

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## FORM 10-Q

(Mark One)

/  / QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 1996

OR

/  / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-13300

CAPITAL ONE FINANCIAL CORPORATION

-----  
(Exact name of registrant as specified in its charter)

Delaware

54-1719854

-----  
(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

2980 Fairview Park Drive, Suite 1300, Falls Church, Virginia

22042-4525

-----  
(Address of principal executive offices)

(Zip Code)

(703) 205-1000

-----  
(Registrant's telephone number, including area code)

(Not Applicable)

-----  
(Former name, former address and former fiscal year, if changed since last  
report)

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

YES  NO

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As of July 31, 1996, there were 66,260,240 shares of the registrant's Common  
Stock, par value \$.01 per share, outstanding.

CAPITAL ONE FINANCIAL CORPORATION  
FORM 10-Q  
INDEX

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June 30, 1996

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## ITEM 1.

CAPITAL ONE FINANCIAL CORPORATION  
 Condensed Consolidated Balance Sheets  
 (dollars in thousands, except per share data) (unaudited)

|  | JUNE 30<br>1996 | DECEMBER 31<br>1995 |
|--|-----------------|---------------------|
| <b>ASSETS</b>  |                 |                     |
| Cash and due from banks  | \$ 8,426        | \$ 51,680           |
| Federal funds sold   | 600,000         | 465,000             |
| Interest-bearing deposits at other banks   | 233,700         | 355,780             |
| -----  |                 |                     |
| Cash and cash equivalents  | 842,126         | 872,460             |
| Securities available for sale  | 642,542         | 413,016             |
| Credit card loans held for securitization  | 1,000,000       | 400,000             |
| Credit card loans  | 2,569,740       | 2,521,679           |
| Less: Allowance for loan losses  | (74,000)        | (72,000)            |
| -----  |                 |                     |
| Net loans  | 2,495,740       | 2,449,679           |
| Premises and equipment, net  | 155,569         | 139,074             |
| Interest receivable  | 57,252          | 55,573              |
| Accounts receivable from securitizations   | 409,983         | 359,379             |
| Other assets   | 72,909          | 70,140              |
| -----  |                 |                     |
| Total assets   | \$ 5,676,121    | \$ 4,759,321        |
| =====  |                 |                     |
| <b>LIABILITIES</b>   |                 |                     |
| Interest-bearing deposits  | \$ 1,215,499    | \$ 696,037          |
| Federal funds purchased  | 194,500         | 709,803             |
| Bank facility  | 65,000          | 100,000             |
| Bank notes   | 3,134,217       | 2,491,869           |
| Deposit notes  | 200,000         |                     |
| Interest payable   | 70,724          | 73,931              |
| Other liabilities  | 131,918         | 88,490              |
| -----  |                 |                     |
| Total liabilities  | 5,011,858       | 4,160,130           |
| <b>STOCKHOLDERS' EQUITY</b>  |                 |                     |
| Preferred stock, par value \$.01 per share; authorized<br>50,000,000 shares, none issued or outstanding  |                 |                     |
| Common stock, par value \$.01 per share; authorized<br>300,000,000 shares, 66,249,466 and 66,174,567<br>issued and outstanding at June 30, 1996 and<br>December 31, 1995, respectively | 662             | 662                 |
| Paid-in capital, net   | 473,502         | 469,830             |
| Retained earnings  | 190,099         | 128,699             |
| -----  |                 |                     |
| Total stockholders' equity   | 664,263         | 599,191             |
| -----  |                 |                     |
| Total liabilities and stockholders' equity   | \$ 5,676,121    | \$ 4,759,321        |
| =====  |                 |                     |

See notes to condensed consolidated financial statements.

CAPITAL ONE FINANCIAL CORPORATION  
Condensed Consolidated Statements of Income  
(dollars in thousands, except per share data) (unaudited)

|  | THREE MONTHS ENDED<br>JUNE 30 |                | SIX MONTHS ENDED<br>JUNE 30 |                |
|--|-------------------------------|----------------|-----------------------------|----------------|
|  | 1996                          | 1995           | 1996                        | 1995           |
| <b>INTEREST INCOME:</b>  |                               |                |                             |                |
| Credit card loans, including fees                                | \$ 123,403                    | \$ 90,741      | \$ 237,514                  | \$ 167,755     |
| Federal funds sold   | 4,487                         | 5,255          | 12,464                      | 13,265         |
| Other  | 9,863                         | 8,436          | 20,917                      | 12,479         |
| <b>Total interest income</b>                                     | <b>137,753</b>                | <b>104,432</b> | <b>270,895</b>              | <b>193,499</b> |
| <b>INTEREST EXPENSE:</b>   |                               |                |                             |                |
| Deposits   | 11,031                        | 12,210         | 23,574                      | 21,933         |
| Federal funds purchased  | 4,104                         | 11,023         | 10,392                      | 19,722         |
| Bank facility  | 1,463                         | 2,920          | 3,523                       | 17,585         |
| Bank and deposit notes   | 46,702                        | 33,057         | 88,145                      | 50,963         |
| <b>Total interest expense</b>                                    | <b>63,300</b>                 | <b>59,210</b>  | <b>125,634</b>              | <b>110,203</b> |
| Net interest income  | 74,453                        | 45,222         | 145,261                     | 83,296         |
| Provision for loan losses  | 25,110                        | 17,260         | 50,278                      | 25,896         |
| Net interest income after provision for loan losses              | 49,343                        | 27,962         | 94,983                      | 57,400         |
| <b>NON-INTEREST INCOME:</b>                                      |                               |                |                             |                |
| Servicing  | 109,115                       | 99,791         | 237,301                     | 201,295        |
| Service charges  | 42,034                        | 20,149         | 68,658                      | 37,261         |
| Interchange  | 14,119                        | 8,424          | 22,417                      | 14,203         |
| Other  | 5,331                         | 6,425          | 13,371                      | 12,190         |
| <b>Total non-interest income</b>                                 | <b>170,599</b>                | <b>134,789</b> | <b>341,747</b>              | <b>264,949</b> |
| <b>NON-INTEREST EXPENSE:</b>                                     |                               |                |                             |                |
| Salaries and associate benefits                                  | 49,655                        | 31,309         | 93,931                      | 61,442         |
| Solicitation   | 42,733                        | 34,124         | 94,257                      | 75,207         |
| Communications and data processing                               | 19,879                        | 14,975         | 34,819                      | 31,475         |
| Supplies and equipment   | 14,399                        | 9,369          | 26,783                      | 18,325         |
| Occupancy  | 4,924                         | 3,201          | 9,019                       | 6,566          |
| Other  | 27,744                        | 23,454         | 56,975                      | 43,773         |
| <b>Total non-interest expense</b>                                | <b>159,334</b>                | <b>116,432</b> | <b>315,784</b>              | <b>236,788</b> |
| Income before income taxes                                       | 60,608                        | 46,319         | 120,946                     | 85,561         |
| Income taxes   | 22,425                        | 16,673         | 44,750                      | 30,806         |
| Net income   | \$ 38,183                     | \$ 29,646      | \$ 76,196                   | \$ 54,755      |
| Earnings per share   | \$ .57                        | \$ .45         | \$ 1.14                     | \$ .83         |
| Weighted average common and common equivalent shares outstanding | 66,892,902                    | 66,465,786     | 66,858,455                  | 66,319,049     |
| Dividends paid per share   | \$ .08                        | \$ .08         | \$ .16                      | \$ .08         |

See notes to condensed consolidated financial statements.

