PUBLIC DISCLOSURE

December 31, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Capital One Bank (USA), National Association
Charter Number: 24828

4851 Cox Road
Glen Allen, Virginia 23060

Office of the Comptroller of the Currency

Large Bank Supervision
Constitution Center
400 7th Street S.W.
Mail Stop 8W-1
Washington, DC 20219

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

General Information and Institution's CRA Rating

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Capital One Bank (USA), National Association (COBNA or bank) issued by the OCC, the institution's supervisory agency, for the evaluation period starting January 1, 2011 through December 31, 2013. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

- While the bank's performance under the three rating criteria would have been an Outstanding rating, the overall CRA rating was lowered from Outstanding to Satisfactory, as discussed within the Fair Lending and Other Illegal Credit Practices section of this document.

- The bank demonstrates a high level of community development (CD) lending, CD services, and qualified investment activity, including investments that are not routinely provided by private investors.

- The bank demonstrates extensive use of innovative or complex qualified investments, CD loans, and CD services.

- The bank demonstrates excellent responsiveness to credit and CD needs in its assessment area (AA).

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed CD activities from January 1, 2011 through December 31, 2013. We reviewed the level and nature of qualified investments, CD lending, and CD services. At the bank's request, we also considered qualified investments, CD lending, and CD services provided by its affiliates. At the prior evaluation, dated April 4, 2011, we rated the bank Satisfactory.

If a CD activity or the entity engaged in the activity has a purpose, function or mandate of serving the AA or broader statewide or regional area that includes the assessment area, the OCC will consider that activity in evaluating the bank's performance in the AA, and in determining the responsiveness to AA needs and opportunities. If the OCC determines the bank has been responsive to those needs and opportunities, the OCC will also consider activities in the broader statewide or regional area that do not have a purpose, function or mandate of serving the AA in evaluating the overall performance of the bank. The bank has been responsive to the needs and opportunities of its AA, and therefore, all activities were considered in evaluating its performance.

During the evaluation period, an implementation of changes to Metropolitan Statistical Area (MSA) designations made by the Office of Management and Budget (OMB) became effective in 2012. Therefore, there were two census statistics in effect during the evaluation: 2000 and 2010. The 2010 Census changes in demographic data as well as new census tract (CT) income designations were minimal, and these changes did not affect our assessment of the bank's performance. See the Description of the Assessment Area section of this evaluation for full details.

Description of Institution

COBNA, headquartered in Glen Allen, Virginia, is a wholly owned subsidiary of Capital One Financial Corporation (COF), a $297 billion multi-bank holding company headquartered in McLean, Virginia. As of December 31, 2013, COBNA held total assets of $82 billion, of which 67.4 percent were domestic loans and 14.8 percent were securities. COBNA is engaged exclusively in credit card operations and is one of the leading issuers of credit cards in the United States. The bank offers credit cards for both consumers and small businesses.

COBNA also issues credit cards outside of the United States through Capital One (Europe) plc (COEP), an indirect subsidiary of COBNA organized and located in the United Kingdom, and through a branch of COBNA in Canada. These foreign subsidiaries do not have a significant impact on the bank's capacity for meeting CD needs in the United States.

The bank has only one office and is designated as a limited purpose bank for CRA evaluation purposes, based on its overall business strategy, primary focus, and product offerings. The Federal Reserve Bank of Richmond initially designated COBNA as a limited purpose institution for CRA evaluation purposes in April 1996. In February 2008, the bank was designated as a limited purpose institution by the OCC, just prior to its March 1, 2008 conversion to a national bank.

There were no mergers or acquisitions by the bank during the evaluation period. There are no known legal, financial or other factors impeding the bank's ability to help meet the credit and CD needs of its assessment area.

