

PUBLIC DISCLOSURE

July 18, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Capital One, F.S.B.
1680 Capital One Drive
McLean, VA 22102
Docket #: 13181**

**Office of Thrift Supervision
Southeast Region
1475 Peachtree Street, NE, Atlanta, GA 30309**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of Capital One F.S.B. (COFSB or Institution). The rating assigned to COFSB does not represent an analysis, conclusion or opinion of the Office of Thrift Supervision (OTS) concerning the safety and soundness of COFSB.



Office of Thrift Supervision

Department of the Treasury

Southeast Region

Atlanta Regional Office • Telephone: (404) 888-0771 • 1475 Peachtree Street, NE, Atlanta, GA 30309

December 7, 2005

Board of Directors
Capital One, F.S.B.
1680 Capital One Drive
McLean, Virginia 22102

Members of the Board:

Enclosed is Capital One F.S.B.'s written Community Reinvestment Act (CRA) Performance Evaluation prepared by the OTS as of July 18, 2005. Pursuant to the provisions of the CRA and OTS regulations (12 C.F.R. 563e), you must make this evaluation, and CRA rating as contained therein, available to the public.

This evaluation is being transmitted separately from the Compliance Report of Examination to alleviate the potential for any misunderstanding regarding which document you must make public. It is the enclosed evaluation that must be publicly available; the Compliance Report of Examination may not be released to the public.

Within 30 business days of your receipt of the CRA Performance Evaluation you must make it available to the public. The evaluation must be placed in the Institution's CRA public file located at your home office and each branch within this 30 business day time frame. The evaluation may not be altered or abridged in any manner. At your discretion, previous written CRA Performance Evaluations(s) may be retained with the most recent evaluation in your CRA public file.

Management is invited to prepare a response to the evaluation. The response may be placed in each CRA public file along with the evaluation. In the event you elect to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the Institution has to the public with regard to making this evaluation available.

Capital One, F.S.B.
Page 2

Consequently, we suggest that management review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of the Institution.

Sincerely,

J. Steven Day, FCR
Compliance Specialist

Enclosure

Table of Contents

GENERAL INFORMATION 1

INSTITUTION 2

 OVERALL RATING 2

 OVERALL RATING 2

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS 2

LENDING, INVESTMENT, SERVICE TEST TABLE 6

LENDING, INVESTMENT, SERVICE TEST TABLE 6

DESCRIPTION OF INSTITUTION 7

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS 9

 LENDING TEST 9

 INVESTMENT TEST 23

 SERVICE TEST 27

RECORD OF COMPLYING WITH ANTIDISCRIMINATION LAWS AND REGULATIONS 30

APPENDIX 31

 SCOPE OF EXAMINATION 31

 SUMMARY OF STATE AND MULTI-STATE MSA RATINGS 32

 FFIEC AGGREGATE CORE TABLES 33

CRA RATING DEFINITIONS 64

General Information

The CRA requires the OTS to assess a savings association's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the savings association. The OTS must prepare a written evaluation of the savings association's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Capital One, F.S.B. prepared by the OTS, as of July 18, 2005. The OTS evaluates performance in the assessment area delineated by Capital One, F.S.B., rather than individual branches. The OTS rates the CRA performance of a savings association consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

Conclusions With Respect To Performance Tests

INSTITUTION'S CRA RATING: COFSB is rated an “Outstanding record of meeting community credit needs.”

This CRA evaluation was performed under the new OTS CRA guidelines in which large institutions (\$1.0 billion of assets or larger) choose the percentage of weight given to the Lending, Investment and Service tests. COFSB chose to be evaluated with a 50 percent weight to the Lending test, 35 percent weight to the Investment test, and 15 percent weight to the Service test. The Institution’s April 28, 2003 CRA evaluation resulted in a “Satisfactory record of meeting community credit needs” rating. COFSB’s individual performance test ratings are the same this evaluation; however, the overall rating was upgraded because of the extra weighting placed on the Investment test, where the Institution’s performance was exceptional.

The current CRA review was conducted using interagency examination procedures for large savings associations. The review considers factors such as the lending, investment, and service activities, and opportunities and demographic information in the assessment area. The evaluation period used for this review is described in Appendix A; however, it was primarily January 1, 2003 through June 30, 2005.

A summary of COFSB’s performance is presented below:

Lending Test – *High Satisfactory*

- The Lending test evaluation involved an evaluation of the Institution’s HMDA-reportable mortgage, small business and small farm, unsecured installment and community development loans.
- COFSB’s HMDA-reportable lending represented an insignificant percentage of overall lending and was given a relatively small weighting in this evaluation.
- During the review period, COFSB originated a substantial volume of loans in relation to its assets. The annual dollar-volume of lending represented approximately 140 percent of the Institution’s average assets.

Institution (continued)

- As a nationwide lender, COFSB originated a very small percentage¹ of loans inside the assessment area. Although the percentage of assessment area lending is low, annualized lending volume within the assessment area represented 26.25 percent of assessment area deposits, and is considered reasonable.
- The borrower income distribution of the Institution's assessment area lending was favorable for all three product lines reviewed.
- The Institution only originated 50 HMDA-reportable loans within its assessment area. The borrower income distribution of these loans was good, in particular for moderate-income borrowers.
- The borrower income distribution for installment loans far exceeded the demographic benchmark. Management attributed this to the success of its special installment loan product that is offered within the assessment area.
- The Institution does not usually collect borrower income information in connection with the underwriting of its business loan products; however, marketing information provided by management indicates that over 80 percent of COFSB's business customers have annual revenue under \$500,000. COFSB originated a significant volume of small loans to businesses and farms, with nearly all for amounts less than \$100,000.
- The examiner concluded that the assessment area lending was adequate and evaluated the borrower income distribution of lending in 20 markets outside of the assessment area.
- While the borrower income distribution in the 20 selected markets was reasonable for HMDA-reportable and small loans to businesses and farms, COFSB's installment lending had a poor borrower income distribution relative to the demographic benchmark.
- Overall, the Institution's assessment area lending during the review period reasonably penetrated the LMI census tracts therein.

¹ HMDA-Reportable: 1.31 percent; Small business/small farm: 0.59 percent; Installment: 0.45 percent.

Institution (continued)

- COFSB's geographic distribution of mortgage loans was reasonable in relation to the demographic and peer lending benchmarks of the assessment area. The examiner noted that the geographic distribution was better for refinance mortgages than home purchase and home improvement mortgages.
- COFSB's geographic distribution of consumer loans was reasonable in relation to the demographic characteristics of the assessment area.
- The geographic distribution of small loans to businesses and farms was commensurate with both demographic and peer lending data.
- Relative to its size, resources and operating strategies, COFSB's level of community development lending was considered adequate. During the review period, COFSB originated six community development loans totaling approximately \$15.8 million.
- COFSB's community development loans provided innovative and creative financing for community development financial institutions (CDFI), affordable housing initiatives and other community development organizations.
- COFSB offers an installment loan product (only within its assessment area) that has underwriting features and terms that are attractive to LMI borrowers.

Investment Test– *Outstanding*

- COFSB's level of qualified investments was very high in proportion to the Institution's asset size and resources. The Institution's qualified investments totaled \$119.4 million or 0.91 percent of average total assets. This amount included prior period investments of \$72.7 million that remained on the Institution's books as of June 30, 2005.
- Qualified investments were complex and provided substantial financing for innovative community development initiatives.
- COFSB committed \$9.8 million in equity investments allocated toward affordable housing and small business development.
- During the review period, COFSB purchased \$19.5 million in low-income housing tax credits, which will help finance affordable housing units in the assessment area and throughout a broader regional area inclusive of the assessment area.

Institution (continued)

- COFSB committed \$5.0 million in equity investments to small business investment corporations.
- COFSB made significant financial grants and contributions to numerous community development organizations totaling approximately \$8.6 million.

Service Test-High Satisfactory

- Due to its unconventional operating strategy, access to COFSB's credit and deposit products are limited to direct mail solicitations, the telephone, and the Internet. The Institution does not have any offices open to the public.
- COFSB offers Automated Teller Machine (ATM) cards to allow customers to access money market accounts.
- COFSB operates customer service call centers to assist customers with credit and deposit accounts. These call centers have extended weekday and Saturday hours.
- Despite limited retail banking services, COFSB personnel provide a relatively high level of community development services to numerous nonprofit organizations.
- Members of senior management serve in leadership positions with a number of organizations that provide affordable housing and other social services to LMI individuals.
- During the review period, COFSB personnel participated in financial literacy programs for LMI individuals.

Institution

Lending, Investment, Service Test Table

The following table indicates the performance level of Capital One, F.S.B. with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Capital One, F.S.B. 7/18/2005		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Component Test Weighting	50	35	15
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

Institution (continued)

Description Of Institution

Capital One, F.S.B. is a federally-chartered stock savings bank with total assets of \$14.1 billion as of March 31, 2005. COFSB is wholly-owned by Capital One Financial Corporation (COFC), a unitary, non-diversified financial holding company with consolidated total assets of \$55.6 billion as of March 31, 2005. COFC also owns Capital One Bank (COB), a state-chartered special purpose credit card bank, and Capital One Auto Finance, Inc. (COAF), which offers automobile and other motor vehicle financing.

COFSB conducts business from its corporate office located in the city of McLean, Virginia. As the Institution does not maintain any offices that are open to the public, it delivers loan and deposit products nationally through the mail, newspapers, telephone call centers, and Internet web site. COFSB is a nationwide lender of credit products with credit offerings of first mortgage and home equity loans, small business credit cards, small business installment loans, Small Business Administration loans, unsecured consumer installment loans and medical loans. The Institution markets many of its products through a proprietary credit scoring system, which emphasizes nationwide direct mail solicitations of targeted borrowers. COFSB offers money market accounts, certificates of deposit, and individual retirement accounts that are also solicited on a nationwide basis.