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CAPITAL ONE FINANCIAL CORPORATION  
Condensed Consolidated Statements of Changes in Stockholders' Equity  
(dollars in thousands, except per share data) (unaudited)

|   | COMMON STOCK<br>SHARES | AMOUNT        | PAID-IN<br>CAPITAL, NET | RETAINED<br>EARNINGS | TOTAL<br>STOCKHOLDERS'<br>EQUITY |
|---|------------------------|---------------|-------------------------|----------------------|----------------------------------|
| Balance, December 31, 1994  | 66,067,250             | \$ 661        | \$ 462,844              | \$ 11,052            | \$ 474,557                       |
| Net income  |                        |               |                         | 54,755               | 54,755                           |
| Cash dividends - \$.08 per share  |                        |               |                         | (5,293)              | (5,293)                          |
| Issuance of common stock  | 24,020                 |               | 434                     |                      | 434                              |
| Exercise of stock options   | 6,582                  |               | 132                     |                      | 132                              |
| Restricted stock grants   | 35,715                 |               |                         |                      |                                  |
| Amortization of deferred<br>compensation  |                        |               | 1,974                   |                      | 1,974                            |
| Change in unrealized gains on<br>securities available for sale,<br>net of income taxes of \$2,827 |                        |               |                         | 5,249                | 5,249                            |
| <b>BALANCE, JUNE 30, 1995</b>   | <b>66,133,567</b>      | <b>\$ 661</b> | <b>\$ 465,384</b>       | <b>\$ 65,763</b>     | <b>\$ 531,808</b>                |
| Balance, December 31, 1995  | 66,174,567             | \$ 662        | \$ 469,830              | \$ 128,699           | \$ 599,191                       |
| Net income  |                        |               |                         | 76,196               | 76,196                           |
| Cash dividends - \$.16 per share  |                        |               |                         | (10,248)             | (10,248)                         |
| Issuance of common stock  | 67,379                 |               | 1,376                   |                      | 1,376                            |
| Exercise of stock options   | 8,184                  |               | 132                     |                      | 132                              |
| Tax benefit from stock awards   |                        |               | 230                     |                      | 230                              |
| Restricted stock, net   | (664)                  |               | 134                     |                      | 134                              |
| Common stock issuable<br>under incentive plan   |                        |               | 1,800                   |                      | 1,800                            |
| Change in unrealized gains on<br>securities available for sale,<br>net of income taxes of \$2,448 |                        |               |                         | (4,548)              | (4,548)                          |
| <b>BALANCE, JUNE 30, 1996</b>   | <b>66,249,466</b>      | <b>\$ 662</b> | <b>\$ 473,502</b>       | <b>\$ 190,099</b>    | <b>\$ 664,263</b>                |

See notes to condensed consolidated financial statements.

CAPITAL ONE FINANCIAL CORPORATION  
Condensed Consolidated Statements of Cash Flows  
(dollars in thousands) (unaudited)

SIX MONTHS ENDED  
JUNE 30

|   | 1996              | 1995              |
|---|-------------------|-------------------|
| <b>OPERATING ACTIVITIES:</b>  |                   |                   |
| Net income  | \$ 76,196         | \$ 54,755         |
| Adjustments to reconcile net income to cash provided by operating activities: |                   |                   |
| Provision for loan losses   | 50,278            | 25,896            |
| Depreciation and amortization   | 21,575            | 14,955            |
| Stock compensation plans  | 1,934             | 1,974             |
| Increase in interest receivable   | (1,679)           | (34,722)          |
| Increase in accounts receivable from securitizations                          | (50,604)          | (49,603)          |
| Increase in other assets  | (3,792)           | (7,151)           |
| (Decrease) increase in interest payable                                       | (3,207)           | 48,244            |
| Increase (decrease) in other liabilities                                      | 43,428            | (13,646)          |
| <b>Net cash provided by operating activities</b>                              | <b>134,129</b>    | <b>40,702</b>     |
| <b>INVESTING ACTIVITIES:</b>  |                   |                   |
| Purchases of securities available for sale                                    | (237,105)         | (402,807)         |
| Proceeds from maturities of securities available for sale                     |                   | 99,070            |
| Proceeds from securitization of credit card loans                             | 600,000           | 1,350,000         |
| Net increase in loans   | (1,302,803)       | (1,818,038)       |
| Recoveries of loans previously charged off                                    | 6,464             | 6,304             |
| Additions of premises and equipment, net                                      | (33,786)          | (25,649)          |
| <b>Net cash used for investing activities</b>                                 | <b>(967,230)</b>  | <b>(791,120)</b>  |
| <b>FINANCING ACTIVITIES:</b>  |                   |                   |
| Net increase in interest-bearing deposits                                     | 519,462           | 277,894           |
| Net decrease in other borrowings  | (550,303)         | (1,373,385)       |
| Issuances of bank notes   | 864,848           | 2,117,369         |
| Maturities of bank notes  | (222,500)         |                   |
| Issuances of deposit notes  | 200,000           |                   |
| Proceeds from exercise of stock options                                       | 132               | 132               |
| Net proceeds from issuance of common stock                                    | 1,376             | 434               |
| Dividends paid  | (10,248)          | (5,293)           |
| <b>Net cash provided by financing activities</b>                              | <b>802,767</b>    | <b>1,017,151</b>  |
| (Decrease) increase in cash and cash equivalents                              | (30,334)          | 266,733           |
| Cash and cash equivalents at beginning of period                              | 872,460           | 406,880           |
| <b>Cash and cash equivalents at end of period</b>                             | <b>\$ 842,126</b> | <b>\$ 673,613</b> |

See notes to condensed consolidated financial statements.

CAPITAL ONE FINANCIAL CORPORATION  
Notes to Condensed Consolidated Financial Statements  
June 30, 1996  
(dollars in thousands, except per share data) (unaudited)

NOTE A: BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Capital One Financial Corporation (the "Corporation") and its subsidiaries. The Corporation is a financial services company whose subsidiaries provide a variety of products to consumers. The Corporation's principal subsidiary, Capital One Bank, (the "Bank"), offers credit card products. In addition, during June 1996, the Corporation established Capital One, F.S.B., a federally-chartered savings bank, to provide certain consumer lending and deposit services. The Corporation and its subsidiaries are collectively referred to as the "Company".

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three and six months ended June 30, 1996 are not necessarily indicative of the results for the year ending December 31, 1996. The notes to the consolidated financial statements contained in the Annual Report on Form 10-K for the year ended December 31, 1995 should be read in conjunction with these condensed consolidated financial statements. Certain prior period amounts have been reclassified to conform to the 1996 presentation.

NOTE B: SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash paid for interest for the six months ended June 30, 1996 and 1995 was \$128,841 and \$61,959, respectively. Cash paid for income taxes for the six months ended June 30, 1996 and 1995 was \$40,939 and \$33,727, respectively.

EARNINGS PER SHARE

Earnings per share are based upon the weighted average number of common and common equivalent shares outstanding, including dilutive stock options and restricted stock.

## NOTE C: BORROWINGS

On April 30, 1996, the Bank amended and restated its existing \$3.5 billion bank note program. Under the amended bank note program, the Bank may issue from time to time up to \$4.5 billion of senior bank notes with maturities from 30 days to 30 years and up to \$200 million of subordinated bank notes with maturities from 5 to 30 years. At June 30, 1996, the Company had \$3.1 billion in senior bank notes outstanding. As of June 30, 1996, no subordinated bank notes have been issued.

Also on April 30, 1996, the Bank established a deposit note program under which the Bank may issue from time to time up to \$2.0 billion of deposit notes with maturities from 30 days to 30 years. At June 30, 1996, the Company had \$200 million in deposit notes outstanding.

In addition, in the second quarter of 1996, the Corporation filed a registration statement for the offering from time to time of \$200 million aggregate principal amount of senior and subordinated debt and preferred stock.

## NOTE D: STOCK PLANS

The Company has determined that it will continue to account for associate stock-based compensation under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and accordingly, will adopt the disclosure provisions of SFAS No. 123, "Accounting for Stock Based Compensation."

On April 18, 1996, stockholders approved an increase of 2,000,000 in shares reserved for issuance under the 1994 Stock Incentive Plan, thereby making effective the September 15, 1996 grant of performance-based options to purchase 2,500,000 common shares at the then market price of \$29.19 per share to its Chief Executive Officer and its Chief Operating Officer. Compensation cost of these performance-based options is measured as the difference between the exercise price and the market price required for vesting and is recognized over the estimated vesting period.

## NOTE E: COMMITMENTS AND CONTINGENCIES

During 1995, the Corporation and the Bank became involved in three purported class action suits relating to certain collection practices engaged in by Signet Bank and, subsequently, by the Bank. The complaints in these three cases allege that Signet Bank, the Corporation and/or the Bank violated a variety of federal and state statutes and constitutional and common law duties by filing collection lawsuits, obtaining judgments and pursuing garnishment proceedings in the Virginia state courts against defaulted credit card customers who were not residents of Virginia. These cases have been filed in the Superior Court of California in the County of Alameda, Southern Division, on behalf of a class of California residents, in the United States District Court for the District of Connecticut on behalf of a nationwide class, and in the United States District Court for the Middle District of Florida on behalf of a nationwide class (except for California). The complaints in these three cases seek unspecified statutory damages, compensatory damages, punitive damages, restitution, attorneys' fees and costs, a permanent injunction and other equitable relief.

In connection with the transfer of substantially all of Signet Bank's credit card business to the Bank in November 1994, the Corporation and the Bank agreed to indemnify Signet Bank for certain liabilities incurred in litigation arising from that business, which may include liabilities, if any, incurred in the three purported class action cases described above. Because no specific measure of damages is demanded in any of the complaints and each of these cases is in early stages of litigation, an informed assessment of the ultimate outcome of these cases cannot be made at this time. Management believes, however, that there are meritorious defenses to these lawsuits and intends to defend them vigorously.