CD activities are originated by COBNA and affiliates of the bank. The following legal vehicles primarily provide affiliate CD activities:

- Beech Street Capital, LLC (CD loans)
- Capital One Community Development Corporation (CD investments)
- Capital One Community Development Corporation II (CD loans)
- Capital One Foundation (CD grants)
- Capital One MR New Markets, LLC (CD loans)
- Capital One NMTC Manager Inc. (CD loans)
- Capital One N.A. Low Income Housing Tax Credit Inc. (CD investments)
- Capital One Municipal Funding, Inc. (CD loans)

- COCRF Investor 1-23, LLC (CD loans)

The following table provides a high-level summary of financial information for the bank and is intended to provide a perspective on the bank's capacity to help meet the needs of its assessment area.

Table 1: Financial Information (000s)

	Year-end 2011*	Year-end 2012*	Year-end 2013*	Average for Evaluation Period**
Tier 1 Capital	$6,970,991	$8,034,169	$8,144,788	$7,716,649
Total Income	$11,360,448	$12,337,162	$12,907,149	$12,201,586
Net Operating Income	$3,546,042	$2,778,103	$3,972,753	$3,432,299
Total Assets	$71,108,281	$80,599,220	$81,905,574	$77,871,025
Pass-Through Receivables/Managed Assets	$53,038,976	$60,526,751	$58,845,963	$57,470,563

Source: Consolidated Report of Condition and Income and bank reported data. * Actual data reported. ** The Average for Evaluation Period is the average of the numbers in the row.

Description of Assessment Area

COBNA has designated all of Henrico County and the City of Richmond as its AA. These contiguous areas are part of the Richmond, Virginia MSA in east-central Virginia. The bank's AA meets legal requirements and does not exclude any LMI areas.

According to 2000 and 2010 Census data, the AA saw a minimal increase in total CTs, from 125 to 130. The changes within CT income categories were not significant, with the greatest changes being evidenced in the moderate-income (increase of seven tracts), middle-income (decrease of 14 tracts), and upper-income (increase of nine tracts) categories. The change in low-income CTs was minimal, with an increase of two tracts.

The total population in the AA increased from 460,090 to 511,149 persons. The number of households below the poverty level also saw an increase between the two census years, from 11.9 percent to 13.8 percent. Over the evaluation period, the AA's updated median family income (MFI) decreased approximately 1.0 percent, from $74,600[1] in 2011 to $73,900[2] in 2013.

The following tables provide a summary of AA statistics based on 2000 and 2010 Census data:

[1] 2011 Housing and Urban Development (HUD) updated MFI.
[2] 2013 Federal Financial Institutions Examination Council (FFIEC) updated MFI.

Table 2a: Assessment Area Description – 2000 Census

	Number	Low	Moderate	Middle	Upper
Tracts	125	14.4%	25.6%	38.4%	21.6%
Families	114,222	23.9%*	18.3%*	21.5%*	36.3%*
Businesses	60,051	13.5%**	18.3%**	35.3%**	32.9%**

Source: Demographic Data – 2000 U.S. Census, 2011 Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract.

Table 2b: Assessment Area Description – 2010 Census

	Number	Low	Moderate	Middle	Upper
Tracts	130*	15.4%	30.0%	26.2%	27.7%
Families	118,408	26.0%**	17.8%**	19.2%**	37.0%**
Businesses	57,737	8.2%***	28.2%***	26.4%***	37.1%***

Source: Demographic Data – 2010 U.S. Census, 2013 Dun & Bradstreet Data. * One Census Tract is not income categorized. **Represents families by income level. ***Represents businesses by income level of census tract.

According to Moody's Analytics, the leading industries in the AA are state and local government, restaurants and other eating places, management companies, and general medical and surgical hospitals. The area's largest employers are Capital One, Virginia Commonwealth University Health System, Hospital Corporation of America Virginia Health System, Bon Secours Richmond Health System, and Walmart.

Economic performance in the AA is highly correlated with the national economy, given its dependence on industries such as finance, professional and business services, and government. The financial activities, education and health services, and leisure and hospitality industry sectors experienced positive growth in each year of the evaluation period while the information industry experienced a decline each year. Other industry sectors experienced mixed performance, with construction, trade, transportation, and utilities sectors seeing positive performance in 2013.

