009, Capital One set, and the EPA approved, a Greenhouse Gas (GHG) emissions reduction target of 10 percent over the next five years. Where possible, our company is procuring Renewable Energy Certificates.
**Energy Conservation:** We are taking measures to conserve energy in our buildings including adjusting temperature set points in general office areas and stairwells, deploying LED lighting, reducing HVAC operating hours and using intelligent start and stop programs for lighting and energy management systems.

**Recycle Waste:** We promote recycling of electronic assets, glass, paper, plastic and aluminum in many of our facilities. In 2009, the company deployed single stream waste recycling at our people centers in Virginia and Plano, Texas and in several locations in New York.

**Flexible Work Solutions:** Where business needs and opportunities allow, we offer Flexible Work Solutions that allow associates to work remotely, telecommute or adjust their work schedule to avoid peak traffic/higher emission travel times. We also promote environmental best practices and green travel options such as ride sharing, shuttle service between Virginia campuses, and shuttle service between the Metro and our McLean campus that encourage reduced commuting.

Capital One also provides our associates who commute to work using public transportation with a benefits program that enables them to use pre-tax dollars to pay for eligible commuting costs.

**“Green” Business Practices**

In 2009, we took steps to strengthen our approach to managing the procurement and use of paper, which is an important commodity for our business. Our Paper Procurement Policy includes goals to increase the percentage of post-consumer waste recycled content and the percentage of Forest Stewardship Council’s sustainable certification for virgin sources.

We also promote online acquisition to complement our direct mail channel and encourage customers to transition from paper to electronic statements and bill payment. Our credit card business participates in the “Recycle Please” campaign.

**‘Green’ Community Involvement**

We are proud to support organizations in our communities that have developed programs and opportunities for neighborhood residents to revitalize their spaces. Some examples of recent partnerships include:

Associates remove trash and plant new plants as part of a neighborhood revitalization project.
Community Revitalization

• Capital One helped to finance the rehabilitation of Randolph Place, a 50 one-bedroom apartment complex in Richmond, Virginia. These apartments were renovated to EarthCraft and Green Communities™ standards, offering lower energy costs and increased comfort for the residents.
• In the last two years, associates volunteered over 12,000 service hours for revitalization efforts and partnered with organizations like Rebuilding Together and Habitat for Humanity to make choices count in local communities, including Richmond, Virginia.

Workforce Training

Our support of Sustainable South Bronx, a non-profit that strives to promote environmental solutions through innovative, economically sustainable projects, includes making a grant to enable the organization to provide work training programs and supplying associate volunteers to facilitate financial education seminars.

Helping “Green” Business Entrepreneurs

Our support of Bethesda Green, a non-profit that encourages building a community for sustainable economic growth and living, includes donating space in one of our Bethesda, Maryland, branches to house Maryland’s first green business incubator. The incubator is home to eight start-ups focused on running “green” businesses and creating “green” jobs in the greater Washington, D.C. area. In addition, a Capital One executive is on the Board of Directors of Bethesda Green.

Electronics Recycling

We promote recycling of electronic assets, glass, paper, plastic and aluminum in many of our facilities. As part of our Earth Day celebrations, we have held electronics recycling drives at our Central Virginia campuses.

Capital One recently announced a new recycling initiative to support our troops: Cell Phones for Soldiers. Through a partnership with ReCellular, a hardware recycling vendor, Capital One recycles our old mobile phones, turning the proceeds into phone cards for military personnel stationed overseas.

Disclosures, Affiliations, and Recognition

We responded to the 2009 Carbon Disclosure Project, participate in the EPA Climate Leaders and Green Power Partner Programs, and are members of the Green Building Initiative.

We have received recognition for our environmental sustainability efforts.

• In 2009, Newsweek ranked our company at 71 out of 500 companies on the first-ever “Greenest Big Companies in America” list.
• Uptime Institute included Capital One on its Global Green 100 list for our commitment to increasing energy efficiency and reducing the carbon footprint of our enterprise IT and data center operations.