COFSB is not a traditional savings association in that it only began offering first mortgage products in 2003. The table below compares COFSB's major asset categories as of March 31, 2005, to the balances of these asset categories as of December 31, 2002.²

Major Categories of Total Assets				
ASSET TYPE	March 31, 2005		December 31, 2002	
	(\$000)	% OF TOTAL ASSETS	(\$000)	% OF TOTAL ASSETS
Loans				
Residential Permanent Mortgage	\$106,336	0.75%	\$0	0.00%
Commercial Loans	2,650,334	18.74%	2,049,998	17.50%
Automobile Lending	2,936	0.02%	534,165	4.56%
Other Closed-end Consumer	4,577,053	32.37%	2,902,638	24.77%
Credit Cards and other Open-End	3,172,234	22.44%	4,265,284	36.40%
TOTAL MAJOR LOAN BALANCES	\$10,508,893	74.32%	\$9,752,085	83.23%
Investments				
Cash Deposits & Investment Securities	913,083	6.46%	1,453,746	12.41%
Mortgage Backed Securities	1,839,321	13.01%	204,749	1.75%
TOTAL INVESTMENTS	\$2,752,404	19.47%	1,658,496	14.16%
TOTAL ASSETS	\$14,139,637	100.00%	\$11,717,096	100.00%

² Balance sheet information as of December 31, 2002 was the most current available at the April 28, 2003 public evaluation.

Institution (continued)

During the review period, total assets increased by \$2.4 billion or 20.67 percent. The balance sheet comparison reflects a significant decrease in automobile lending as COFSB exited this product line prior to the last evaluation. The Institution realized a significant increase in its small business and consumer installment credit products. Although not yet significant, the balance sheet above reflects COFSB's entry into mortgage lending, through the introduction of first mortgage and home equity lending. The Institution began its mortgage lending in 2003 through a relationship with a third-party lender; however, in February 2005 COFSB acquired eSmartloan.com, an on-line mortgage origination company, which should result in an increase in mortgage originations and balances going forward. Although open-end consumer loan balances remain high, the Institution does not originate a significant volume of these products, and has not requested that we include them in this evaluation.

Description Of Assessment Area

Management has designated five political subdivisions in Virginia that include its only office in McLean, Virginia as COFSB's assessment area. The assessment area includes Arlington and Fairfax counties, Virginia, and the independent cities of Fairfax, Falls Church, and Alexandria, Virginia. The assessment area is located in the Washington, D.C. Metropolitan Statistical Area (MSA). Considering the demographic characteristics of the assessment area, the location of COFSB's loan originations, and the location of the office, the examiner is of the opinion that the assessment area meets CRA regulatory guidelines. Appendix C of this report contains a summary of certain demographic characteristics of the assessment area based upon 2000 Census data. There are two tables presented because the Office of Management and Budget (OMB) revised the national MSA and non-metropolitan areas beginning with 2004. These changes primarily affect the median family income amounts that are utilized elsewhere in this report. The change in the median family income used to designate census tract income-tract categories within the Institution's assessment area resulted in a shift of five census tracts from middle-income in 2003 to upper-income for 2004 and 2005.

The examiner utilized information from community representatives in order to identify community development needs. Community representatives in the Washington D.C. area noted a number of problems impacting community development. These problems included a need for financing to assist nonprofit organizations in conducting financial literacy training for LMI individuals. One community contact, who oversees a non-profit housing organization that rents to LMI persons, noted the difficulty in obtaining/retaining affordable housing in the Washington D.C. area due to the dramatic increase in housing prices over the last few years.

Institution (continued)

Conclusions With Respect To Performance Tests

Lending Test

To assess COFSB's performance under the requirements of the lending test, the examiner conducted an analysis of the volume, geographic distribution, and borrower income distribution of loans granted during the review period. Lending was also reviewed to determine the use of innovative and flexible lending products, particularly in meeting the credit needs of highly economically disadvantaged geographies and persons. The volume and complexity of the Institution's community development lending was reviewed as an additional component of this assessment. Results were compared to 2000 Census data, the most current HMDA and small business annual reports, and OTS Southeast Region peer median data.

COFSB markets and delivers its loan and deposit products on a nationwide basis. Consequently, it obtains deposit accounts and originates loans throughout the nation. In conducting this evaluation, the examiner analyzed COFSB's performance first in its assessment area. After determining that the lending performance in the assessment area was reasonable, the examiner analyzed the Institution's lending performance in 20 other markets where COFSB conducts a significant proportion of its deposit and/or lending business.

The table below lists the markets that the examiner analyzed and indicates the review period percentage of loans, by product, during the review period, and deposit balances provided by management as of May 31, 2005, from each area.

Institution (continued)

Capital One, F.S.B.				
Major MSA Markets Outside the Assessment Area³				
MSA/MD	Percentage of HMDA Loans	Percentage of SB/SF Loans	Percentage of Installment Loans	Percentage of Total Deposits
New York-White Plains, NY-NJ MD #35644	1.78%	3.46%	3.27%	4.65%
Philadelphia, PA MD #37964	1.95%	1.18%	1.05%	3.63%
Washington-Arlington-Alexandria, DC-VA-MD-WV MD #47894 ⁴ (Excluding Assessment Area)	3.10%	1.20%	1.10%	1.49%
Chicago-Naperville-Joliet, IL MD #16974	2.96%	2.40%	2.10%	2.64%
Los Angeles-Long Beach-Glendale, CA MD #31084	1.11%	3.95%	2.76%	2.62%
West Palm Beach-Boca Raton-Boynton Beach, FL MD #48424	0.57%	0.74%	0.39%	2.57%
Richmond, VA MSA #40060	1.00%	0.37%	0.48%	2.41%
Houston-Baytown-Sugar Land, TX MSA #26420	0.27%	1.75%	1.90%	2.38%
Nassau-Suffolk, NY MD #35004	1.41%	1.25%	1.08%	2.18%
Tampa-St. Petersburg-Clearwater, FL MSA #45300	1.09%	1.14%	0.95%	2.08%
Phoenix-Mesa-Scottsdale, AZ MSA #38060	2.16%	1.11%	1.29%	2.00%
Edison, NJ MD #20764	1.11%	0.91%	0.81%	1.92%
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL #22744	0.75%	0.99%	0.58%	1.88%
Dallas-Plano-Irving, TX MD #19124	0.21%	1.35%	1.73%	1.86%
Bethesda-Frederick-Gaithersburg, MD MD #13644	0.54%	0.43%	0.35%	1.68%
San Diego-Carlsbad-San Marcos, CA MSA #41740	0.37%	1.27%	0.99%	1.22%
Baltimore-Towson, MD MSA #12580	1.34%	0.84%	0.89%	1.20%
Atlanta-Sandy Springs-Marietta, GA MSA #12060	2.37%	1.49%	1.77%	1.06%
Denver-Aurora, CO MSA #19740	0.71%	1.05%	0.99%	0.96%
Riverside-San Bernardino-Ontario, CA MSA #40140	1.64%	1.32%	1.18%	0.66%
20 Markets Outside the AA	26.43%	28.19%	25.65%	41.08%

The markets selected by the examiner represent over 40 percent of the Institution's deposits and over 25 percent of its loan originations during the review period. Management explained that neither loan or deposit products target any specific market, except for a flexible installment loan product that targets COFSB's assessment area. The lending analysis for this evaluation is based on HMDA-reportable, small business, small farm and unsecured consumer installment loans originated by COFSB during 2003, 2004 and 2005 YTD⁵. HMDA lending received the least consideration because

³ Percentages are by unit/number, not dollar amount.

⁴ The Institution has 10,571 accounts within the Washington DC MD, which include 6,123 accounts within the COFSB assessment area. All COFSB assessment area deposit and loan activity within the assessment area has been deducted from this row of the table.

⁵ YTD: January 1, through June 30, 2005.

Institution (continued)

it represents such a small percentage of the Institution’s review period lending volume. Although optional, management provided detailed installment loan information, because this represents a significant percentage of the Institution’s overall lending. The examiner was also provided information related to the Institution’s innovative or flexible lending products within its assessment area and COFSB’s community development lending, which are included in this lending test evaluation.

Lending Activity:

COFSB’s commercial lending primarily consists of small business credit cards, but also includes small business installment loans and Small Business Administration loans. The review period consumer loan volume includes unsecured installment loans, including medical procedure loans through Capital One Healthcare Finance (formerly Amerifee Inc), which was transferred from COFC to COFSB in January 2005. COFSB began originating first mortgage loans through a third party in 2003, and internally in 2005. Permanent mortgage loans include a combination of first mortgage and home equity loans, with only HMDA-reportable lending included in certain sections of the lending test evaluation. The Institution has moved more heavily into mortgage lending with the 2005 acquisition of eSmartloan.com; however, this did not occur until the middle of the first quarter.

The table below provides a summary of the Institution’s primary lending activity during the review period.

Capital One, FSB Lending Volume⁶ January 1, 2003 through March 31, 2005						
LOAN TYPE	Calendar Year 2005 YTD		Calendar Year 2004		Calendar Year 2003	
	Dollar Amt. (000)	% of Total	Dollar Amt (000)	% of Total	Dollar Amt. (000)	% of Total
Permanent Mortgage	345,083	7.06	453,083	2.39	97,763	0.56
Commercial Loans	2,536,563	51.90	9,383,631	49.57	8,331,286	47.97
Consumer Loans	2,005,952	41.02	9,093,302	48.04	8,938,166	51.47
TOTAL	4,887,598	100.00	18,930,016	100.00	17,367,215	100.00
Percent of Avg. Assets⁷	34.92%		143.24%		142.95%	

The above table reflects a high volume of lending by COFSB during the review period. As previously discussed, the Institution moved into first mortgage and home equity lending during the review period.