According to the Bureau of Labor Statistics, the December 31, 2013 non-seasonally adjusted unemployment rate for the state of Virginia was 5.2 percent, the unemployment rate for Richmond, Virginia was 5.1 percent, and the national unemployment rate was 6.7 percent.

Total housing units in the AA increased 11.3 percent from 205 thousand as of the 2000 Census to 228 thousand as of the 2010 Census. According to the 2010 Census, owner-occupied housing units accounted for 52.2 percent, rental occupied housing units accounted for 37.8 percent, and vacant housing units accounted for 10 percent of total housing units. Both owner-occupied and rental units saw a slight decrease between the census years, with vacant units increasing almost 9 percent. Based on the 2010 Census, approximately 73 percent of the housing units in the AA are one-to-four family units.

According to the 2010 Census, the weighted average median housing value for the AA was just over $232 thousand. For Henrico County, the weighted average median housing value was approximately $244 thousand, and for Richmond City, it was approximately $217 thousand. According to the National Association of Realtors, summarized on Realtor.com, the median sales price for existing single-family homes in the Richmond, Virginia area in 2011 was $187.1 thousand. As of the fourth quarter of 2013, the median sales price in the Richmond area was $201.8 thousand. According to the 2012 Census American Community Survey, the median housing value in Henrico County was approximately $227 thousand, and for Richmond City, it was approximately $199 thousand.

According to June 30, 2013 FDIC deposit market share data, COBNA had the largest deposit market share in the AA at 64.5 percent. The bank operates in a highly competitive environment, with 27 other FDIC-insured institutions operating 159 branches in the AA. Four major financial institutions (Bank of America, N.A., Wells Fargo Bank, N.A., SunTrust Bank, and BB&T Co.) operate 95 of these branches.

Based on recent community contact information and information obtained from bank management, identified CD needs in the AA included the following:

- Affordable housing for LMI households, including rehabilitation assistance;
- Revitalization of blighted and commercial areas;
- Programs to stimulate entrepreneurship/small business and job retention and creation;
- Shelter and other services for the homeless; and
- Housing counseling and financial literacy education.

While CD opportunities are available, the presence of 27 other financial institutions, including the four major financial institutions identified above, creates significant competition for the available CD opportunities in the Richmond-Henrico area. As mentioned in the description, COBNA maintains one office, engages only in credit card operations, and does not engage in the business of originating commercial loans, unlike their major financial competitors who have numerous retail branches and engage in consumer and commercial lending. When considering COBNA's business model, COBNA has less capacity and resources to conduct CD activities than the larger retail institutions with a presence in this AA.

Prior to the mortgage crisis, the government-sponsored enterprises (GSEs) Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) were large players in the tax credit market. When the recession and mortgage crisis hit, low-income housing tax credit (LIHTC) investors were seriously affected. Investors retreated from the LIHTC market as declining corporate earnings reduced the ability to use the credits. The retreat of investors threatened the feasibility of many developments that were contingent upon LIHTC funding. COBNA remained a strong investor in LIHTCs during this time, and therefore, continues to have a large portfolio of prior-period investments in LIHTCs, valued at $245 million at December 31, 2013. The market for LIHTCs began to recover in 2010 as profitability returned for traditional investors (excluding the GSEs) with CRA responsibilities, creating an extremely competitive market for LIHTCs. During the evaluation period, there were 13 LIHTC projects in the Richmond-Henrico area, and COBNA financed seven of these properties. Furthermore, COBNA financed five of the six 4 percent LIHTC properties, which are more difficult to finance than the 9 percent properties due to lower equity and higher debt levels, typically in the form of a tax-exempt bond.