The Company is commonly subject to various other pending and threatened legal actions arising from the conduct of its normal business activities. In the opinion of management of the Company, the ultimate aggregate liability, if any, arising out of any pending or threatened action will not have a material adverse effect on the consolidated financial condition of the Company. At the present time, however, management is not in a position to determine whether any pending or threatened litigation will have a material adverse effect on the Company's results of operations in any future reporting period.

**NOTE F: RECENT ACCOUNTING PRONOUNCEMENTS**

In June 1996, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which establishes the accounting for certain financial asset transfers, including securitization transactions, and will become effective for transactions entered into on or after January 1, 1997. The Company is currently evaluating the impact, if any, of SFAS No. 125 on the Company's future results of operations and financial condition.

CAPITAL ONE FINANCIAL CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Capital One Financial Corporation (the "Corporation") is a financial services company whose subsidiaries provide a variety of products to consumers. The Corporation's principal subsidiary, Capital One Bank (the "Bank"), offers credit card products. In addition, during June 1996, the Corporation established Capital One, F.S.B., a federally-chartered savings bank, to provide certain consumer lending and deposit services. The Corporation and its subsidiaries are collectively referred to as the "Company". The Company is one of the largest providers of MasterCard and Visa credit cards in the United States with 7.8 million credit card customers and \$11.2 billion in managed loans outstanding at June 30, 1996. The Company's profitability is affected by the net interest margin on earning assets, cardholder usage patterns, credit quality, solicitation expenses and operating costs.

EARNINGS SUMMARY

Net income for the three months ended June 30, 1996 of \$38.2 million, or \$.57 per share, compares to net income of \$29.6 million, or \$.45 per share, for the same period in 1995.

The increase in net income is primarily a result of an increase in both asset volumes and rates. Net interest income increased \$29.2 million, or 65%, as average earning assets increased 12% and the net interest margin increased to 7.13% from 4.84%. The provision for loan losses increased \$7.9 million, as average loans increased 13%, the reported net charge-off rate increased to 2.95% from 2.02% and the reported delinquency rate increased to 5.42% from 4.05%. Non-interest income increased \$35.8 million, or 27%, primarily as a result of the increase in average managed loans of 23%. Increases in solicitation expense of \$8.6 million, or 25%, and other non-interest expense of \$34.3 million, or 42%, reflect the increase in marketing investment in existing and new product opportunities and the cost of operations to manage the growth in accounts.

Net income for the six months ended June 30, 1996 of \$76.2 million, or \$1.14 per share, compares to net income of \$54.8 million, or \$.83 per share, for the same period in 1995. This 39% increase primarily reflects the growth in loans and accounts and an improvement in the net interest margin described above. Each component of net income is discussed in further detail in subsequent sections of this analysis.

MANAGED LOAN PORTFOLIO

The Company analyzes its financial performance on a managed loan portfolio basis. Managed loan data adjusts the income statement and balance sheet to add back the effect of securitizing loans. Increases or decreases in the interest paid by the Company on variable rate securitizations generally are offset by corresponding increases or decreases in the amount of excess servicing income the Company receives. The Company evaluates its interest rate exposure on a managed portfolio basis.

The Company's managed loan portfolio is comprised of on-balance sheet credit card loans, credit card loans held for securitization and securitized credit card loans. Securitized loans are not assets of the Company and, therefore, are not shown on the balance sheet. Table 1 summarizes the Company's managed loan portfolio.

TABLE 1 - MANAGED LOAN PORTFOLIO

| (dollars in thousands)                    | JUNE 30       |              |
|---|---------------|--------------|
|   | 1996          | 1995         |
| PERIOD-END BALANCES:                      |               |              |
| Credit card loans held for securitization | \$ 1,000,000  | \$ 400,000   |
| On-balance sheet credit card loans        | 2,569,740     | 2,266,293    |
| Securitized credit card loans             | 7,608,801     | 6,276,756    |
| Total managed loan portfolio              | \$ 11,178,541 | \$ 8,943,049 |

| (dollars in thousands)                    | THREE MONTHS ENDED<br>JUNE 30 |              |
|---|-------------------------------|--------------|
|   | 1996                          | 1995         |
| AVERAGE BALANCES:                         |                               |              |
| Credit card loans held for securitization | \$ 468,132                    | \$ 290,110   |
| On-balance sheet credit card loans        | 2,776,037                     | 2,592,732    |
| Securitized credit card loans             | 7,490,725                     | 5,814,277    |
| Total managed loan portfolio              | \$ 10,734,894                 | \$ 8,697,119 |

| (dollars in thousands)                    | SIX MONTHS ENDED<br>JUNE 30 |              |
|---|-----------------------------|--------------|
|   | 1996                        | 1995         |
| AVERAGE BALANCES:                         |                             |              |
| Credit card loans held for securitization | \$ 400,000                  | \$ 303,591   |
| On-balance sheet credit card loans        | 2,590,669                   | 2,321,654    |
| Securitized credit card loans             | 7,507,263                   | 5,554,579    |
| Total managed loan portfolio              | \$ 10,497,932               | \$ 8,179,824 |

Since 1990, the Company has actively engaged in credit card loan securitization transactions which are treated as sales under generally accepted accounting principles. For securitized loans, amounts that would previously have been reported as interest income, interest expense, service charges and provision for loan losses are instead included in non-interest income as servicing income. Because credit losses are absorbed against servicing income over the life of these transactions such income may vary depending upon the credit performance of the securitized loans. However, exposure to credit losses on the securitized loans is contractually limited to these cash flows.

In June 1996, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which establishes the accounting for certain financial asset transfers, including securitization transactions, and will become effective for transactions entered into on or after January 1, 1997. The Company is currently evaluating the impact, if any, of SFAS No. 125 on the Company's future results of operations and financial condition.

Table 2 indicates the impact of the credit card securitizations on the income statement, average assets, return on average assets and net interest margin for the periods presented. The Company intends to continue to securitize credit card loans.

TABLE 2 - IMPACT OF CREDIT CARD SECURITIZATIONS

| (dollars in thousands)                                 | THREE MONTHS ENDED<br>JUNE 30 |              | SIX MONTHS ENDED<br>JUNE 30 |              |
|--|-------------------------------|--------------|-----------------------------|--------------|
|  | 1996                          | 1995         | 1996                        | 1995         |
| <b>STATEMENTS OF INCOME (AS REPORTED):</b>             |                               |              |                             |              |
| Net interest income                                    | \$ 74,453                     | \$ 45,222    | \$ 145,261                  | \$ 83,296    |
| Provision for loan losses                              | 25,110                        | 17,260       | 50,278                      | 25,896       |
| Non-interest income                                    | 170,599                       | 134,789      | 341,747                     | 264,949      |
| Non-interest expense                                   | 159,334                       | 116,432      | 315,784                     | 236,788      |
| Income before income taxes                             | 60,608                        | 46,319       | 120,946                     | 85,561       |
| <b>ADJUSTMENTS FOR SECURITIZATIONS:</b>                |                               |              |                             |              |
| Net interest income                                    | 157,117                       | 98,852       | 318,426                     | 197,219      |
| Provision for loan losses                              | 82,611                        | 31,076       | 149,407                     | 59,901       |
| Non-interest income                                    | (74,506)                      | (67,776)     | (169,019)                   | (137,318)    |
| Non-interest expense                                   | -                             | -            | -                           | -            |
| Income before income taxes                             | -                             | -            | -                           | -            |
| <b>MANAGED STATEMENTS OF INCOME<br/>(AS ADJUSTED):</b> |                               |              |                             |              |
| Net interest income                                    | 231,570                       | 144,074      | 463,687                     | 280,515      |
| Provision for loan losses                              | 107,721                       | 48,336       | 199,685                     | 85,797       |
| Non-interest income                                    | 96,093                        | 67,013       | 172,728                     | 127,631      |
| Non-interest expense                                   | 159,334                       | 116,432      | 315,784                     | 236,788      |
| Income before income taxes                             | \$ 60,608                     | \$ 46,319    | \$ 120,946                  | \$ 85,561    |
| <b>OPERATING DATA AND RATIOS:</b>                      |                               |              |                             |              |
| <b>REPORTED:</b>                                       |                               |              |                             |              |
| Average earning assets                                 | \$ 4,177,117                  | \$ 3,736,213 | \$ 4,108,048                | \$ 3,454,687 |
| Return on average assets                               | 3.13%                         | 2.85%        | 3.19%                       | 2.84%        |
| Net interest margin(1)                                 | 7.13                          | 4.84         | 7.07                        | 4.82         |
| <b>MANAGED:</b>  |                               |              |                             |              |
| Average earning assets                                 | \$ 11,667,842                 | \$ 9,550,490 | \$ 11,615,311               | \$ 9,009,266 |
| Return on average assets                               | 1.24%                         | 1.19%        | 1.24%                       | 1.16%        |
| Net interest margin(1)                                 | 7.94                          | 6.03         | 7.98                        | 6.23         |
| YIELD ON MANAGED PORTFOLIO                             | 14.22                         | 12.81        | 14.48                       | 13.08        |

(1) Net interest margin is equal to net interest income divided by average earning assets.