⁶ Lending Volume information obtained from TFRs reported to the OTS.

⁷ Average total assets was calculated by adding beginning period (e.g. January 1) total assets to period ending (e.g. December 31 or March 31) total assets and dividing by two.

Institution (continued)

The table below compares COFSB’s lending volume during the review period to that of its OTS peer group⁸. The Institution’s lending volume as a percentage of total assets significantly exceeded that of the peer group median for commercial and consumer loans. As previously discussed, mortgage lending does not represent a significant product type for COFSB.

Capital One, FSB Lending Volume⁹									
January 1, 2003 through March 31, 2005									
Loan Type	Calendar Year 2005 YTD			Calendar Year 2004			Calendar Year 2003		
	Instit. % TA	Peer¹⁰ % TA	Instit. Percent Rank	Instit. % TA	Peer % TA	Instit. Percent Rank	Instit. % TA	Peer % TA	Instit. Percent Rank
Permanent Mortgage	2.49%	5.65%	20	3.61%	32.26%	10	0.83%	40.83%	9
Commercial loans	18.31%	0.30%	92	74.58%	3.07%	89	71.10%	1.80%	93
Consumer Loans	14.48%	0.06%	92	72.27%	1.23%	92	76.28%	2.24%	93

Lending within the Assessment Area

The tables below depict the number and dollar volume of loans originated within and outside of COFSB’s assessment area from January 1, 2003 through June 30, 2005. This information was obtained through HMDA and small business/small farm loan reporting and through installment loan records provided by Management.

COFSB HMDA-Reportable Lending				
January 1, 2003 through June 30, 2005				
Originations	Number	Percentage	(\$000)	Pct. Of Amount
Within	50	0.79%	\$10,186	1.31%
Outside	6,248	99.21%	769,219	98.69%
TOTAL	6,298	100.00%	\$779,405	100.00%

COFSB Small Business/Small Farm Loans				
January 1, 2003 through June 30, 2005				
Originations	Number	Pct. Of No.	(\$000)	Pct. Of Amount
Within	18,718	0.49%	\$77,466	0.59%
Outside	3,766,569	99.51%	12,990,083	99.41%
TOTAL	3,785,287	100.00%	\$13,067,549	100.00%

⁸ Peer Group consists of all savings associations in the Nation with total assets over \$5.0 billion. During the review period, there were between 35 and 39 savings associations in this peer group.

⁹ Lending Volume information obtained from TFRs reported to the OTS.

¹⁰ Note: Peer Median represents a middle value. Accordingly, median totals are not the sum of component median values.

Institution (continued)

COFSB Consumer Installment Loans January 1, 2003 through June 30, 2005				
Originations.	Number	Pct. Of No.	(\$000)	Pct. Of Amount
Within	6,475	0.78%	\$48,899	0.45%
Outside	827,901	99.22%	10,736,628	99.55%
TOTAL	834,376	100.00%	\$10,785,527	100.00%

The above tables demonstrate that the overwhelming majority of loans originated by COFSB during the review period were secured by properties or to borrowers located outside of the assessment area. These percentages are expected relative to COFSB's nationwide lending operations that are not conducive to lending concentrated within a particular geographic area. Management has attempted to improve assessment area lending performance through a specialized installment lending program discussed later in this evaluation.

Although the percentage of lending in the assessment area is low, the examiner notes that COFSB also attracts its deposits on a nationwide basis, with only \$208.0 million of deposits within the assessment area as of May 31, 2005. Within this context, annualized lending volume within the assessment area represented 26.25 percent of assessment area deposits, and is considered reasonable.

Borrower Characteristics:

Analysis for Assessment Area

The borrower income distribution of COFSB's assessment area lending, by product type, is included in Tables 8a - 13 of the FFIEC core tables located in Appendix C. As previously discussed, 2003 lending has been separated from 2004 and 2005 YTD lending because of the re-categorization of metropolitan statistical areas and non-metropolitan areas by the OMB at the beginning of 2004.

HMDA-Reportable Loans

Tables 8a – 10a in Appendix C of this report summarize the information used to evaluate the borrower income distribution of COFSB's assessment area HMDA-reportable lending during the review period. As previously discussed, COFSB has not traditionally been a mortgage lender, and HMDA-reportable lending represents a small percentage of overall lending. Consequently, the assessment area lending volume is low and difficult to analyze on a statistical basis. For 2003, the Institution's 15 HMDA-reportable loans show a good LMI borrower distribution. For 2004-05, the Institution's 35 HMDA-reportable loans also indicate a good distribution to LMI, in particular moderate-income borrowers.

Institution (continued)

Small Loans to Businesses and Farms

Tables 11a and 12a in Appendix C of this report summarize the information used to evaluate COFSB's assessment area distribution of small loans to businesses and farms according to the revenue size of the business and the loan amount. COFSB focuses its small business lending on micro-sized businesses, generally those with less than 10 employees. According to internal information provided by Management¹¹, over 80 percent of COFSB's business customers have annual revenues less than \$500,000, and over 50 percent of customers have annual revenue under \$100,000. As COFSB does not generally rely upon the revenue of the business to make a credit decision, it is not required to obtain revenue information. Consequently, an analysis of borrower incomes would not have been particularly meaningful. However, it should be noted that nearly all of COFSB's 3.8 million loans originated during the review period were in amounts less than \$100,000. The only business loans greater than \$100,000 are Small Business Administration loans. Based upon data obtained from management, COFSB's average 2003 small business loan was \$3,000.

Installment Consumer Loans

Table 13 in Appendix C of this report contains information used to evaluate COFSB's assessment area record of lending to borrowers of different income levels. The borrower income distribution of consumer loans for the review period far exceeded the assessment area demographic benchmark, in particular the percentage of low-income households within the assessment area. Management has enhanced LMI consumer lending in the assessment area through COFSB's specialized installment lending program.

Overall, the Institution's assessment area borrower income distribution was favorable when compared to peer lending and demographic benchmarks.

Analysis for Nationwide Lending (from selected markets)

Section 563e.22(b)(2), (3) and (4) of the Interagency Questions and Answers regarding Community Reinvestment states that "consideration will be given for loans to low-and moderate-income persons and small business and farm loans outside of an institution's assessment area(s), provided the institution has adequately addressed the needs of borrowers within its assessment area(s)." Since only a small portion of COFSB's lending occurred within the assessment area, the examiner analyzed loans made to borrowers of different income levels within 20 markets¹² that are outside of the assessment area. As mentioned previously, the areas include a combination of the top lending and

¹¹ Information based upon solicitation data and recent customer survey.

¹² The examiner discussed the methodology used to determine the selected markets with management at the beginning of the evaluation and management agreed that these markets were a reasonable representation of the Institution's overall lending outside of its assessment area.

Institution (continued)

deposit markets based on review period lending and deposit balances as of May 31, 2005. While the Atlanta, Denver and Riverside markets were not in the top deposit markets, the Institution receives a reasonable level of deposits from these areas and COFSB's lending applications from these markets are high because of the demand for COFSB's lending products in these markets. Management emphasized that with the exception of certain products targeted to COFSB's assessment area, the Institution's deposit and lending marketing efforts do not target any specific markets.

The first two tables compare the borrower income distribution of COFSB's HMDA-reportable loans in each market to the respective 2003 aggregate HMDA-reportable lending and demographics. For 2003, the Institution's LMI lending exceeded or approximated aggregate lending in 12 markets and approximated or exceeded the demographic benchmark¹³ in 12 instances. For 2004-05, the Institution's LMI lending exceeded or approximated aggregate lending in 15 markets and approximated or exceeded the demographic benchmark in 10 instances. The examiner considered that HMDA-reportable lending represents a small percentage of overall lending. Also, the lending volume in each market varied considerably and was relatively low in some areas, particularly for 2003. The examiner concluded that COFSB's borrower income distribution was adequate for HMDA-reportable lending outside of its assessment area.

The third table compares the borrower income distribution of COFSB's unsecured installment lending in each of the 20 markets. The only benchmark available is LMI households because there are no aggregate lending statistics maintained for this loan product. For 2003, the Institution's LMI lending exceeded or approximated the demographic benchmark in only three markets (Philadelphia, Nassau-Suffolk and Edison). For 2004-05, the Institution's LMI lending approximated or exceeded the demographic benchmark in only three markets (New York, Nassau-Suffolk and Bethesda). Management explained that consumer lending trailed the demographic benchmarks because it is a prime to super-prime business that attracts a more affluent borrower.

The borrower income distribution of COFSB's small business and small farm lending in the 20 selected markets was similar to the Institution's assessment area performance and would not provide a useful analysis if presented in a tabular format. The examiner's analysis found that borrower revenue was not available for over 85 percent of the Institution's small business loans in these markets. Again, internal information provided by Management found that over 80 percent of COFSB's business customers have annual revenues less than \$500,000, and over 50 percent of

¹³ Although not exact, the examiner compared the Institution's LMI borrower lending to the percentage of LMI families net of the household poverty rate. Family poverty rates were not readily available.

Institution (continued)

customers have annual revenue under \$100,000. Nearly all of COFSB's small business and small farm loans originated within the select markets were in amounts less than \$100,000. The only business loans greater than \$100,000 are Small Business Administration loans. The examiner concluded that the borrower distribution of the Institution's small loans to businesses and farms is favorable.