COBNA's CD strategy is to target opportunities first within its AA, then within the state of Virginia, then the surrounding states and finally nationally. As a limited purpose bank, COBNA does not originate CD loans. However, CD loans from affiliated institutions have been considered in this evaluation. COBNA has considerable expertise in LIHTC transactions, and its qualified investments consist mostly of such transactions. The bank evaluates all LIHTC opportunities in the AA, including those available in the secondary market, and invests in those that meet its standards.

Conclusions about Performance

Summary

- COBNA provided a high level of CD qualified investments, grants, loans, and services, when considering its capacity, opportunities and the highly competitive CD environment in the AA. Of the $2.8 billion in qualified investments, grants and loans originated during or outstanding at the end of the evaluation period, $561 million had a purpose, function or mandate of serving the AA. Qualified investment activity included those serving needs not routinely provided by other private investors. COBNA and affiliate employees provided 13,552 hours of qualifying services to over 40 organizations and programs in the AA and over nine thousand hours of service to over 75 CD organizations outside of the AA.

- COBNA demonstrates extensive use of complex qualified CD investments and loans. The bank has numerous investments in LIHTCs, many of which require coordination among state and local government agencies, nonprofit organizations, other investors, and the bank. These investments illustrate the bank's leadership in complex transactions. Another notable example is COBNA's $248 million in debt financing in New Markets Tax Credit (NMTC) transactions to support the revitalization/stabilization of LMI geographies and other targeted areas, including $11.7 million in the AA. These NMTC transactions are complex due to the involvement of multiple parties and multiple layers of intricate financing, as well as the many regulatory and reporting requirements to maintain compliance for a seven-year period.

- The bank's qualified CD investments, grants, loans, and services exhibited excellent responsiveness to the credit and CD needs of the AA, especially affordable housing and financial literacy education. The LIHTC investments made during the current evaluation period created nearly 14 thousand units of affordable housing for LMI families, including 7,603 units that benefit the bank's AA. COBNA's CD services were highly responsive to the critical need for financial literacy education.

Qualified Investments

Qualified investments and grants made during the current evaluation period that had a purpose, function or mandate of serving the AA totaled $328.8 million. Additionally, $169.7 million in investments made in prior evaluation periods remained outstanding at the end of the evaluation period and provide continuing benefit to the AA. The vast majority (98.8 percent) of these investments and grants focused on providing affordable housing. As such, these investments are highly responsive to the identified need for affordable housing in the AA. Because the bank was responsive to the CD needs in the AA, we also considered $405.3 million in current period and $75.3 million in prior period investments and grants made outside the AA.

Table 3a, below, quantifies the level of qualified investment activity that had a purpose, function or mandate of serving the AA as well as outside the AA.

Table 3a: Qualified Investment Activity (000s)

	Benefits AA	Outside AA	Totals
Originated Investments	$323,143	$375,387	$698,530
Originated Grants	$5,660	$29,898	$35,558
Prior-Period Investments that Remain Outstanding	$169,688	$75,342	$245,030
Total Qualified Investments	$498,491	$480,627	$979,118
Unfunded Commitments*	$0	$0	$0

* "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Table 4a, below, provides a breakdown of the bank's investment activity in relationship to its financial capacity in terms of average Tier 1 Capital, average total income, and average pass-through receivables over the evaluation period.

Table 4a: Qualified Investment Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	6.46	6.23	12.69
Total Investments/Average Total Income	4.09	3.94	8.02
Total Investments/Average Pass-Through Receivables	0.87	0.84	1.70

Total Investments is found in Table 3a. Average Tier 1 Capital, total income, and pass-through receivables are found in Table 1.

The bank holds many equity investments in funds that invest in LIHTC developments. These transactions are considered complex and provide new or rehabilitated affordable housing units, typically multifamily housing. In all cases, restrictions are in place to ensure that LMI households benefit from the affordable units. Some of COBNA's LIHTC investments are in funds that involve multiple investors, while others are in "proprietary" funds in which COBNA is the sole investor. Multi-investor funds typically involve multiple properties with layers of financing. Proprietary LIHTC investments are part of larger transactions that often also include debt financing provided by a COBNA affiliate and require the bank to manage all other aspects of the transaction, such as working with government entities that are providing subsidies or other financing. The LIHTC investments made during the current evaluation period created nearly 14 thousand affordable housing units, including 7,603 units that benefit the bank's AA.

