

PUBLIC DISCLOSURE

May 20, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Capital One Bank

05511205

P. O. Box 85525

Richmond, Virginia 23285-5525

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of Capital One Bank, Richmond, Virginia, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of May 20, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank's community development performance through qualified investments and use of innovation in community development lending is considered adequate. The institution exhibits reasonable responsiveness to credit and community economic development needs in its assessment area. In particular, grants and contributions have been made to a variety of community organizations whose primary purpose is to serve the needs of low- and moderate-income individuals or areas. Furthermore, the institution has joined with a local minority-owned bank to offer home improvement loans targeted to low- and moderate-income individuals. Qualified investments made and/or committed since February 1995 have totaled \$810,500.

DESCRIPTION OF INSTITUTION

Capital One Bank is a wholly owned bank subsidiary of Capital One Financial Corporation with total assets of \$4.1 billion. The institution is engaged exclusively in credit card operations with 6.7 million MasterCard and Visa accounts nationwide. In April 1996, the Federal Reserve Bank of Richmond, acting under authority delegated by the Board of Governors of the Federal Reserve System, approved Capital One Bank's request for designation as a limited-purpose financial institution for purposes of evaluating its performance under the Community Reinvestment Act (CRA) as defined by Section 228.12(o) of Regulation BB.

DESCRIPTION OF ASSESSMENT AREA

Henrico County, Virginia and the City of Richmond have been designated as the bank's assessment area with the main office located in Henrico County. This area is located in the east-central portion of the Commonwealth and is part of the Richmond-Petersburg Metropolitan Statistical Area (MSA). The population for the assessment area, according to the 1990 census data, is 420,937. The local economy is diverse and depends on industry, State and Federal Government, and wholesale/retail services for employment opportunities. Some of the leading industries in the area include tobacco processing, metal fabrication, banking, medical services, and insurance. Economic prospects for the area are considered favorable due to the large and mostly skilled labor force and the diverse industrial and economic base. A community contact was recently performed with a representative of a local housing organization to further assist in evaluating the bank's CRA performance. The contact stated that more affordable housing programs along with education programs regarding the mortgage loan process, are needed to assist low- and moderate-income individuals seeking housing throughout the metropolitan Richmond area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

COMMUNITY DEVELOPMENT TEST

Capital One Bank aids various community development programs that specifically target low- and moderate-income areas and individuals throughout the assessment area. Participation in these programs has included grants, contributions, and investments. The activities described below illustrate the bank's efforts to ensure that credit and community development needs throughout the assessment area, including low- and moderate-income areas, are addressed.

Since February 1995, the institution has contributed \$117,500 to organizations which develop low- and moderate-income housing and engage in various activities to revitalize and stabilize low- and moderate-income geographies. Such organizations include:

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA--contd.

COMMUNITY DEVELOPMENT TEST--contd.

- Interfaith Housing Corporation
- Richmond Better Housing Coalition
- Richmond Neighborhood Housing Services, Inc.
- Church Hill Neighborhood, Inc.
- Single Room Occupancy (SRO) - Richmond Housing Services, Inc.
- First Homes, Inc.
- Oregon Hill Home Improvement Council
- Richmond Local Initiative Support Corporation (LISC)
- Your Neighborhood Uptown Association
- Habitat for Humanity

Other contributions to groups that provide community services primarily to low- and moderate-income individuals were made to the Consumer Credit Counseling Service of Richmond and the Greater Richmond Community Corporation.

The bank has also committed to grants totaling \$160,000 to two local organizations that provide educational services to low- and moderate-income students residing in Henrico County and the City of Richmond. Educational programs offered through these organizations stress the importance of education and its relationship to successful employment. Some of the specific areas of the curriculum include cultural enrichment activities, drug prevention education, computer training, and vocational training and job placement. Other services offered include homework assistance, remedial teaching, group counseling, mentoring, and parent support resources to program participants.

In addition, grants totaling \$27,000 were made to a local health care center servicing low- and moderate-income residents in the City of Richmond and to a local housing facility for homeless women and children located in Henrico County.

Capital One Bank and Consolidated Bank & Trust Company (CB&T), a minority-owned bank in Richmond, have jointly developed a home improvement loan program which will target low- and moderate-income residents in the metropolitan Richmond area. The program known as "The Better Loans for Better Homes Program" will feature reduced rates of interest with loans provided on a secured and unsecured basis for a variety of home improvement purposes. To qualify as a low- and moderate-income resident, the borrower's income may not exceed 80% of the median family income for the Richmond metropolitan area. CB&T will be responsible for all loan

decisions and credit administration. Funding will be provided through deposits of \$100,000 each up to a maximum \$500,000 commitment by Capital One Bank into a designated home improvement loan account maintained by CB&T. The initial term of the commitment is five years. Both bank will market the loan program. The proposed marketing campaign will culminate with a home improvement seminar at CB&T, at which time loans under the program will be made available.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS--contd.

No credit practices inconsistent with the provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending and credit services.