Borrower Income Distribution COFSB				
HMDA-Reportable Loans in Selected Markets Outside Assessment Area¹⁴				
MSA/MD Market	COFSB 2003 LMI %	2003 Aggregate LMI %	2003 MSA/MD Families LMI %	2003 MSA/MD Household Poverty %
New York-White Plains, NY-NJ MD #35644	0.00%	6.46%	41.17%	18.13%
Philadelphia, PA MD #37964	44.44%	27.39%	40.09%	12.10%
Washington-Arlington-Alexandria, DC-VA-MD-WV MD #47894 (excludes Capital One AA)	60.00%	40.28%	35.99%	4.52%
Chicago-Naperville-Joliet, IL MD #16974	50.00%	27.73%	39.20%	9.67%
Los Angeles-Long Beach-Glendale, CA MD #31084	23.08%	8.51%	40.36%	15.13%
West Palm Beach-Boca Raton-Boynton Beach, FL MD #48424	16.67%	26.98%	38.42%	8.95%
Richmond, VA MSA #40060	13.04%	33.10%	37.36%	12.51%
Houston-Baytown-Sugar Land, TX MSA #26420	0.00%	21.95%	39.59%	14.57%
Nassau-Suffolk, NY MD #35004	33.33%	26.68%	36.64%	5.45%
Tampa-St. Petersburg-Clearwater, FL MSA #45300	37.50%	24.65%	37.96%	10.41%
Phoenix-Mesa-Scottsdale, AZ MSA #38060	21.43%	28.60%	38.15%	9.88%
Edison, NJ MD #20764	60.00%	27.70%	37.93%	5.76%
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL #22744	20.00%	24.68%	39.02%	10.79%
Dallas-Plano-Irving, TX MD #19124	42.86%	22.77%	38.59%	13.60%
Bethesda-Frederick-Gaithersburg, MD MD #13644	50.00%	31.58%	32.17%	5.65%
San Diego-Carlsbad-San Marcos, CA MSA #41740	40.00%	11.32%	38.93%	10.34%
Baltimore-Towson, MD MSA #12580	60.00%	25.50%	38.13%	9.72%
Atlanta-Sandy Springs-Marietta, GA MSA #12060	33.33%	34.85%	37.81%	11.97%
Denver-Aurora, CO MSA #19740	0.00%	31.84%	36.87%	8.32%
Riverside-San Bernardino-Ontario, CA MSA #40140	9.09%	13.70%	39.04%	12.79%

¹⁴ Information on this table generated using CRA Wiz Core Tables.

Institution (continued)

Borrower Income Distribution COFSB				
HMDA-Reportable Loans in Selected Markets Outside Assessment Area				
MSA/MD Market	COFSB 2004-05 YTD LMI %	2003 Aggregate LMI %	2004-05 MSA/MD Families LMI %	2004-05 MSA/MD Household Poverty %
New York-White Plains, NY-NJ MD #35644	15.07%	6.46%	43.58%	18.13%
Philadelphia, PA MD #37964	28.44%	27.39%	39.32%	12.10%
Washington-Arlington-Alexandria, DC-VA- MD-WV MD #47894 (excludes Capital One AA)	32.93%	40.28%	35.58%	4.44%
Chicago-Naperville-Joliet, IL MD #16974	23.49%	27.73%	38.45%	10.01%
Los Angeles-Long Beach-Glendale, CA MD #31084	4.84%	8.51%	40.36%	15.13%
West Palm Beach-Boca Raton-Boynton Beach, FL MD #48424	25.00%	26.98%	38.42%	8.95%
Richmond, VA MSA #40060	28.57%	33.10%	38.19%	9.39%
Houston-Baytown-Sugar Land, TX MSA #26420	40.00%	21.95%	39.97%	12.27%
Nassau-Suffolk, NY MD #35004	32.91%	26.68%	36.64%	5.45%
Tampa-St. Petersburg-Clearwater, FL MSA #45300	22.95%	24.65%	37.99%	10.41%
Phoenix-Mesa-Scottsdale, AZ MSA #38060	19.93%	28.60%	38.41%	9.88%
Edison, NJ MD #20764	30.65%	27.70%	37.69%	5.93%
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL #22744	19.05%	24.68%	38.02%	10.79%
Dallas-Plano-Irving, TX MD #19124	75.00%	22.77%	39.32%	9.63%
Bethesda-Frederick-Gaithersburg, MD MD #13644	30.00%	31.58%	37.57%	4.85%
San Diego-Carlsbad-San Marcos, CA MSA #41740	14.29%	11.32%	38.93%	10.34%
Baltimore-Towson, MD MSA #12580	36.00%	25.50%	38.20%	9.72%
Atlanta-Sandy Springs-Marietta, GA MSA #12060	33.83%	34.85%	38.13%	8.82%
Denver-Aurora, CO MSA #19740	12.50%	31.84%	36.92%	7.28%
Riverside-San Bernardino-Ontario, CA MSA #40140	11.96%	13.70%	39.21%	12.79%

Institution (continued)

Borrower Income Distribution COFSB						
Installment Loans in Selected Markets Outside Assessment Area						
MSA/MD Market	2003 COFSB LMI %	2003 MSA/MD HH LMI %	2003 MSA/MD HH Pov. %	2004-05 COFSB LMI %	2004-05 MSA/MD HH LMI %	2004-05 MSA/MD HH Pov. %
New York-White Plains, NY-NJ MD #35644	18.45%	41.36%	18.13%	23.57%	41.36%	18.13%
Philadelphia, PA MD #37964	25.39%	40.49%	12.10%	19.97%	40.49%	12.10%
Washington-Arlington-Alexandria, DC-VA-MD-WV MD #47894 (Does that include Assessment Area.)	30.24%	41.06%	4.52%	23.35%	41.06%	4.44%
Chicago-Naperville-Joliet, IL MD #16974	23.91%	40.26%	9.67%	22.39%	40.26%	10.01%
Los Angeles-Long Beach-Glendale, CA MD #31084	13.81%	40.36%	15.13%	17.63%	40.36%	15.13%
West Palm Beach-Boca Raton-Boynton Beach, FL MD #48424	19.23%	39.81%	8.95%	17.10%	39.81%	8.95%
Richmond, VA MSA #40060	23.94%	38.75%	12.51%	23.56%	38.75%	9.39%
Houston-Baytown-Sugar Land, TX MSA #26420	12.87%	39.81%	14.57%	10.67%	39.81%	12.27%
Nassau-Suffolk, NY MD #35004	33.43%	38.44%	5.45%	30.25%	38.44%	5.45%
Tampa-St. Petersburg-Clearwater, FL MSA #45300	15.57%	39.15%	10.41%	14.88%	39.15%	10.41%
Phoenix-Mesa-Scottsdale, AZ MSA #38060	16.49%	38.99%	9.88%	13.38%	38.99%	9.88%
Edison, NJ MD #20764	31.40%	39.81%	5.76%	28.28%	39.81%	5.93%
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL #22744	16.35%	39.68%	10.79%	15.86%	39.68%	10.79%
Dallas-Plano-Irving, TX MD #19124	15.44%	39.03%	13.60%	11.45%	39.03%	9.63%
Bethesda-Frederick-Gaithersburg, MD MD #13644	30.87%	33.57%	5.65%	29.77%	33.57%	4.85%
San Diego-Carlsbad-San Marcos, CA MSA #41740	17.98%	39.66%	10.34%	20.40%	39.66%	10.34%
Baltimore-Towson, MD MSA #12580	23.51%	40.06%	9.72%	21.87%	40.06%	9.72%
Atlanta-Sandy Springs-Marietta, GA MSA #12060	21.35%	38.43%	11.97%	15.73%	38.43%	8.82%
Denver-Aurora, CO MSA #19740	23.67%	38.54%	8.32%	22.06%	38.14%	7.28%
Riverside-San Bernardino-Ontario, CA MSA #40140	13.56%	39.56%	12.79%	16.91%	39.56%	12.79%

Institution (continued)

Geographic Distribution:

The geographic distribution of COFSB's assessment area lending, by product type, is included in Tables 2a - 7a and 13 of the FFIEC core tables located in Appendix C. As previously discussed, 2003 lending has been separated from 2004 and 2005 YTD lending because of the re-categorization of metropolitan statistical areas and non-metropolitan areas by the OMB at the beginning of 2004.

HMDA-Reportable Loans

Tables 2a - 4a in Appendix C of this report summarize the information used to evaluate the census tract income-distribution of COFSB's assessment area HMDA-reportable lending during the review period. As previously discussed, COFSB has not traditionally been a mortgage lender, and HMDA-reportable lending represents a small percentage of overall lending. Consequently, the assessment area lending volume is low and difficult to analyze on a statistical basis. For 2003, the geographic distribution of the Institution's 15 HMDA-reportable loans varies by product type. The home purchase loan is in an upper-income census tract while the LMI census tract distribution of the 14 refinance mortgages approximates the demographic and peer benchmark. For 2004-05, the seven home purchase and home improvement loans are secured by properties in middle- and upper-income census tracts, while the LMI census tract distribution of the 28 refinance mortgages exceeds the demographic and peer benchmarks.