## NET INTEREST INCOME

Net interest income is interest earned from the Company's loans and securities less interest expense on borrowings, which includes certificates of deposit in denominations of \$100,000 or greater ("large denomination CDs"), federal funds purchased, bank facility borrowings and bank and deposit notes.

Net interest income for the three months ended June 30, 1996, was \$74.5 million compared to \$45.2 million for the same period in 1995, representing an increase of \$29.3 million, or 65%. For the six months ended June 30, 1996, net interest income was \$145.3 million compared to \$83.3 million for the same period in 1995, representing an increase of \$62.0 million, or 74%. Net interest income increased as a result of growth in earning assets and an increase in net interest margin. Average earning assets increased 12% and 19% for the three and six months ended June 30, 1996, respectively, versus the same periods in 1995. The yield on earning assets increased 201 and 199 basis points for the three and six months ended June 30, 1996, respectively, to 13.19% from 11.18% and to 13.19% from 11.20%, as compared to the same periods in the prior year. The increases were primarily attributable to a 263 and a 310 basis point increase in the yield on credit card loans for the three and six months ended June 30, 1996, respectively, to 15.22% from 12.59% and to 15.88% from 12.78%, as compared to the same periods in the prior year. The yield on credit card loans increased due to the repricing of introductory rate loans to higher rates in accordance with their respective terms over the past year, changes in product mix and the increase in past-due fees charged as the delinquency rate increased. An additional factor for the increased net interest margin was the decrease in average rates paid on borrowed funds for the three and six months ended June 30, 1996 to 6.31% from 6.89% and to 6.35% from 6.86%, respectively, as compared to the same periods in 1995. This decrease primarily reflects decreases in short-term market rates from period to period and the replacement of more expensive funding established in early 1995.

The managed net interest margin for the three and six months ended June 30, 1996 increased to 7.94% from 6.03% and to 7.98% from 6.23%, respectively, as compared to the same periods in the prior year. This increase was primarily the result of a 141 and 140 basis point increase in loan yield for the three and six months ended June 30, 1996, respectively, and a reduction of 70 and 63 basis points in borrowing costs for the same periods, respectively, as compared to the same periods in the prior year. The increase in loan yield to 14.22% and 14.48% for the three and six months ended June 30, 1996, respectively, from 12.81% and 13.08% for the same periods in 1995, principally reflects the repricing of introductory rate loans, changes in product mix and the increase in past-due fees charged on delinquent accounts as noted above. Additionally, the decrease in average rates paid on managed interest-bearing liabilities to 5.71% and 5.76% for the three and six months ended June 30, 1996, respectively, versus 6.41% and 6.39% during the same periods in 1995, reflects decreases in short-term market rates from period to period and the replacement of more expensive funding established in early 1995.

Table 3 provides average balance sheet data, an analysis of net interest income, net interest spread (the difference between the yield on earning assets and the cost of interest-bearing liabilities) and net interest margin for the three and six months ended June 30, 1996 and 1995.

TABLE 3 - STATEMENTS OF AVERAGE BALANCES, INCOME AND EXPENSE, YIELDS AND RATES

| (dollars in thousands)                     | THREE MONTHS ENDED JUNE 30 |                    |                |                    |                    |                |
|--|----------------------------|--------------------|----------------|--------------------|--------------------|----------------|
|  | 1996                       |                    |                | 1995               |                    |                |
|  | AVERAGE<br>BALANCE         | INCOME/<br>EXPENSE | YIELD/<br>RATE | AVERAGE<br>BALANCE | INCOME/<br>EXPENSE | YIELD/<br>RATE |
| <b>ASSETS:</b>                             |                            |                    |                |                    |                    |                |
| Earning assets                             |                            |                    |                |                    |                    |                |
| Credit card loans (1)                      | \$ 3,244,169               | \$ 123,403         | 15.22 %        | \$ 2,882,842       | \$ 90,741          | 12.59 %        |
| Federal funds sold                         | 336,979                    | 4,487              | 5.33           | 347,205            | 5,255              | 6.05           |
| Other securities                           | 595,969                    | 9,863              | 6.62           | 506,166            | 8,436              | 6.67           |
| Total earning assets                       | 4,177,117                  | \$ 137,753         | 13.19 %        | \$ 3,736,213       | \$ 104,432         | 11.18 %        |
| Cash and due from banks                    | 4,764                      |                    |                | 2,321              |                    |                |
| Allowance for loan losses                  | (74,001)                   |                    |                | (67,917)           |                    |                |
| Premises and equipment, net                | 152,290                    |                    |                | 114,283            |                    |                |
| Other assets                               | 615,366                    |                    |                | 377,424            |                    |                |
| Total assets                               | \$ 4,875,536               |                    |                | \$ 4,162,324       |                    |                |
| <b>LIABILITIES AND EQUITY:</b>             |                            |                    |                |                    |                    |                |
| Interest-bearing liabilities               |                            |                    |                |                    |                    |                |
| Deposits                                   | \$ 788,802                 | \$ 11,031          | 5.59 %         | \$ 741,575         | \$ 12,210          | 6.59 %         |
| Federal funds purchased                    | 300,329                    | 4,104              | 5.47           | 686,546            | 11,023             | 6.42           |
| Bank facility                              | 48,297                     | 1,463              | 12.12          | 156,592            | 2,920              | 7.46           |
| Bank and deposit notes                     | 2,875,119                  | 46,702             | 6.50           | 1,853,545          | 33,057             | 7.13           |
| Total interest-bearing liabilities         | 4,012,547                  | \$ 63,300          | 6.31 %         | 3,438,258          | \$ 59,210          | 6.89 %         |
| Other liabilities                          | 223,243                    |                    |                | 195,664            |                    |                |
| Total liabilities                          | 4,235,790                  |                    |                | 3,633,922          |                    |                |
| Equity                                     | 639,746                    |                    |                | 528,402            |                    |                |
| Total liabilities and equity               | \$ 4,875,536               |                    |                | \$ 4,162,324       |                    |                |
| Net interest spread                        |                            |                    | 6.88 %         |                    |                    | 4.29 %         |
| Interest income to average earning assets  |                            |                    | 13.19 %        |                    |                    | 11.18 %        |
| Interest expense to average earning assets |                            |                    | 6.06           |                    |                    | 6.34           |
| Net interest margin                        |                            |                    | 7.13 %         |                    |                    | 4.84 %         |

(1) Interest income includes past-due fees on loans of \$19,525 and \$10,880 for the three months ended June 30, 1996 and 1995, respectively.

## SIX MONTHS ENDED JUNE 30

| (dollars in thousands)                     | 1996               |                    |                | 1995               |                    |                |
|--|--------------------|--------------------|----------------|--------------------|--------------------|----------------|
|  | AVERAGE<br>BALANCE | INCOME/<br>EXPENSE | YIELD/<br>RATE | AVERAGE<br>BALANCE | INCOME/<br>EXPENSE | YIELD/<br>RATE |
| <b>ASSETS:</b>                             |                    |                    |                |                    |                    |                |
| Earning assets                             |                    |                    |                |                    |                    |                |
| Credit card loans (1)                      | \$ 2,990,669       | \$ 237,514         | 15.88 %        | \$ 2,625,245       | \$ 167,755         | 12.78 %        |
| Federal funds sold                         | 464,085            | 12,464             | 5.37           | 446,592            | 13,265             | 5.94           |
| Other securities                           | 653,294            | 20,917             | 6.40           | 382,850            | 12,479             | 6.52           |
| Total earning assets                       | 4,108,048          | \$ 270,895         | 13.19 %        | 3,454,687          | \$ 193,499         | 11.20 %        |
| Cash and due from banks                    | 33,017             |                    |                | 3,006              |                    |                |
| Allowance for loan losses                  | (73,981)           |                    |                | (67,598)           |                    |                |
| Premises and equipment, net                | 147,653            |                    |                | 110,922            |                    |                |
| Other assets                               | 566,512            |                    |                | 357,767            |                    |                |
| Total assets                               | \$ 4,781,249       |                    |                | \$ 3,858,784       |                    |                |
| <b>LIABILITIES AND EQUITY:</b>             |                    |                    |                |                    |                    |                |
| Interest-bearing liabilities               |                    |                    |                |                    |                    |                |
| Deposits                                   | \$ 823,742         | \$ 23,574          | 5.72 %         | \$ 666,606         | \$ 21,933          | 6.58 %         |
| Federal funds purchased                    | 369,473            | 10,392             | 5.63           | 617,734            | 19,722             | 6.39           |
| Bank facility                              | 68,297             | 3,523              | 10.32          | 494,198            | 17,585             | 7.12           |
| Bank and deposit notes                     | 2,692,439          | 88,145             | 6.55           | 1,433,346          | 50,963             | 7.11           |
| Total interest-bearing liabilities         | 3,953,951          | \$ 125,634         | 6.35 %         | 3,211,884          | \$ 110,203         | 6.86 %         |
| Other liabilities                          | 190,155            |                    |                | 133,573            |                    |                |
| Total liabilities                          | 4,144,106          |                    |                | 3,345,457          |                    |                |
| Equity                                     | 637,143            |                    |                | 513,327            |                    |                |
| Total liabilities and equity               | \$ 4,781,249       |                    |                | \$ 3,858,784       |                    |                |
| Net interest spread                        |                    |                    | 6.84 %         |                    |                    | 4.34 %         |
| Interest income to average earning assets  |                    |                    | 13.19 %        |                    |                    | 11.20 %        |
| Interest expense to average earning assets |                    |                    | 6.12           |                    |                    | 6.38           |
| Net interest margin                        |                    |                    | 7.07 %         |                    |                    | 4.82 %         |

(1) Interest income includes past-due fees on loans of \$35,010 and \$21,074 for the six months ended June 30, 1996 and 1995, respectively.