Described below are some of the most significant qualified investments and grants:

- A $1.2 million Historic Tax Credit investment to convert a historic millworks building in Richmond into a mixed-income residential property containing 22 housing units, including 11 for LMI families. The property is located in a low-income CT in Church Hill, a neighborhood targeted for revitalization by the City of Richmond as part of its Neighborhoods in Bloom program. The investment was made in a proprietary fund as part of a transaction in which a COBNA affiliate also provided $1.8 million in debt financing.

- Investments totaling $23.5 million in a Community Development Corporation's (CDC) funds helped to create or rehabilitate 1,762 units of affordable housing for LMI families in Virginia. COBNA is a key partner with the organization, having consistently invested in its funds for more than a decade.

- Grants totaling $185 thousand to a local CDC in the AA that provides safe, affordable housing to LMI elderly and disabled homeowners. Specifically, the CDC makes home repairs and accessibility modifications to help homeowners live safely and age in place. The bank's grants funded repairs and improvements for 90 homeowners.

- Grants totaling $218.6 thousand to a local CDC in the AA that provides affordable housing and social services to LMI individuals and families. The grants funded housing assistance, financial education, and workforce development programs operated by the CDC.

- An investment of $5.8 million in a mortgage-backed security that provided funding for a 110-unit affordable housing development in the AA.

- A $14.9 million LIHTC investment to rehabilitate a historic building in Woodbury, New Jersey and convert the building into a 55-unit affordable housing complex. The building, constructed in 1880, was damaged and ruled unsafe after the 2011 earthquake. The development, located in a moderate-income CT, will help revive a key section of downtown Woodbury. The investment was made in a proprietary fund as part of a transaction in which a COBNA affiliate provided $8.2 million in debt financing.

- A $15.6 million investment in a 61-unit senior (55+) affordable housing development in Philadelphia, Pennsylvania. The investment included a "social purpose grant," an innovative COBNA program designed to enhance the features of affordable housing developments, totaling $240 thousand to fund supportive services for residents. Under the social purpose grant, the bank increases its investment by providing grant funding to support social service programs for residents of the affordable housing development. The investment was made in a proprietary fund as part of a transaction in which a COBNA affiliate provided $11.2 million in debt financing.

- Grants totaling $2.4 million to a national organization whose mission is to improve the financial literacy of LMI populations through a network of more than 12 thousand community-based organizations nationwide. COBNA's grants support the organization's financial education programs, which the bank helped create in 2001. The programs offer free, multilingual materials on topics such as banking, money management, credit, savings, identity theft, elder fraud, micro-business, and homeownership. In addition, the program includes train-the-trainer seminars that provide participants with the tools they need to implement financial literacy programs for their clients. During the review period, these seminars trained over two thousand representatives of nonprofit organizations.

- Grants totaling $575 thousand to a nonprofit organization that facilitates small business loans to entrepreneurs who do not have access to traditional banking systems. Loans are made around the world through the Internet and a network of microfinance institutions. The bank's grant funded loans to entrepreneurs in the United States.

Community Development Lending

COBNA has only one office and, as a designated limited purpose bank for CRA evaluation purposes, is engaged exclusively in credit card operations for consumers and small businesses. Given the nature of the institution and its designation as a limited purpose bank, COBNA relies on CD loans originated by affiliates that have a purpose, function or mandate of serving the AA. During the evaluation period, COBNA affiliates extended 14 CD loans totaling $62.5 million (including a CD lease for $2.5 million) that had a purpose, function or mandate of serving the AA. In dollars, approximately 44.1 percent of these loans focused on affordable housing and 32.5 percent on economic development activities. As such, these loans are responsive to the identified needs in the AA. Because the bank was responsive to the CD needs in the AA, we also considered $1.8 billion in CD loans (including $29 million in CD leases and letters of credit) made outside the AA.

