



Comptroller of the Currency
Administrator of National Banks

Licensing Department
250 E. Street, SW
Washington, DC 20219

**Corporate Decision #2007-09
December 2007**

October 19, 2007

Andres L. Navarrete, Esq.
Managing Vice President & Chief Counsel – Regulatory
Capital One Financial Corporation
1680 Capital One Drive
McLean, Virginia 22102

Re: Application to Convert to a National Bank
Capital One Bank, Glen Allen, Virginia
Proposed Title: Capital One Bank (USA), National Association
OCC Control Number: 2007-NE-01-0011

Dear Mr. Navarrete:

I approve your application to convert Capital One Bank, Glen Allen, Virginia, to a national bank. After a thorough review of all information available, and reliance upon the representations and commitments made in the application and by the bank's representatives, I found that your conversion application meets the requirements for approval to convert to a national banking association pursuant to 12 USC 35 and 12 CFR 5.24 as follows:

Title: Capital One Bank (USA), National Association

Location: Glen Allen, Virginia

This approval is based in part upon the institution's representation that, prior to conversion, the capital structure will be realigned to comply with the minimum capital requirements of 12 USC 35, 36, 52, and 371d to the extent applicable.

I approve Capital One Bank (USA), National Association's plans to continue the following activities in the following subsidiaries.

Foreign Bank:

Capital One Bank (Europe) plc – bank organized under the laws of the United Kingdom (“UK”). Principle business is issuing credit cards in the UK, which accounts for over 95% of total revenues. The bank also has a personal loan business, which is currently inactive, and a savings business, which is currently under review.

Subsidiaries of Foreign Bank:

Capital One Mortgages Limited and Capital One Homeowner Loans Limited – formerly engaged in the mortgage loan and brokerage business. However, as of August 2007, these subsidiaries are both inactive. As these subsidiaries are considered inactive, prior approval from the OCC will be required prior to beginning any activity in the future.

Capital One Loans (UK) Limited – is the holding company for Capital One Mortgage Limited and Capital One Homeowner Loans Limited. It does not engage in any other activities.

Capital One Securities Limited and Capital One Overseas Limited – these subsidiaries are investment companies which invest their excess liquidity in various debt instruments, typically UK government bonds.

Other Foreign Subsidiaries:

Capital One Holdings, Ltd. – is a holding company for Capital One Bank (Europe).

Capital One Investments Limited and Capital One Funding Limited – special-purpose subsidiaries formed to provide tax-efficient debt funding to Capital One Bank (Europe) to support its capitalization and liquidity.

Statutory Subsidiaries:

Capital One Community Development Corp. – engages in community development investments and activities.

Small Business Investment Company Subsidiary:

North Hill Ventures II, L.P. – an SBIC licensed by the SBA in 2002. This subsidiary invests in information technology and software companies with a specific focus on financial services and direct-to-consumer marketing businesses that require capital to continue or accelerate their growth.

Subsidiaries Engaged in Holding Bank Premises:

Worldscape, Inc. – owns property in Nottingham, England, which is used as premises for Capital One Bank (Europe).

Capital One Properties, Inc. – owns property in Nottingham, England, used as premises for Capital One Bank (Europe).

Capital One VA Properties, LLC – holds property containing Capital One Bank's data and operation centers in Glen Allen, Virginia.

Operating Subsidiaries:

Capital One Funding, LLC – securitizes credit card receivables.

Capital One Funding Small Business, LLC – securitizes small business loans.

Subsidiaries Engaged in Holding Assets and Servicing Activities:

Capital One Loan Management, Inc. – invests in and holds Capital One credit card receivables and participations.

Renaissance Park Properties, Inc. – formerly owned real estate used by Capital One Bank and its affiliates. Currently dormant. As this subsidiary is considered dormant, prior approval from the OCC will be required prior to beginning any activity in the future.

Capital One Realty, Inc. – holding company for Capital One VA Properties, LLC and Renaissance Park. Engages in no other activities.

Subsidiary Engaged in Underwriting and Reinsuring Credit Related Insurance:

CI Insurance Corp., Inc. – previously sold insurance products through Capital One Bank. Currently dormant. As this subsidiary is considered dormant, prior approval of the OCC will be required prior to beginning any activity in the future.

Inactive Subsidiaries:

Ever 2255 Limited
HFS Insurance Services, Ltd.
Support Selling, Ltd.
MyLoan Ltd.
MyFinance Ltd.

As these subsidiaries are considered inactive, prior approval from the OCC will be required prior to beginning any activity in the future.

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. The bank must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
2. If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
3. The board of directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure the bank's compliance with them. We are enclosing the Minimum Policies and Procedures for national banks.
4. Capital One Bank (USA), National Association, has represented that it intends to maintain its membership in the Federal Home Loan Bank ("FHLB") system. If, at any time, Capital One Bank (USA), National Association, ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that Capital One Bank (USA), National Association, is not a member of the FHLB system.
5. The bank must ensure that all other required regulatory approvals are obtained. Pursuant to 12 CFR § 25.25 the bank will need to file with the OCC a notice requesting designation as a limited purpose bank for purposes of the Community Reinvestment Act.

6. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
7. If the converting institution is subject to the Home Mortgage Disclosure Act (“HMDA”), the bank must ensure that its reporter identification number included on its HMDA transmittal sheet is changed to reflect its new OCC charter number.
8. The converting institution must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a “no objection” from the OCC.
9. Duplicate copies of the books and records of the foreign subsidiaries will be located at facilities of the Bank or of an operating subsidiary of the Bank in the United States. In addition, the foreign subsidiaries will be subject to OCC examination, supervision and regulation and the Bank will ensure prompt OCC access to all books and records of these subsidiaries.

Upon completion of all steps required to convert to a national banking association, submit the “Conversion Completion Certification” (enclosed) certifying that you have done so.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national banking association. At that time you will receive the charter certificate. If the conversion is not consummated within six months from the date of the decision, the approval will automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the *Comptroller’s Licensing Manual*, which is available in electronic form on our Web site: <http://www.occ.treas.gov/corpapps/corppaplic.htm>.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be modified or waived by any employee or agent of the OCC or the United States.

All correspondence regarding this application should reference the application control number. If you have any questions, please contact Senior Licensing Analyst Ramah Chansen at 202-874-5060.

Sincerely,

Jan Kalmus

Jan Kalmus
Acting Director for Licensing Activities

Enclosures: Conversion Completion Certification
Minimum Policies and Procedures
12 CFR 9
Survey Letter