## INTEREST VARIANCE ANALYSIS

Net interest income is affected by changes in the average interest rate earned on earning assets and the average interest rate paid on interest-bearing liabilities. In addition, net interest income is affected by changes in the volume of earning assets and interest-bearing liabilities. Table 4 sets forth the dollar amount of the increase (decrease) in interest income and interest expense resulting from changes in the volume of earning assets and interest-bearing liabilities and from changes in yields and rates for the three and six months ended June 30, 1996 versus the comparable periods in the prior year.

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 TABLE 4 - INTEREST VARIANCE ANALYSIS  
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| (dollars in thousands)        | THREE MONTHS ENDED<br>JUNE 30, 1996 VS 1995 |                          |                  | SIX MONTHS ENDED<br>JUNE 30, 1996 VS 1995 |                          |                  |
|-------------------------------|---|--------------------------|------------------|---|--------------------------|------------------|
|                               | INCREASE<br>(DECREASE)                      | CHANGE DUE TO*<br>VOLUME | DUE TO*<br>RATE  | INCREASE<br>(DECREASE)                    | CHANGE DUE TO*<br>VOLUME | DUE TO*<br>RATE  |
| <b>INTEREST INCOME</b>        |   |                          |                  |   |                          |                  |
| Credit card loans             | \$ 32,662                                   | \$ 12,263                | \$ 20,399        | \$ 69,759                                 | \$ 25,417                | \$ 44,342        |
| Federal funds sold            | (768)                                       | (151)                    | (617)            | (801)                                     | 505                      | (1,306)          |
| Other securities              | 1,427                                       | 1,487                    | (60)             | 8,438                                     | 8,663                    | (225)            |
| <b>Total interest income</b>  | <b>33,321</b>                               | <b>13,202</b>            | <b>20,119</b>    | <b>77,396</b>                             | <b>39,944</b>            | <b>37,452</b>    |
| <b>INTEREST EXPENSE</b>       |   |                          |                  |   |                          |                  |
| Deposits                      | (1,179)                                     | 743                      | (1,922)          | 1,641                                     | 4,736                    | (3,095)          |
| Federal funds purchased       | (6,919)                                     | (5,471)                  | (1,448)          | (9,330)                                   | (7,198)                  | (2,132)          |
| Bank facility                 | (1,457)                                     | (2,682)                  | 1,225            | (14,062)                                  | (19,633)                 | 5,571            |
| Bank and deposit notes        | 13,645                                      | 16,820                   | (3,175)          | 37,182                                    | 41,514                   | (4,332)          |
| <b>Total interest expense</b> | <b>4,090</b>                                | <b>9,337</b>             | <b>(5,247)</b>   | <b>15,431</b>                             | <b>24,035</b>            | <b>(8,604)</b>   |
| <b>Net interest income*</b>   | <b>\$ 29,231</b>                            | <b>\$ 5,840</b>          | <b>\$ 23,391</b> | <b>\$ 61,965</b>                          | <b>\$ 17,873</b>         | <b>\$ 44,092</b> |

\*The change in interest due to volume and rate has been allocated in proportion to the relationship of the absolute dollar amounts of the change in each. The changes in income and expense are calculated independently for each line in the schedule. The totals for the volume and rate columns are not the sum of the individual lines.

## SERVICING INCOME

Servicing income increased \$9.3 and \$36.0 million, or 9% and 18%, for the three and six months ended June 30, 1996, respectively, from the same periods in 1995, primarily due to increases in net interest income offset by increased charge-offs on securitized loans. Average securitized loans increased 29% and 35% for the three and six months ended June 30, 1996 compared to the same periods in the prior year. Net interest income on securitized loans increased \$58.3 and \$121.2 million, or 59% and 61%, for the three and six months ended June 30, 1996, respectively, as a result of the loan growth and an increase in the net interest margin to 8.39% and 8.48% for the three and six months ended June 30, 1996, respectively, from 6.80% and 7.10% for the same periods in the prior year. This increase in net interest margin is the result of an increase in yield on securitized loans of 86 and 71 basis points for the three and six months ended June 30, 1996, respectively, as a result of repricing introductory rate accounts and a decrease for the same periods in the cost of funds of 72 and 67 basis points as short-term rates declined from the same periods in

the prior year. Charge-offs on securitized loans for the three and six months ended June 30, 1996 increased \$51.5 and \$89.5 million, respectively, or 166% and 149%, for the same periods compared to the prior year due to the increase in average securitized loans, an increase in the average age of accounts (generally referred to as "seasoning") and general economic trends in consumer credit performance.

#### OTHER NON-INTEREST INCOME

Other non-interest income increased 76% and 64%, to \$61.5 and \$104.4 million for the three and six months ended June 30, 1996, compared to \$35.0 and \$63.7 million for the same periods in the prior year. The increase was due to the 28% increase in the average number of accounts for both the three and six months ended June 30, 1996, respectively, an increase in charge volume and a shift to more fee-based products.

#### NON-INTEREST EXPENSE

Non-interest expense for the three and six months ended June 30, 1996 was \$159.3 and \$315.8 million, respectively, an increase of 37% and 33% over \$116.4 and \$236.8 million, for the same periods in the prior year. Contributing to the increase in non-interest expense were solicitation expenses, which rose \$8.6 and \$19.1 million to \$42.7 and \$94.3 million, or 25% for the three and six months ended June 30, 1996, respectively, compared to \$34.1 and \$75.2 million for the same periods in the prior year. This increase represents the Company's continued investment in new products and services (see "Business Outlook" for further discussion). All other non-interest expenses increased \$34.3 and \$59.9 million, or 42% and 37%, to \$116.6 and \$221.5 million for the three and six months ended June 30, 1996, respectively, from \$82.3 and \$161.6 million in the same periods in the prior year. The increase in other non-interest expense was primarily as a result of the 28% increase in the average number of accounts for both periods, an increase in charge volume, an increase in salaries and benefits costs and certain costs associated with information systems enhancements.

#### INCOME TAXES

The Company's effective income tax rate increased to 37% for the three and six months ended June 30, 1996 as compared to 36% for the same periods in 1995 and includes both state and federal income tax components.

#### ASSET QUALITY

The asset quality of a portfolio is generally a function of the following: the initial underwriting criteria used, seasoning of the accounts, account management activities and geographic, demographic, or other forms of concentration, as well as general economic conditions. The average age of the accounts is an important indicator of the stability of delinquency and loss levels; a portfolio consisting of older accounts generally behaves more predictably than a newly generated portfolio. New accounts initially exhibit a rising trend of delinquency and credit losses which reaches a more steady state of delinquency and net losses generally within three years from origination.

## DELINQUENCIES

Table 5 shows loan delinquency trends for the periods presented on a reported and managed loan basis. The entire balance of an account is contractually delinquent if the minimum payment is not received by the billing date. The Company generally continues to accrue interest until the loan is charged off.