Table 5a: Community Development Lending Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total CD Lending/Average Tier 1 Capital	0.81	23.03	23.83
Total CD Lending/Average Total Income	0.51	14.56	15.07
Total CD Lending/ Average Pass-Through Receivables	0.11	3.09	3.20

Note: Total CD lending equals the current period CD lending activity (excluding binding CD loan commitments). Average tier 1 capital, total income, and pass-through receivables are found in Table 1.

The following are examples of significant CD lending:

- A total of $11.7 million in NMTC lending to support the expansion of a hospital in Richmond. The expansion will be the largest and most advanced outpatient facility for children in the region.

- An additional $236 million in NMTC lending and related financing that supports revitalization and stabilization of LMI geographies in other targeted areas outside of the AA.

- A $1 million loan to enable a national Community Development Financial Institution (CDFI) to offer below-market financing for the acquisition or preservation of affordable housing serving LMI families.

- A total of $9.2 million in loans to finance capital improvements to public housing developments in Georgia, Illinois, and Pennsylvania.

- A $250 thousand loan to a national CDFI to provide working capital and funds for promoting the development of affordable housing for LMI individuals living with disabilities. The CDFI's mission is to provide technical and financial services to individuals and organizations serving disabled persons throughout the United States, with a focus on affordable housing, schools and vocational training centers serving LMI populations.

Community Development Services

Through involvement on boards and committees of primarily affordable housing and community service organizations, often serving in leadership roles, delivering financial literacy education and credit counseling, and providing other financial services, COBNA and affiliate employee activities are highly responsive to the CD needs both inside and outside of the AA. COBNA and affiliate employees actively provided 13,552 hours of services to over 40 CD organizations and programs that benefit LMI individuals, families and communities in the AA. Twenty bank associates held Board of Directors or committee positions for 16 CD organizations in the Richmond/Henrico AA, and their services were primarily to community service and affordable housing organizations. In addition to being responsive to the needs of the AA, COBNA and affiliate employees provided over nine thousand hours of services to over 75 CD organizations outside of the AA.

The following are examples of CD services:

- A bank executive served on the Board of Directors of a nonprofit affordable housing developer in the bank's AA. In addition, bank employees provided over 200 hours of service to the organization, primarily financial education to residents of its communities.

- A bank executive served as the Chairman of the Board of Directors for a nonprofit organization that focuses on affordable housing in the AA.

- A bank executive served on the Board of Directors for a Richmond nonprofit organization that provides emergency, child care, and educational services for families with incomes at or below federal poverty guidelines.

- A bank officer served on the Board of Directors for a local nonprofit organization in the AA that provides permanent housing and supportive services to LMI individuals and families who are homeless and/or have disabilities.

- A bank executive served on the Board of Directors for a Richmond nonprofit organization that helps prepare LMI high school students for college. Of those students that have completed the organization's programs, 99 percent went on to attend college.

- A bank executive served on the local advisory committee of a nonprofit organization that promotes affordable housing, economic development, and community services in the bank's AA and within the broader statewide area.

- A bank employee served on the Board of Directors and several committees for a nonprofit organization that focuses on affordable housing in the AA. The organization helps LMI elderly and disabled people keep and maintain their homes.

- Bank employees provided nearly 6.6 thousand hours of financial education to schools within the bank's AA. These activities served schools of which students are primarily from LMI families. The programs provide real world financial education to students to help them develop personal money management skills, acquire personal finance knowledge, and prepare for the financial decisions and challenges faced in adulthood.

- A bank employee participated in a 2012 small business conference by counseling small businesses on business plan development, reviewing financial statements, and obtaining financing.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR.25.28(c) and 195.28(c), in determining a national bank's (bank) or federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau.