Small Loans to Businesses and Farms

Tables 6a - 7a in Appendix C of this report summarize the information used to evaluate the geographic distribution of COFSB's small loans to businesses and farms within the assessment area. For 2003, the geographic-income distribution of the Institution's small loans to businesses is nearly equal to the demographic distribution and somewhat better than the peer lending benchmark. COFSB's LMI census tract small loans to farms exceeded the demographic benchmark and approximated aggregate lending. The geographic-income distribution of COFSB's small loans to businesses for 2004-05 was nearly the same as 2003, with the equivalent demographic and peer lending benchmarks¹⁵. The LMI distribution of the Institution's 2004-05 small loans to farms declined a small amount relative to 2003, but continued to exceed the demographic benchmark.

Installment Consumer Loans

Table 13 in Appendix C of this report contains information used to evaluate the geographic income-distribution of COFSB's assessment area consumer lending. For 2003, the LMI census tract

¹⁵ The LMI geographic distribution did not change in the assessment area between 2003 and 2004. Also, the most available aggregate lending information available is from 2003.

Institution (continued)

distribution of this loan product is somewhat above the demographic benchmark. COFSB's 2004-05 lending in low-income census tracts is just below the demographic percentage, while the moderate-income census tract distribution is just above the demographic percentage.

Overall, the Institution's assessment area lending during the review period reasonably penetrated the LMI census tracts therein.

Flexible and Innovative Loan Products and Programs:

COFSB continues to offer a special installment loan product to increase installment lending to low- and moderate-income borrowers within its assessment area. This special installment loan features flexible underwriting requirements, with a low loan amount of \$1,000 and no fees. The current interest rate for this unsecured loan product is 9.99 percent. For the period from January 1, 2003 to June 30, 2005, COFSB originated 3,020 of these loans, which accounted for 46.70 percent of all installment loans originated in the assessment area.

Community Development Lending:

Community development lending is somewhat difficult for the Institution relative to its core lending operations, which are nationwide, but are limited to a single office in McLean, Virginia, that is not accessible to the public. To address this impediment, management developed a community development lending program during the prior review period, which works to meet direct community credit needs within the Institution's assessment area, as available, or a broader statewide or regional area that includes the Institution's assessment area.

COFSB's community development lending continued to improve during the current review period, with annualized lending volume at more than double the volume¹⁶ reached during the previous review period. From April 1, 2003 through June 30, 2005, the Institution originated six community development loans totaling \$15.8 million. These community development loans were innovative financial arrangements with CDFIs, affordable housing organizations, small business funds and other non-profit organizations that serve LMI persons. Summaries of these loans are presented below:

- On May 30, 2003, COFSB originated a \$37,000 loan to a theatre group to finance arts education and cultural performances targeting LMI youth in the City of Alexandria, Virginia.
- On July 7, 2003, COFSB made a \$1.0 million equity investment in the parent company of City First Bank (CFB), Washington DC's only CDFI, as part of the parent company's

¹⁶ The Institution originated eight community development loans totaling \$11.1 million during the prior 39-month review period (\$3.4 million per year), and six loans totaling \$15.8 million during the current 27-month review period (\$7.02 million per year).

Institution (continued)

capitalization plan. The Institution's equity investment represents a 6.27 percent ownership interest in the parent company. CFB focuses on financing affordable housing, facilities and working capital for non-profit organizations and small businesses. This equity investment has not been included in the Institution's community development investment evaluation, but instead COFSB has requested that a pro-rata (percentage of ownership) share of the CDFI's loan originations be allocated to COFSB as community development loans. CFB originated \$86.0 million of community development loans between July 1, 2003 and June 30, 2005. COFSB's pro-rata share of this lending would total \$5.4 million.

- On July 7, 2003, the Institution originated a \$1.0 million loan to the ECDC Enterprise Development Group, which is a subsidiary of the Ethiopian Community Development Council, Inc., a non-profit organization that provides a variety of services to low-income immigrants and refugees. The Institution's loan proceeds funded two loan programs that service the Washington DC metropolitan area. The first \$500,000 in funding was for ECDC clients participating in ECDC's IDA program to purchase automobiles and/or refinance existing automobile loans. The second \$500,000 in funding was to a micro-loan fund to provide technical assistance and loans of up to \$10,000 for micro-enterprises.
- On August 8, 2003, COFSB originated a \$3.0 million loan to the Minerva Seed Fund, a small business loan fund established in partnership with the Fairfax County Economic Development Authority. The Fund's purpose is to provide financing up to \$50,000 to small businesses in Fairfax County, with an emphasis on areas targeted for economic and community development.
- On March 3, 2004, the Institution originated a \$1.4 million loan to Good Shepherd Housing (GSH), a local non-profit organization that rents housing and provides supportive services to the needy. GSH tenants are low-income families and individuals living in southern Fairfax County. The majority of GSH's clients earn less than 30.0 percent of the area median income. The loan is an Advised Guidance Line of Credit for the purchase and renovation of single-family dwellings along the Route 1 corridor of Fairfax County, which are rented by GSH to low-income tenants. The GSH rental unit is considered transitional housing for those attempting to improve their financial situation. The tenant is only permitted to reside in the rental housing for up to 24 months, while they repair their credit, improve their financial position, and receive financial literacy training from GSH. Currently, GSH has 75 rental units, which have served approximately 100 tenants in the last year.

Institution (continued)

- On April 26, 2005, COFSB originated a \$5.0 million loan to Enterprise Housing Financial Services, Inc. (EHFS) a non-profit lending arm of the Enterprise Foundation, a leading community development organization. The EHFS provides resources to low-income communities by financing affordable housing, child care facilities, job training centers, commercial development, and other community activities. This unsecured line of credit supports EHFS's Enterprise Loan fund in the Washington DC area, which is part of a national predevelopment/acquisition program. The Fund lends to developers of affordable housing for LMI households. The proceeds of COFSB's loan will be used in the Washington DC area, including Northern Virginia.

Lending Test Conclusion:

COFSB's lending volume during the review period significantly exceeded that of similarly sized savings associations. Although only a small percentage of the Institution's loans were made to borrowers within its assessment area, the volume of assessment area lending was reasonable relative to the small percentage of COFSB's deposits that are obtained from within the assessment area.

The borrower income distribution of lending within the assessment area was favorable for all three product lines reviewed. The examiner notes that the Institution developed an installment loan product within the assessment area that targeted LMI persons. Since assessment area lending was only a small percentage of overall lending, the examiner also evaluated the borrower income distribution of the Institution's lending outside of the assessment area. The examiner concluded that while the borrower income distribution was reasonable for HMDA-reportable and small loans to businesses and farms, COFSB's installment lending had a poor borrower income distribution relative to the demographic benchmark.

Overall, the Institution's assessment area lending during the review period reasonably penetrated the LMI census tracts therein. The geographic distribution of COFSB's assessment area HMDA-reportable lending was mixed. Lending for purchase money and home improvement transactions was poor, but lending for refinances was favorable relative to the peer lending and demographic benchmarks. The Institution's HMDA-reportable lending volume was low and received a relatively minor weighting in this evaluation. The geographic distribution of COFSB's small loans to businesses and farms within the assessment area compared favorably to the demographic and peer lending benchmarks. COFSB's assessment area consumer lending was somewhat above the demographic benchmark in 2003 and was just below the demographic LMI percentage for 2004-05.

Institution (continued)

The Institution’s community development lending and innovative lending program served to offset some of the shortcomings in the Institution’s lending in other areas. COFSB offers an installment loan program in its assessment area that significantly improved the LMI borrower lending percentage in the assessment area relative to overall installment lending. COFSB has engaged in community development lending projects that were innovative financial arrangements with CDFIs, affordable housing organizations, small business funds and other non-profit organizations that serve LMI persons. These loans involved outreach and resourcefulness on behalf of Institution personnel to originate loan products that diverge from COFSB’s core lending operations.

Based on the findings outlined above, a rating of “High Satisfactory” is assigned to the Institution’s performance under the lending test.

Investment Test

For this factor, we reviewed a listing and explanation of investments, deposits or grants during the review period to determine which ones primarily benefited low-income or moderate-income individuals or small farms or businesses, and addressed affordable housing or other community development needs. The Institution’s qualified investments are summarized in Table 14 of Appendix C to this report. The core table information is supplemented by the tables below, which compare the Institution’s level of investments to its financial resources.

Capital One, FSB Qualifying Investments Summary 04/01/2003-06/30/2005						
Type of Investment	Dollar Amount (\$000)		Amt. Funded Annualized	% Funded Avg. Tier One Capital ¹⁷	% Funded Total Deposits ¹⁸	% Funded Avg. Total Assets ¹⁹
	Committed	Funded				
Equity Investments	\$9,800	\$5,999	\$2,666	0.15%	0.03%	0.02%
LIHTC	19,452	5,826	2,589	0.14%	0.03%	0.02%
SBIC	5,000	755	336	0.02%	<0.01%	<0.01%
Investment Securities	3,865	3,865	1,718	0.10%	0.02%	0.01%
Grants & Contributions	8,595	8,595	3,820	0.21%	0.04%	0.03%
Total Qualified Investments	\$46,712	\$25,040	\$11,129	0.62%	0.12%	0.09%

¹⁷ Average Tier One capital was \$1.81 billion (Tier One capital as reported on TFRs as of December 31 for 2002-2004, and March 31, 2005 divided by four).

¹⁸ Source: Records provided by management indicated total deposits of \$9.5 billion as of May 31, 2005.

¹⁹ Average Total Assets was \$13.1 billion (As reported on TFRs December 31 for 2002-04, and March 31, 2005 divided by four).