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 TABLE 5 - DELINQUENCIES\*  
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| (dollars in thousands) | JUNE 30           |                     |                   |                     |
|------------------------|-------------------|---------------------|-------------------|---------------------|
|                        | 1996              |                     | 1995              |                     |
|                        | LOANS             | % OF<br>TOTAL LOANS | LOANS             | % OF<br>TOTAL LOANS |
| <b>REPORTED:</b>       |                   |                     |                   |                     |
| Loans outstanding      | \$ 3,569,740      | 100.00%             | \$ 2,666,293      | 100.00%             |
| Loans delinquent:      |                   |                     |                   |                     |
| 30 - 59 days           | 76,784            | 2.15                | 39,415            | 1.48                |
| 60 - 89 days           | 38,976            | 1.09                | 22,144            | .83                 |
| 90 or more days        | 77,845            | 2.18                | 46,342            | 1.74                |
| <b>Total</b>           | <b>\$ 193,605</b> | <b>5.42%</b>        | <b>\$ 107,901</b> | <b>4.05%</b>        |
| <b>MANAGED:</b>        |                   |                     |                   |                     |
| Loans outstanding      | \$ 11,178,541     | 100.00%             | \$ 8,943,049      | 100.00%             |
| Loans delinquent:      |                   |                     |                   |                     |
| 30 - 59 days           | 187,209           | 1.68                | 104,203           | 1.17                |
| 60 - 89 days           | 101,141           | .90                 | 57,608            | .64                 |
| 90 or more days        | 224,970           | 2.01                | 112,332           | 1.26                |
| <b>Total</b>           | <b>\$ 513,320</b> | <b>4.59%</b>        | <b>\$ 274,143</b> | <b>3.07%</b>        |

\*Includes credit card loans held for securitization.

The delinquency rate for reported loans was 5.42% at June 30, 1996, up from the 4.05% for the same date in 1995 and down from 6.07% at March 31, 1996. The increase in the reported delinquency rate from June 30, 1995 to June 30, 1996 reflects seasoning of the Company's retained interests in securitization trusts, industry-wide softening in the performance of consumer loans and growth in the non-balance transfer product portfolio, such as secured cards, affinity and co-branded cards, joint account cards, college student cards and other cards targeted to other non-balance transfer market segments, offset by newer loan originations. The Company's non-balance transfer products historically have higher delinquency rates than the typical balance transfer loans. In the case of secured card loans, collateral reduces any ultimate charge-off. The costs associated with higher delinquency and potentially higher charge-off rates are considered in pricing of individual products. The 65 basis point decrease in the reported delinquency rate to 5.42% at June 30, 1996 from 6.07% at March 31, 1996 is primarily attributable to the 38% new growth in reported loans period over period.

The delinquency rate for the managed loan portfolio was 4.59% at June 30, 1996, up from the 3.07% for the same date in 1995 and up from 4.51% at March 31, 1996. The managed portfolio's delinquency rate at June 30, 1996 reflected the factors discussed above as well as the seasoning of the accounts and loan balances.

## NET CHARGE-OFFS

Net charge-offs include the principal amount of losses (excluding accrued and unpaid finance charges, fees and fraud losses) less current period recoveries. Table 6 presents the Company's net charge-offs for the periods presented on a reported and managed basis.

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 TABLE 6 - NET CHARGE-OFFS\*  
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| (dollars in thousands)  | THREE MONTHS ENDED<br>JUNE 30 |              | SIX MONTHS ENDED<br>JUNE 30 |              |
|---|-------------------------------|--------------|-----------------------------|--------------|
|   | 1996                          | 1995         | 1996                        | 1995         |
| <b>REPORTED:</b>  |                               |              |                             |              |
| Average loans outstanding                                       | \$ 3,244,169                  | \$ 2,882,842 | \$ 2,990,669                | \$ 2,625,245 |
| Net charge-offs   | 23,956                        | 14,536       | 47,772                      | 21,715       |
| Net charge-offs as a percentage<br>of average loans outstanding | 2.95%                         | 2.02%        | 3.19%                       | 1.65%        |
| <b>MANAGED:</b>   |                               |              |                             |              |
| Average loans outstanding                                       | \$ 10,734,894                 | \$ 8,697,119 | \$ 10,497,932               | \$ 8,179,824 |
| Net charge-offs   | 106,567                       | 45,612       | 197,179                     | 81,616       |
| Net charge-offs as a percentage<br>of average loans outstanding | 3.97%                         | 2.10%        | 3.76%                       | 2.00%        |

\*Includes credit card loans held for securitization.

Net charge-offs of managed loans increased \$61.0 and \$115.6 million, or 134% and 142%, for the three and six months ended June 30, 1996 from the comparable periods in the prior year. For the three and six months ended June 30, 1996, the Company's net charge-offs as a percentage of managed loans was 3.97% and 3.76%, respectively, compared to 2.10% and 2.00% for the same periods in the prior year. This increase in net charge-offs is the result of continued seasoning of the portfolio and the industry-wide softening in the performance of consumer loans.

## PROVISION AND ALLOWANCE FOR LOAN LOSSES

The provision for loan losses is the periodic expense of maintaining an adequate allowance at the amount estimated to be sufficient to absorb possible future losses, net of recoveries (including recovery of collateral), inherent in the existing on-balance sheet loan portfolio. In evaluating the adequacy of the allowance for loan losses, the Company takes into consideration several factors including economic trends and conditions, overall asset quality, loan seasoning and trends in delinquencies and expected charge-offs. The Company's primary guideline is a calculation which uses current delinquency levels and other measures of asset quality to estimate net charge-offs. Credit card loans are typically charged off when they are six months past-due, unless the customer is determined to be bankrupt, in which case the account is generally charged off within 30 days of verification. Once a loan is charged off, it is the Company's policy to continue to pursue the collection of principal and interest.

Management believes that the allowance for loan losses is adequate to cover anticipated losses in the on-balance sheet loan portfolio under current conditions. There can be no assurance as to the future

credit losses that may be incurred in connection with the Company's loan portfolio, nor can there be any assurance that the loan loss allowance that has been established by the Company will be sufficient to absorb such future credit losses. The allowance is a general allowance applicable to the entire on-balance sheet loan portfolio. Table 7 sets forth the activity in the allowance for loan losses for the periods indicated.

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 TABLE 7 - SUMMARY OF ALLOWANCE FOR LOAN LOSSES  
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| (dollars in thousands)                               | THREE MONTHS ENDED<br>JUNE 30 |           | SIX MONTHS ENDED<br>JUNE 30 |           |
|--|-------------------------------|-----------|-----------------------------|-----------|
|  | 1996                          | 1995      | 1996                        | 1995      |
| BALANCE AT BEGINNING OF PERIOD                       | \$ 74,000                     | \$ 68,516 | \$ 72,000                   | \$ 68,516 |
| Provision for loan losses                            | 25,110                        | 17,260    | 50,278                      | 25,896    |
| Net deduction arising in securitization transactions | (5,984)                       | (2,200)   | (8,109)                     | (5,128)   |
| Loans charged off                                    | (22,502)                      | (16,396)  | (46,633)                    | (25,072)  |
| Recoveries of loans previously charged off           | 3,376                         | 3,336     | 6,464                       | 6,304     |
| Net loans charged off*                               | (19,126)                      | (13,060)  | (40,169)                    | (18,768)  |
| BALANCE AT END OF PERIOD                             | \$ 74,000                     | \$ 70,516 | \$ 74,000                   | \$ 70,516 |
| Allowance for loan losses to loans at period-end*    | 2.88%                         | 3.11%     | 2.88%                       | 3.11%     |

\*Excludes credit card loans held for securitization.

For the three and six months ended June 30, 1996, the provision increased to \$25.1 and \$50.3 million, respectively, from \$17.3 and \$25.9 million in the comparable periods of the prior year. This increase is due to an increase in the average reported loan balance of 13% and 14%, to \$3.2 and \$3.0 billion for the three and six months ended June 30, 1996, respectively, from \$2.9 and \$2.6 billion in the comparable periods of the prior year, increases in the net charge-off rate and the delinquency rate, as well as a shift in the composition of the reported loans and seasoning of the portfolio. Growth in non-balance transfer products, which have historically higher charge-off rates than balance transfer products, increases the amount of provision necessary to absorb credit losses.

#### LIQUIDITY AND FUNDING

Liquidity refers to the Company's ability to meet its cash needs. The Company meets its cash requirements by securitizing assets and by debt funding. A significant source of liquidity for the Company has been the securitization of credit card loans. Maturity terms of the existing securitizations vary from 1996 to 2000 and typically have accumulation periods during which principal payments are aggregated to make payments to investors. As payments on the loans are accumulated for the participants in the securitization and are no longer reinvested in new loans, the Company's funding requirements for such new loans increase accordingly. The occurrence of certain events may cause the securitization transactions to amortize earlier than scheduled which would accelerate the need for funding.

As such loans amortize or are otherwise paid, the Company's funding needs will increase accordingly. The Company believes that it can securitize credit card loans, purchase federal funds and establish other funding sources to fund the amortization or other payment of the securitizations in the

future, although no assurance can be given to that effect.

The Company maintains a portfolio of high-quality securities such as U.S. Government, Eurodollar and federal funds representing in excess of 10% of managed assets at June 30, 1996 in order to provide adequate liquidity and to meet its on-going cash needs. At June 30, 1996, the Company held approximately \$1.1 billion in such securities with maturities of 90 days or less.