The OCC identified the following public information regarding non-compliance with the statutes and regulations prohibiting discriminatory or other illegal credit practices with respect to this institution:

- Unfair and deceptive acts and practices related to the sale of certain debt cancellation and credit and identity monitoring products by third party vendors and the Bank's failure to manage the risks presented by the sale of the debt cancellation products by vendors. In December 2011, upon learning of the violations, the bank voluntarily ceased any further sale of these products. COBNA entered into a Consent Order with the OCC on July 16, 2012, and the OCC assessed a Civil Money Penalty of $35 million. The bank remediated the deficiencies, including making restitution to all customers who purchased products from August 2010 through December 2011, regardless of their sales experience. Currently, the bank has provided full refunds to over two million accounts, totaling approximately $181 million, for unfair and deceptive sales and marketing practices and approximately 482 thousand accounts, totaling approximately $36 million, for unfair billing practices. For further information on this settlement, see OCC Enforcement Actions #2012-152 and #2012-153. In a related action, the bank also agreed to a settlement with the CFPB addressing deceptive marketing and sales practices with respect to product features and costs of cross-sell products. COBNA entered into a Consent Order with the CFPB on July 17, 2012, and the CFPB assessed a Civil Money Penalty of $25 million. For further information about the CFPB action, please see CFPB Consent Order 2012-CFPB-0001.

- Noncompliance with the Servicemembers Civil Relief Act (“SCRA”) and the deficiencies in the Bank’s program for compliance with the SCRA. COBNA and COBNA’s affiliate, Capital One, National Association (CONA), entered into Consent Orders with the OCC on July 25, 2012 and the OCC assessed a Civil Money Penalty of $4 million. Additionally, COBNA and CONA entered into a Consent Order with the United States Department of Justice (DOJ) on July 27, 2012 and the DOJ assessed a Civil Money Penalty of $55 thousand. In connection with the Consent Order, COBNA and CONA agreed to pay approximately $12 million to resolve the lawsuit by the DOJ. COBNA issued 39,984 checks, totaling approximately $8.3 million in restitution. Collectively, COBNA and CONA issued 43,725 checks, totaling approximately $12.6 million in restitution. For further information, see OCC Enforcement Actions #2012-154 and #2014-144 and DOJ Civil Action No 1:12-cv-00828 (JCC-IDD).

As a result of these findings, the CRA Performance Evaluation rating was lowered from Outstanding to Satisfactory.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Assessment Area (AA): A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Responsive to Assessment Area: If a CD activity or the entity engaged in the activity has a purpose, function or mandate of serving the AA or broader statewide or regional area that includes the assessment area, the OCC will consider that activity in evaluating the bank's performance in the AA, and in determining the responsiveness to AA needs and opportunities. If the OCC determines the bank has been responsive to those needs and opportunities, the OCC will also consider activities in the broader statewide or regional area that do not have a purpose, function or mandate of serving the AA in evaluating the overall performance of the bank. The bank has been responsive to the needs and opportunities of its AA, and therefore, all activities were considered in evaluating its performance.

Census Tract (CT) – 2000: Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

Census Tract (CT) – 2010: Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

Community Development (CD): Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301)) or have gross annual revenues of $1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

(i) Low-or moderate-income geographies;
(ii) Designated disaster areas; or
(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
    a. Rates of poverty, unemployment, and population loss; or
    b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Limited Purpose Institution: An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market and for which a designation as limited purpose bank is in effect.

Median Family Income (MFI) – 2000: The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income –** An income level that is less than 50% of the MFI.
- **Moderate-Income –** An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income –** An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income –** An income level that is 120% or more of the MFI.

Median Family Income (MFI) – 2010: The median income derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, the median is the point at which half of the families have income above it and half below it.

Metropolitan Division (MD): As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Net Operating Income: As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

Pass-Through Receivables: Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets: Total bank assets as listed in the Consolidated Report of Condition and Income.

Total Income: From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.