Institution (continued)

Capital One, FSB Summary of Cumulative Qualified Investments ²⁰						
	Summary Investments (\$000)			% Avg. Tier One Capital	% Total Deposits	% Avg. Total Assets
	Prior Period ²¹	Current Period	Total			
Equity Investments	\$2,029	\$9,800	\$11,829	0.65%	0.12%	0.09%
LIHTC	23,896	19,452	43,348	2.40%	0.45%	0.33%
SBIC	22,226	5,000	27,226	1.51%	0.29%	0.21%
Investment Securities	24,039	3,865	27,904	1.54%	0.29%	0.21%
CDFI	514	-0-	514	0.03%	0.01%	<0.01%
Grants & Contributions	-0-	8,595	8,595	0.48%	0.09%	0.07%
Total Qualified Investments	\$72,704	\$46,712	\$119,416	6.61%	1.25%	0.91%

Summaries of the review period qualified investments are presented below:

- King Street Partners LP - \$5,451,750

COFSB invested in a multi-lender low-income housing tax credit (LIHTC) fund with seven affordable housing properties. One property is in Maryland and six are in Virginia. One of the properties is new construction and the others are being renovated.

- Reliant Equity Partners, LP- \$2,000,000

COFSB invested in a large regional venture capital equity fund that invests in minority-owned small and middle market businesses. The Institution’s investment proceeds are intended to be made in CRA-qualified investments in COFSB’s assessment area or a broader state-wide or regional area.

- Urban Venture Fund, LLC - \$5,000,000

COFSB created this fund to strengthen its ability to make high-impact investments in inner-city neighborhoods. The fund invests in residential and commercial properties in Virginia that provide affordable housing for LMI residents or support community revitalization efforts. To-date, the fund has made two housing-related investments that involve the redevelopment of 231 market-rate rental housing units in Richmond, Virginia. One is a 6-unit apartment building in a low-income tract in Jackson Ward, a City-designated Revitalization Area and Enterprise Zone. The other project, which

²⁰ Includes outstanding balance of investment commitments from prior period and all investments committed during current review period.

²¹ June 30, 2005 balance of prior period committed investments.

Institution (continued)

will be developed into a mixed-use property that will include commercial space and 225 residential rental units, is located in a low-income census tract in Old Town Manchester. The City has designated Old Town Manchester as an Enterprise Zone.

- United Enterprise Fund, LP - \$2,000,000

COFSB made an investment in this national private equity fund that makes investments in the chain restaurant industry. The fund targets minority and women restaurant operators who want to expand their restaurant ownership. The intent of the fund is to finance the building or upgrade of restaurants in LMI geographies, thereby providing jobs for LMI persons and contributing to the revitalization or stabilization of these areas.

- Charter Mac - \$3,865,444

The Institution invested in CRA preferred shares of Charter Mac, which invests in tax-exempt LMI multi-family housing bonds. The funds from this investment have been allocated to the 326-unit Park Centre apartment complex in Alexandria, Virginia.

- Raymond James Tax Credit Fund XXII, LLC- \$4,000,000

COFSB made an investment in this regional LIHTC fund that has 24 properties. COFSB's investment is allocated to two properties in Virginia. A 60-unit property is being constructed in Tappahannock, and an 85-unit property is being rehabilitated in Virginia Beach.

- Northern Virginia Family Services, Inc.- \$800,000

COFSB made an equity equivalent investment to help finance the construction of a community center located in an 860-unit LMI town home community in Prince William County, Virginia. The community has been designated as a targeted redevelopment area by the City of Manassas. The investment is in the form of a rolling-term loan that is being carried as an investment by the Institution. This unusual financing vehicle is used to assist the non-profit organization in obtaining an equity-like base to support its community service activities.

- Alpine Equity, LP-\$3,000,000

COFSB made an investment in this regional Small Business Investment Corporation (SBIC) that invests in small businesses that specialize in educational products, consumer products, government contracts and outsourcing of financial services.

Institution (continued)

- Ascent Venture Partners IV, LP-\$2,000,000

COFSB invested in this SBIC that invests in small businesses specializing in information technology and industry technology. The fund’s target region is the northeast, including Virginia.

- MMA Mid-Atlantic Regional Affordable Housing Fund III Limited Partnership-\$10,000,000

Capital One Community Development Corporation (COCDC), a subsidiary of COB, made this investment. COCDC originated the transaction on behalf of COFSB, pursuant to the affiliate rule of the CRA regulation. This investment is not being included in COB’s CRA evaluation. Although this is a national multi-investor LIHTC fund, COFSB’s investment is allocated to three properties within its assessment area and nearby Washington DC. The first property is a 40-unit property for LMI families in Fairfax County; the second is a 50-unit property for LMI families in Fairfax County; and, the third is a 172-unit property for LMI families in Washington DC. The Virginia properties are being rehabilitated, and the Washington DC property is new construction.

Financial Grants

COFSB supplemented its qualifying investments with 324 financial grants or donations to approximately 150 different organizations totaling \$8.6 million. COFC, the Institution’s parent company, made these financial grants on behalf of COFSB. As a financial institution that operates on a nationwide basis, COFSB divides its financial grant activities throughout four geographic areas. The table below summarizes grant activity by area.

Geographic Area	Dollar Amount
Assessment Area	\$2,622,879
Washington DC	560,400
Other COFC Sites	3,506,190
Nationwide	1,905,826
Total	\$8,595,295

COFC’s operational facilities are currently located in the cities of Dallas, Texas; Boise, Idaho; and Boston, Massachusetts. Additionally, COFC had facilities in Seattle, Washington; Fredericksburg, Virginia; and Tampa, Florida that were closed during the review period.

Investment Test Conclusion:

COFSB’s volume of qualified investments continued to increase during the review period. Also, the Institution continued to employ a high level of innovation in connection with these investments. A

Institution (continued)

majority of COFSB's overall qualifying investments are long-term investments from prior periods, which have continued on the Institution's books. Qualified investments committed to during the current period totaled \$46.7 million, which represents 1.15 percent of average tier one capital and 0.16 percent of average total assets on an annualized basis. The remaining balance of prior-period investments totaled \$72.7 million, which resulted in total qualified investments of \$119.4 million, or 6.61 percent of average tier one capital and 0.91 percent of average total assets. Considering the substantial volume of qualified investments and financial grants in relationship to COFSB's resources and the high degree of innovation, a rating of "Outstanding" is assigned under the investment test.

Service Test

Retail Banking Services:

COFSB operates from its main office in McLean, Virginia, but does not have any branches that are open to the public. The main office is located in a middle-income census tract in Fairfax County, which is within the Washington DC MSA. The Institution did not open, close or relocate any offices during the review period. All of COFSB's products and services are offered through alternative delivery systems, including direct mail, the Internet and toll-free telephone numbers. Many of the Institution's credit products are offered through directed mailings where unsolicited customers cannot apply. Finally, the only deposit products offered by the Institution are high-yield savings accounts, money market accounts, certificates of deposit and individual retirement accounts.

COFSB operates separate telephone call support centers for its various deposit and loan products. The various support centers are supplemented with voice response units that operate 24 hours per day, seven days a week. Support Center hours are as follows:

- Capital One Home Loans: eSmartloan 8-8 M-F, Central Time
- Small Business Installment Loans: 8-8 M-F and 8-5 Saturday, Eastern Time
- Other Small Business Loans: 24 hours per day; 7 days per week
- Consumer Installment Loans: 8-8 M-F, 8-5 Saturday, Eastern Time
- Consumer Credit Cards: 8-8 M-F and 8-5 Saturday Eastern Time
- Savings: 8-8 M-F and 8-2 Saturday, Eastern Time

COFSB advertises money market and certificate of deposit accounts on a nationwide basis through newspapers and magazines and over its Internet website. Deposit accounts may only be opened over the telephone, by mail or over the Internet. Further, deposits to accounts are only accepted through the mail, or by way of electronic or wire transfer. The Institution issues ATM cards for customers to access their money market accounts; however, COFSB does not operate any ATMs.

Institution (continued)

Community Development Services:

The four geographic areas described in the Investment Test discussion above also group COFSB's community development services. These activities are performed by COFSB employees as representatives of the company, and can be categorized as non-profit board participation or associate volunteerism.

The table below summarizes employee service hours by the four geographic areas:

Geographic Area	Hours
Assessment Area	1,223
Washington DC	148
Other COFC Sites	634
Nationwide	1,885
Total	3,890

Some of the Institution's more concerted community service efforts are described below:

Financial Literacy Program/Consumer Action:

In 2000, COFSB started developing a financial education program to empower consumers to make smart financial decisions. The Institution has partnered with several non-profit organizations to implement this program, with its strongest relationship with Consumer Action, a non-profit, membership-based organization. Management explained that they chose to partner with Consumer Action because it is a nationwide organization with the ability to serve community-based organizations (CBOs) across the country. COFSB has assisted Consumer Action in creating and implementing MoneyWi\$e, a four part series that targets LMI consumers and offers information to address financial responsibility. To date, more than 1.5 million MoneyWi\$e brochures, printed in multiple languages, have been distributed through a network of 525 CBOs. In 2004, COFSB organized 21 day-long training sessions around the country that delivered MoneyWi\$e training through a network of 7,300 CBOs. During the review period, COFSB associates devoted more than 2,300 hours to developing the financial education program, including MoneyWi\$e. COFSB associates have also utilized MoneyWi\$e materials in providing financial literacy training in local community settings.

Northern Virginia Family Services (NVFS):

NVFS is a leading non-profit agency located in the Institution's assessment area. The organization's mission is to empower individuals and families to improve their quality of life, and to promote

Institution (continued)

community cooperation and support in responding to family needs. COFSB has a long-standing and comprehensive relationship with NVFS that has involved providing the organization with community development grants and services, along with the equity-equivalent investment described above. The COFSB Vice President of Finance and Accounting has served on the NVFS board of directors for several years. During the review period, other COFSB associates provided 62 hours of financial literacy training to LMI clients served by NVFS.