Interest-bearing liabilities increased \$1.2 billion, or 35%, to \$4.8 billion at June 30, 1996 from \$3.6 billion at March 31, 1996. Interest-bearing deposits and bank notes increased \$511 and \$635 million, respectively, from March 31, 1996 to June 30, 1996. The Company also issued \$200 million of deposit notes during the quarter. These increases in interest-bearing liabilities are the result of the need for funding the quarter's loan growth.

Table 8 shows the maturation of large denomination CDs at June 30, 1996

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 TABLE 8 - MATURITIES OF DOMESTIC LARGE DENOMINATION CDS OF \$100,000  
 OR MORE  
 -----

| (dollars in thousands)   | JUNE 30, 1996 |         |
|--------------------------|---------------|---------|
|                          | BALANCE       | PERCENT |
| 3 months or less         | \$ 926,280    | 94.76%  |
| Over 3 through 6 months  | 11,534        | 1.18    |
| Over 6 through 12 months | 39,706        | 4.06    |
| Total                    | \$ 977,520    | 100.00% |

The Company also had \$65 million outstanding on its \$1.7 billion revolving credit arrangement. The additional unused commitment is available as funding needs may arise.

On April 30, 1996, the Bank amended and restated its existing \$3.5 billion bank note program. Under the amended bank note program, the Bank may issue from time to time up to \$4.5 billion of senior bank notes with maturities from 30 days to 30 years and up to \$200 million of subordinated bank notes with maturities from 5 to 30 years. At June 30, 1996, the Company had \$3.1 billion in senior bank notes outstanding. As of June 30, 1996, no subordinated bank notes have been issued.

Also on April 30, 1996, the Bank established a deposit note program under which the Bank may issue from time to time up to \$2.0 billion of deposit notes with maturities from 30 days to 30 years from the date of issue. At June 30, 1996, the Company had \$200 million in deposit notes outstanding.

In addition, in the second quarter of 1996, the Corporation filed a registration statement for the offering from time to time of \$200 million aggregate principal amount of senior and subordinated debt and preferred stock.

In January 1996, the Company implemented a dividend reinvestment and stock purchase plan (the "DRIP") to provide existing stockholders with the opportunity to purchase additional

shares of the Company's common stock by reinvesting quarterly dividends or making optional cash investments. The Company uses proceeds from the DRIP for general corporate purposes.

During June 1996, upon the approval of the Office of Thrift Supervision, the Company established a new subsidiary Capital One, F.S.B., an FDIC-insured federal savings bank, with an initial capital contribution of \$25 million. Capital One, F.S.B. will permit the expansion of the Company's information-based strategy into other consumer financial products.

#### CAPITAL ADEQUACY

At June 30, 1996, the Bank's risk-based Tier I capital ratio was 10.97%, its risk-based total capital ratio was 12.23% and its Tier I leverage ratio was 9.91%. The Bank's ratio of common equity to managed assets was 4.96%. The Company anticipates maintaining a strong capital position. The Bank is subject to the capital adequacy guidelines adopted by the Federal Reserve Board. At June 30, 1996, the Bank exceeded the requirements of a "well-capitalized" institution as defined in the Federal Deposit Insurance Corporation Improvement Act of 1991.

During the second quarter of 1996, the Bank received final regulatory approval to establish a branch office in the United Kingdom. In connection with such approval, the Company committed to the Federal Reserve Board that, for so long as the Bank maintains such branch in the United Kingdom, the Company will maintain a minimum Tier I leverage ratio of 3.0%. At June 30, 1996 the Company's Tier I leverage ratio was 13.54%.

Capital One, F.S.B. is subject to capital adequacy guidelines adopted by the Office of Thrift Supervision. At June 30, 1996, Capital One, F.S.B.'s tangible capital ratio was 9.51%, its risk-based capital ratio was 483.15% and its leverage ratio was 9.51%, which reflect the start-up nature of its operations. At June 30, 1996, Capital One, F.S.B. also exceeded the requirements of a "well-capitalized" institution as defined in the Federal Deposit Insurance Corporation Improvement Act of 1991.

#### OFF-BALANCE SHEET RISK

The Company is subject to off-balance sheet risk in the normal course of business including commitments to extend credit, excess servicing income from securitization and interest rate swap agreements ("swaps"). In order to reduce interest rate sensitivity and to match asset and liability repricings, the Company has entered into swaps which involve elements of credit or interest rate risk in excess of the amount recognized on the balance sheet. Swaps present the Company with certain credit, market, legal and operational risks. The Company has established credit policies to manage these risks.

At June 30, 1996, the Company had \$2.4 billion in notional amount of swaps to match asset and liability repricings, the majority of which reduce exposure relating to the mismatch of quarterly repricing credit card loan assets and medium-term fixed rate bank notes. The fair value, based on the forward yield curve, at June 30, 1996 of swap positions for which the Company is exposed to credit risk from counterparties is \$35.7 million. Tables 9 and 10 reflect the maturity and activity of swap positions, respectively, at June 30, 1996 and for the three and six months then ended.

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 TABLE 9 - MATURITY OF INTEREST RATE SWAPS  
 -----

| (dollars in millions)           | JUNE 30, 1996         |                              |          |                            |
|---------------------------------|-----------------------|------------------------------|----------|----------------------------|
|                                 | WITHIN<br>ONE<br>YEAR | OVER ONE<br>TO FIVE<br>YEARS | TOTAL    | AVERAGE<br>LIFE<br>(YEARS) |
| INTEREST RATE SWAPS:            |                       |                              |          |                            |
| RECEIVE FIXED/PAY FLOATING:     |                       |                              |          |                            |
| Notional amount                 | \$ 524                | \$ 1,580                     | \$ 2,104 | 1.77                       |
| Weighted average rates received | 7.99%                 | 7.28%                        | 7.45%    |                            |
| Weighted average rates paid     | 5.56%                 | 5.54%                        | 5.55%    |                            |
| RECEIVE FLOATING/PAY FLOATING:  |                       |                              |          |                            |
| Notional amount                 | \$ 260                |                              | \$ 260   | 0.06                       |
| Weighted average rates received | 5.43%                 |                              | 5.43%    |                            |
| Weighted average rates paid     | 5.51%                 |                              | 5.51%    |                            |

Weighted average rates received and paid are based on the contractual rates in effect at June 30, 1996. Floating rates under the interest rate swap contracts are based on varying terms of LIBOR.

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 TABLE 10 - SUMMARY OF INTEREST RATE SWAPS  
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| (dollars in millions)          | THREE MONTHS ENDED JUNE 30 |       | SIX MONTHS ENDED JUNE 30 |          |
|--------------------------------|----------------------------|-------|--------------------------|----------|
|                                | 1996                       | 1995  | 1996                     | 1995     |
|                                | NOTIONAL AMOUNT            |       | NOTIONAL AMOUNT          |          |
| RECEIVE FLOATING/PAY FIXED:    |                            |       |                          |          |
| Beginning of period            | \$                         | 600   |                          | \$ 4,800 |
| Additions                      |                            |       |                          | 4,800    |
| Maturities                     |                            | 600   |                          | 4,800    |
| End of period                  | \$                         | -     | \$                       | -        |
| RECEIVE FIXED/PAY FLOATING:    |                            |       |                          |          |
| Beginning of period            | \$                         | 2,104 | \$                       | 2,144    |
| Additions                      |                            |       | \$                       | 2,144    |
| Maturities                     |                            |       |                          | 40       |
| End of period                  | \$                         | 2,104 | \$                       | 2,144    |
| RECEIVE FLOATING/PAY FLOATING: |                            |       |                          |          |
| Beginning of period            | \$                         | 260   | \$                       | 260      |
| Additions                      |                            |       |                          | \$ 260   |
| End of period                  | \$                         | 260   | \$                       | 260      |

This business outlook section summarizes the Company's expectations for earnings for the year ending December 31, 1996 and its primary goals and strategies for continued growth. The statements contained in this section are based on management's current expectations. Certain of the statements are forward looking statements, and actual results could differ materially. Factors which could materially influence results are set forth in the last paragraph of this section and in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (Part I, Item I, Cautionary Statements).

Consistent with Company targets, the Company expects that earnings per share for the year ending December 31, 1996, will increase by approximately 20% over earnings per share for the year ended December 31, 1995 and will result in a return on equity in excess of 20%.

The Company's strategy for future growth has been, and it is expected will continue to be, to apply its proprietary information-based strategy ("IBS") to its credit card business as well as to other businesses, both financial and non-financial, to identify new product opportunities. See the Company's Annual Report on Form 10-K for the year ended December 31, 1995 for a further description of the Company's IBS (Part I, Item 1, Business). Coincident with its growth strategy, the Company expects to increase substantially its marketing (solicitation) expenses in 1996, as compared to 1995, and to invest in new products or services that management believes will produce above 20% target earnings growth and return on equity.