Capital Area Food Bank (CAFB):

COFSB continued a long-standing relationship with CAFB that has involved a combination of grants and services. CAFB is a cooperative effort among nonprofit organizations, the food industry, and local businesses to serve low-income individuals in the Washington D.C. metropolitan area. CAFB administers a “Kids Café” program that provides after school meals and enriching activities to low-income children. The Executive Vice President and Chief Credit Officer of COFSB serves on the board of CAFB.

A member of COFSB’s senior management serves on the board of the Local Initiatives Support Corporation (LISC). This national organization supports local community development organizations through grants, low-interest loans, and equity investments. In addition, COFSB’s CRA Officer is a director of the Low Income Investment Fund. This national CDFI provides access for capital investments in affordable housing, childcare, education, workforce development and other community development initiatives.

Leadership and Volunteer Positions:

COFSB management personnel and associates provide leadership and financial expertise to a number of non-profit organizations.

In the assessment area these include: Alternative House; Big Brothers Big Sisters of the National Capital Area; Campagna Center; Children and Family Network Center; Communities in Schools of NOVA; Food and Friends; Homestretch, Inc.; Shelter House; Volunteer Fairfax; and the Grevey Foundation.

In Washington DC these include: Capital One – Stash Your Cash Program; Capital Hill Computer Corner; Hoop Dreams Scholarship Fund; and Heads-Up.

In COFC Site areas these include: Consumer Financial Services; North Texas Food Bank; Shared Housing; and the Multi-Service Center of South King County.

Institution (continued)

Nationally, these include: Low-Income Investment Fund; LISC; and the National Association of Affordable Housing Lenders.

Service Test Conclusion:

Despite limited accessibility to retail banking services, COFSB personnel provide a significant amount of technical assistance and financial expertise to numerous community development organizations. Based upon COFSB's high level of community development services, a rating of "High Satisfactory" is assigned under the service test.

Record of Complying with Antidiscrimination Laws and Regulations

No violations of the substantive provisions of the antidiscrimination laws or regulations were identified.

Appendix A

Scope of Examination

SCOPE OF EXAMINATION		
TIME PERIOD REVIEWED:	Retail Lending: 01/01/2003 through 06/30/2005 ²² Community Development Lending: 4/1/2003 - 6/30/2005 Community Development Investments: 4/1/2003 – 6/30/2005 Community Development Services: 4/1/2003 – 6/30/2005	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
Capital One, F.S.B. McLean, Virginia		HMDA Reportable Unsecured Consumer Installment Small Business Community Development
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
None		

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED ⁱ	OTHER INFORMATION
VIRGINIA:	On-Site	One	Because the assessment area represented a small percentage of the bank's overall operations, the examiner also considered Capital One's CRA activities outside of its assessment area.
Alexandria City			
Arlington County			
Fairfax County			
Fairfax City			
Falls Church City			

ⁱ Capital One, F.S.B. does not have any branches that are open to the public; however, the examiner visited the Institution's main office in McLean, Virginia.

²² Balance sheet composition and lending activity data went from January 1, 2003 through March 31, 2005, because June 30, 2005 TFR information was not yet available.

Appendix B

Summary of State and Multi-state MSA Ratings²³

Because the Institution has only one assessment area within one state, this table was not applicable for this evaluation.

State or Multi-state MSA Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating

²³ Weight selections used for the evaluation of the institution's CRA performance could result in unrated Performance Test factors.

Appendix B

FFIEC Aggregate Core Tables

The Federal Financial Institution Examination Counsel (FFIEC) has adopted a standard set of data tables for use in Large Bank CRA Public Evaluations. The core tables include data on lending volume, geographic and borrower distribution of loans, qualified investments, and branch information within the Institution's assessment area.

The following chart describes which tables are included under this Appendix of the performance evaluation. Any tables not included in this evaluation were excluded because COFSB has not originated or purchased any loans in the relevant category during the period under review or did not elect to report consumer loan data. The first set of tables covers calendar-year 2003 and the second set of tables cover the period from January 1, 2004 through June 30, 2005. The demographic information for the entire review period is based on 2000 US census data. However, while county borders and demographics did not change during the review period, the Office of Management and Budget (OMB) revised the MSA and non-metropolitan areas beginning with 2004. These changes primarily affect the median family income amounts that are utilized in these tables. Because the OMB revisions did not necessitate a segregation of this information, qualifying investments for the entire review period are only included in Table 14 of the 2004-05 set of tables. There are no branch tables included because the Institution does not have any publicly available branch offices.

Appendix C

FFIEC CORE TABLE INDEX			
Table Number	Description	Table Produced (Y/N) 2003	Table Produced (Y/N) 2004-05
1	Lending Volume	Y	Y
1	Other Products	Y	Y
1	Other Products <i>(continued)</i>	Y	Y
2a	Geographic Distribution of Home Purchase Loans	Y	Y
3a	Geographic Distribution of Home Improvement Loans	N	Y
4a	Geographic Distribution of Home Mortgage Refinance Loans	Y	Y
5a	Geographic Distribution of Multifamily Loans	N	N
6a	Geographic Distribution of Small Loans to Businesses	Y	Y
7a	Geographic Distribution of Small Loans to Farms	Y	Y
8a	Borrower Distribution of Home Purchase Loans	Y	Y
9a	Borrower Distribution of Home Improvement Loans	N	Y
10a	Borrower Distribution of Home Mortgage Refinance Loans	Y	Y
11a	Borrower Distribution of Small Loans to Businesses	Y	Y
12a	Borrower Distribution of Small Loans to Farms	Y	Y
13	Geographic and Borrower Distribution of Consumer Loans	Y	Y
14	Qualified Investments	N	Y
15	Distribution of Branch Delivery System and Branch Openings/Closings	N	N
N/A	Demographics	Y	Y

Appendix C

LENDING VOLUME		Geography: CAPITAL ONE FSB						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
MA/Assessment Area (2003):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
	100.00	15	2,641	8,167	34,089	123	627	4	9,429	8,309	46,786	0.00

* Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2003 to December 31, 2003.

Appendix C (continued)

LENDING VOLUME		Geography: CAPITAL ONE FSB										Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003		
MA/Assessment Area (2003):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:														
	100.00	2,558	16,819	0	0	0	0	0	0	0	0	0	0	0.00

* Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is from January 01, 2003 to December 31, 2003.

Appendix C (continued)

LENDING VOLUME		Geography: CAPITAL ONE FSB		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003	
MA/Assessment Area (2003):	Other Unsecured Consumer Loans		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
	2,558	16,819	0	0	

* The evaluation period for Optional Product Line(s) is from January 01, 2003 to December 31, 2003.

Appendix C (continued)

Geographic Distribution: HOME PURCHASE 31, 2003		Geography: CAPITAL ONE FSB						Evaluation Period: JANUARY 1, 2003 TO DECEMBER						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	1	100.00	0.18	0.00	7.47	0.00	32.90	0.00	59.44	100.00	0.27	10.94	36.60	52.19

* Based on 2003 Peer Mortgage Data (US)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Appendix C (continued)

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2003			Geography: CAPITAL ONE FSB						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	14	100.00	0.18	0.00	7.47	7.14	32.90	42.86	59.44	50.00	0.18	6.73	31.30	61.79

* Based on 2003 Peer Mortgage Data (US)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Appendix C (continued)

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2003		Geography: CAPITAL ONE FSB								Evaluation Period: JANUARY 1, 2003 TO				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income			
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses* **	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses* **	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	8,167	100.00	0.37	0.31	8.48	8.55	34.37	36.65	56.77	54.50	0.25	7.84	34.88	57.03

* Based on 2003 Peer Small Business Data -- US

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2003).

Appendix C (continued)

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2003			Geography: CAPITAL ONE FSB						Evaluation Period: JANUARY 1, 2003 TO					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	123	100.00	0.00	0.00	7.61	12.20	37.14	43.09	55.25	44.72	0.00	12.77	39.01	48.23

* Based on 2003 Peer Small Business Data -- US

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2003).

Appendix C (continued)

Borrower Distribution: HOME PURCHASE 31, 2003			Geography: CAPITAL ONE FSB						Evaluation Period: JANUARY 1, 2003 TO DECEMBER					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	1	100.00	14.14	0.00	14.16	100.00	20.25	0.00	51.44	0.00	5.65	21.22	30.26	42.87

* Based on 2003 Peer Mortgage Data (US)

** As a percentage of loans with borrower income information available.

*** Percentage of Families is based on the 2000 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Appendix C (continued)

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2003		Geography: CAPITAL ONE FSB								Evaluation Period: JANUARY 1, 2003 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	14	100.00	14.14	14.29	14.16	21.43	20.25	42.86	51.44	21.43	5.52	16.71	27.47	50.30

* Based on 2003 Peer Mortgage Data (US)

** As a percentage of loans with borrower income information available. No information was available for 0.9% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 2000 Census information.

**** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

Appendix C (continued)

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2003		Geography: CAPITAL ONE FSB			Evaluation Period: JANUARY 1, 2003 TO				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Capital One FSB Assessment Area	8,167	100.00	61.71	17.99	99.96	0.04	0.00	39,326	12,751

* Based on 2003 Peer Small Business Data -- US

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 80.44% of small loans to businesses originated and purchased by the bank.

Appendix C (continued)

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2003			Geography: CAPITAL ONE FSB				Evaluation Period: JANUARY 1, 2003 TO		
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Capital One FSB Assessment Area	123	1.97	85.52	87.80	100.00	0.00	0.00	145	121

* Based on 2003 Peer Small Business Data -- US

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2003).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 5.92% of small loans to farms originated and purchased by the bank.

Appendix C (continued)

Geographic and Borrower Distribution: CONSUMER LOANS DECEMBER 31, 2003		Geography: CAPITAL ONE FSB										Evaluation Period: JANUARY 1, 2003 TO							
MA/Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total [*]	% of Hhlds ^{**}	% of Bank Loans	% of Hhlds ^{**}	% of Bank Loans	% of Hhlds ^{**}	% of Bank Loans	% of Hhlds ^{**}	% of Bank Loans	% of Hhlds ^{**}	% of Bank Loans	% of Hhlds ^{**}	% of Bank Loans	% of Hhlds [*]	% of Bank Loans	% of Hhlds [*]	% of Bank Loans	
Full Review:																			
Capital One FSB Assessment Area	2,558	100.00	1.14	1.80	15.15	19.19	36.38	43.43	47.32	35.57	17.59	37.10	17.47	20.17	21.20	15.40	43.73	17.47	

* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

** Percentage of households is based on 2000 Census information.

Appendix C (continued)

Institution ID: CAPITAL ONE, F.S.B. (400000131)

Demographic Information for Full Scope Area: Capital One FSB Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	244	1.23	13.52	33.20	51.64	0.41
Population by Geography	1,319,360	1.09	14.25	35.09	49.56	0.00
Owner-Occupied Housing by Geography	319,204	0.18	7.47	32.90	59.44	0.00
Business by Geography	95,177	0.37	8.48	34.37	56.77	0.00
Farms by Geography	1,077	0.00	7.61	37.14	55.25	0.00
Family Distribution by Income Level	328,938	14.14	14.16	20.25	51.44	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	93,113	2.35	26.80	41.65	29.20	0.00
Median Family Income		72,247	Median Housing Value		197,274	
HUD Adjusted Median Family Income for 2003		84,800	Unemployment Rate (1990 US Census)		1.55%	
Households Below Poverty Level		4.52%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 US Census and 2003 HUD updated MFI

Appendix C (continued)

LENDING VOLUME		Geography: CAPITAL ONE FSB						Evaluation Period: JANUARY 1, 2004 TO JUNE 30, 2005				
MA/Assessment Area (2005):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
	100.00	35	7,545	9,831	40,571	49	140	2	6,405	9,917	54,661	0.00

* Loan Data as of June 30, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2004 to June 30, 2005.

Appendix C (continued)

LENDING VOLUME		Geography: CAPITAL ONE FSB										Evaluation Period: JANUARY 1, 2004 TO JUNE 30, 2005		
MA/Assessment Area (2005):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:														
	100.00	3,730	30,907	0	0	0	0	0	0	0	0	0	0	0.00

* Loan Data as of June 30, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is from January 01, 2004 to June 30, 2005.

Appendix C (continued)

LENDING VOLUME		Geography: CAPITAL ONE FSB		Evaluation Period: JANUARY 1, 2004 TO JUNE 30, 2005	
MA/Assessment Area (2005):	Other Unsecured Consumer Loans		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
	3,730	30,907	0	0	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to June 30, 2005.

Appendix C (continued)

Geographic Distribution: HOME PURCHASE 2005		Geography: CAPITAL ONE FSB						Evaluation Period: JANUARY 1, 2004 TO JUNE 30,						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	1	100.00	0.18	0.00	7.47	0.00	30.88	100.00	61.47	0.00	0.27	11.10	37.42	51.21

* Based on 2003 Peer Mortgage Data (US)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Appendix C (continued)

Geographic Distribution: HOME IMPROVEMENT 2005			Geography: CAPITAL ONE FSB								Evaluation Period: JANUARY 1, 2004 TO JUNE 30,			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	6	100.00	0.18	0.00	7.47	0.00	30.88	50.00	61.47	50.00	0.31	9.64	37.23	52.83

* Based on 2003 Peer Mortgage Data (US)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Appendix C (continued)

Geographic Distribution: HOME MORTGAGE REFINANCE JUNE 30, 2005			Geography: CAPITAL ONE FSB						Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ^e			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	28	100.00	0.18	0.00	7.47	10.71	30.88	39.29	61.47	50.00	0.19	6.96	32.09	60.76

* Based on 2003 Peer Mortgage Data (US)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Appendix C (continued)

Geographic Distribution: SMALL LOANS TO BUSINESSES JUNE 30, 2005		Geography: CAPITAL ONE FSB								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income			
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses* **	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses* **	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
	9,831	100.00	0.37	0.26	8.48	9.10	32.26	35.76	58.88	54.87	0.00	0.00	0.00	0.00

* Based on 2003 Peer Small Business Data -- US

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2003).

Appendix C (continued)

Geographic Distribution: SMALL LOANS TO FARMS 30, 2005		Geography: CAPITAL ONE FSB								Evaluation Period: JANUARY 1, 2004 TO JUNE				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	49	100.00	0.00	0.00	7.61	10.20	34.82	42.86	57.57	46.94	0.00	0.00	0.00	0.00

* Based on 2003 Peer Small Business Data -- US

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2003).

Appendix C (continued)

Borrower Distribution: HOME PURCHASE 2005		Geography: CAPITAL ONE FSB								Evaluation Period: JANUARY 1, 2004 TO JUNE 30,				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	1	100.0 0	13.98	0.00	14.04	0.00	20.12	0.00	51.86	100.00	5.63	21.09	30.39	42.89

* Based on 2003 Peer Mortgage Data (US)

** As a percentage of loans with borrower income information available. No information was available for 1.0% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 2000 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Appendix C (continued)

Borrower Distribution: HOME IMPROVEMENT 2005		Geography: CAPITAL ONE FSB								Evaluation Period: JANUARY 1, 2004 TO JUNE 30,				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	6	100.00	13.98	0.00	14.04	33.33	20.12	0.00	51.86	66.67	8.76	17.44	28.97	44.82

* Based on 2003 Peer Mortgage Data (US)

** As a percentage of loans with borrower income information available. No information was available for 0.8% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 2000 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Appendix C (continued)

Borrower Distribution: HOME MORTGAGE REFINANCE 30, 2005			Geography: CAPITAL ONE FSB								Evaluation Period: JANUARY 1, 2004 TO JUNE			
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Capital One FSB Assessment Area	28	100.00	13.98	3.57	14.04	21.43	20.12	35.71	51.86	39.29	5.51	16.74	27.42	50.33

* Based on 2003 Peer Mortgage Data (US)

** As a percentage of loans with borrower income information available. No information was available for 1.2% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 2000 Census information.

**** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

Appendix C (continued)

Borrower Distribution: SMALL LOANS TO BUSINESSES 30, 2005		Geography: CAPITAL ONE FSB			Evaluation Period: JANUARY 1, 2004 TO JUNE 30, 2005				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Capital One FSB Assessment Area	9,831	100.00	61.71	9.74	99.99	0.01	0.00	0	0

* Based on 2003 Peer Small Business Data -- US

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 86.28% of small loans to businesses originated and purchased by the bank.

Appendix C (continued)

Borrower Distribution: SMALL LOANS TO FARMS 2005		Geography: CAPITAL ONE FSB			Evaluation Period: JANUARY 1, 2004 TO JUNE 30, 2005				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Capital One FSB Assessment Area	49	100.00	85.52	85.71	100.00	0.00	0.00	0	0

* Based on 2003 Peer Small Business Data -- US

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2005).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 5.80% of small loans to farms originated and purchased by the bank.

Appendix C (continued)

Geographic and Borrower Distribution: CONSUMER LOANS 30, 2005		Geography: CAPITAL ONE FSB										Evaluation Period: JANUARY 1, 2004 TO JUNE 30, 2005						
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans
Full Review:																		
Capital One FSB Assessment Area	3,730	100.00	1.14	0.97	15.15	17.64	34.16	40.99	49.55	40.40	17.59	27.99	17.47	18.95	21.20	16.46	43.73	20.24

* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

** Percentage of households is based on 2000 Census information.

Appendix C (continued)

QUALIFIED INVESTMENTS		Geography: CAPITAL ONE FSB				Evaluation Period: APRIL 1, 2003 TO JUNE 30, 2005			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Capital One FSB Assessment Area	18	72,704	334	46,712	352	119,416	100.00	17	42,089

Current period investments include 10 investments totaling \$38,117 and 324 grants totaling \$8,595.

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

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

Appendix C (continued)

Institution ID: CAPITAL ONE, F.S.B. (400000131)

Demographic Information for Full Scope Area: Capital One FSB Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	244	1.23	13.52	31.15	53.69	0.41
Population by Geography	1,319,360	1.09	14.25	33.02	51.63	0.00
Owner-Occupied Housing by Geography	319,204	0.18	7.47	30.88	61.47	0.00
Business by Geography	95,177	0.37	8.48	32.26	58.88	0.00
Farms by Geography	1,077	0.00	7.61	34.82	57.57	0.00
Family Distribution by Income Level	328,938	13.98	14.04	20.12	51.86	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	92,165	2.37	26.90	39.83	30.91	0.00
Median Family Income		71,100	Median Housing Value		198,894	
HUD Adjusted Median Family Income for 2005		86,200	Unemployment Rate (1990 US Census)		1.55%	
Households Below Poverty Level		4.44%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 US Census and 2005 HUD updated MFI

CRA Rating Definitions

There are four separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. "Outstanding record of meeting community credit needs."
2. "Satisfactory record of meeting community credit needs."
3. "Needs to improve record of meeting community credit needs."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, and service opportunities in the assessment area(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.