Historically, the Company has concentrated its efforts on credit card opportunities. These opportunities have included, and it is expected will continue to include, various low-rate balance transfer products, as well as other non-balance transfer credit card products. Generally, these non-balance transfer credit card products tend to have lower credit lines, balances that build over time, less attrition, higher margins (including fees), higher operational costs and, in some cases, higher delinquencies and credit losses than the Company's traditional low-rate balance transfer products. In general, these non-balance transfer products have overall higher returns than the traditional balance transfer products in current market conditions. The Company uses its IBS in an effort to balance the mix of credit card products to optimize profitability within the context of acceptable risk. The Company expects that its growth in credit card accounts and managed loans outstanding will continue through calendar year 1996 with a mix of balance transfer and non-balance transfer products. Actual growth quarter over quarter and year over year may vary, however, as the Company plans to remain flexible in the allocation of marketing expenses spent on specific products to take advantage of market opportunities as they emerge.

The Company also has been applying, and expects to continue applying, its IBS to other financial products and non-financial products. The Company is in various stages of developing and testing a number of new products or services -- ranging from the early stages of testing to advanced stages of analyzing test results. To date, the Company has not spent a material portion of its marketing expenses on non-card products. However, as the Company continues to explore non-card opportunities and when it begins to market these products more broadly, the Company expects that the percentage of marketing expenses applied to non-card products or services will increase significantly over time.

The Company expects to maintain a flexible approach to its marketing investment. The Company intends to continue applying its IBS to all products, even established products and businesses, and the results of ongoing testing will influence the amount and allocation of future marketing investment. Management believes that, through the continued application of IBS, the

Company can develop product and service offerings to sustain growth, and that it has the personnel, financial resources and business strategy necessary for continued success. As the Company attempts to diversify and expand its product offerings, however, there can be no assurance that the historical financial information of the Company will necessarily reflect the results of operations and financial condition of the Company in the future. The Company's actual results will be influenced by, among other things, the factors discussed in this section.

The Company's strategies and objectives outlined above and the other forward looking statements contained in this section involve a number of risks and uncertainties. The Company cautions readers that any forward looking information is not a guarantee of future performance and that actual results could differ materially. In addition to the factors discussed above, among the other factors that could cause actual results to differ materially are the following: continued intensive competition from numerous providers of products and services which compete with the Company's businesses; with respect to financial products, changes in the Company's aggregate accounts or loan balances and the growth rate thereof, including changes resulting from factors such as shifting product mix, amount of actual marketing expenses made by the Company, and attrition of accounts and loan balances; an increase in credit losses (including increases due to a worsening of general economic conditions); difficulties or delays in the development, production, testing and marketing of new products or services; losses associated with new products or services; financial, legal, regulatory or other difficulties that may affect investment in, or the overall performance of, a product or business; the amount, and rate of growth in, the Company's expenses (including associate and marketing (solicitation) expenses) as the Company's business develops or changes or as it expands into new market areas; the availability of capital necessary to fund the Company's new businesses; the ability of the Company to build the operational and organizational infrastructure necessary to engage in new businesses; the ability of the Company to recruit experienced personnel to assist in the management and operations of new products and services; and other factors listed from time to time in the Company's SEC reports, including but not limited to the Annual Report on Form 10-K for the year ended December 31, 1995 (Part I, Item 1, Cautionary Statements).

## PART II.

## OTHER INFORMATION

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

## (a) Exhibits:

The following exhibits are filed herewith.

| EXHIBIT<br>NUMBER | DESCRIPTION  |
|-------------------|--|
| 4.1               | Amended and Restated Issuing and Paying Agency Agreement dated as of April 30, 1996 between Capital One Bank and Chemical Bank (including exhibits A-1, A-2, A-3 and A-4 thereto).   |
| 4.2               | Issuing and Paying Agency Agreement dated as of April 30, 1996 between Capital One Bank and Chemical Bank (including exhibits A-1 and A-2 thereto).  |
| 10.1              | Amended and Restated Distribution Agreement dated April 30, 1996 among Capital One Bank and the agents named therein.  |
| 10.2              | Distribution Agreement dated April 30, 1996 among Capital One Bank and the agents named therein.   |
| 10.3              | First Amendment to Operative Documents dated as of June 5, 1996 among Capital One Bank, as construction agent and as lessee, First Security Bank of Utah, N.A., as owner/trustee for the COB Real Estate Trust 1995-1, NationsBank of Texas, N.A., as administrative agent, as initial lender and as initial holder named therein. |
| 11                | Computation of Per Share Earnings  |

(b) The Company filed a Current Report on Form 8-K dated July 2, 1996, Commission File No. 1-13300, announcing the establishment of Capital One F.S.B.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAPITAL ONE FINANCIAL CORPORATION  
-----  
(Registrant)

Date: August 14, 1996

/s/James M. Zinn  
-----  
James M. Zinn  
Senior Vice President,  
Chief Financial Officer  
(Chief Accounting Officer  
and duly authorized officer  
of the Registrant)

## EXHIBIT INDEX

| EXHIBIT<br>NUMBER<br>----- | DESCRIPTION<br>-----   | PAGE NUMBER<br>----- |
|----------------------------|--|----------------------|
| 4.1                        | Amended and Restated Issuing and Paying Agency Agreement dated as of April 30, 1996 between Capital One Bank and Chemical Bank (including exhibits A-1, A-2, A-3 and A-4 thereto).   | 29                   |
| 4.2                        | Issuing and Paying Agency Agreement dated as of April 30, 1996 between Capital One Bank and Chemical Bank (including exhibits A-1 and A-2 thereto).  | 132                  |
| 10.1                       | Amended and Restated Distribution Agreement dated April 30, 1996 among Capital One Bank and the agents named therein.  | 195                  |
| 10.2                       | Distribution Agreement dated April 30, 1996 among Capital One Bank and the agents named therein.   | 259                  |
| 10.3                       | First Amendment to Operative Documents dated as of June 5, 1996 among Capital One Bank, as construction agent and as lessee, First Security Bank of Utah, N.A., as owner/trustee for the COB Real Estate Trust 1995-1, NationsBank of Texas, N.A., as administrative agent, as initial lender and as initial holder named therein. | 322                  |
| 11                         | Computation of Per Share Earnings  | 337                  |

## CAPITAL ONE BANK

## AMENDED AND RESTATED ISSUING AND PAYING AGENCY AGREEMENT

THIS AGREEMENT, dated as of April 30, 1996, between Capital One Bank, a banking association chartered under the laws of the Commonwealth of Virginia (the "Bank") and Chemical Bank, as issuing and paying agent (the "Issuing and Paying Agent," which term shall also refer to any duly appointed successor thereto).

## WITNESSETH:

Section 1. Appointment of Issuing and Paying Agent. The Bank proposes to issue from time to time its Bank Notes (each, a "Bank Note" and collectively, the "Bank Notes") in such amounts as may be duly authorized by the Bank pursuant to the Amended and Restated Distribution Agreement, dated April 30, 1996 (the "Distribution Agreement"), among the Bank and the agents named therein (the "Agents").

Each Bank Note will be issued in book-entry form and will be represented by a global certificate (each, a "Global Bank Note" and collectively, the "Global Bank Notes") registered in the name of The Depository Trust Company, as depository ("DTC," which term includes any successor thereof), or a nominee thereof (which successor shall be a clearing agency registered under the Securities Exchange Act of 1934, as amended, if so required by applicable law) (each beneficial interest in a Global Bank Note, a "Book-Entry Bank Note" and collectively, the "Book-Entry Bank Notes").

The Bank hereby appoints the Issuing and Paying Agent to act, on the terms and conditions specified herein, as issuing and paying agent for the Global Bank Notes and as registrar, transfer agent and authenticating agent for the Global Bank Notes and to perform such other responsibilities as are described herein and the Issuing and Paying Agent hereby accepts such appointments. The aggregate principal amount of the Global Bank Notes which may be issued pursuant to this Agreement outstanding at any one time is unlimited.

The Issuing and Paying Agent shall exercise due care in the performance of its obligations hereunder and shall perform such obligations in a manner consistent with industry standards.

## Section 2. Global Bank Note Forms; Terms; Execution.

(i) The Global Bank Notes shall be substantially (A) in the form set forth in Exhibit A-1 hereto if such Global Bank Note is a Senior Bank Note (each, a "Senior Bank Note" and collectively, the "Senior Bank Notes") and bears interest at a fixed rate of interest (each such Global Bank Note, a "Fixed Rate Global Senior Bank Note" and collectively, the "Fixed Rate Global Senior Bank Notes"), (B) in the form of Exhibit A-2 hereto if such Global Bank Note is a Senior Bank Note and bears interest at a floating rate of interest determined by reference to an interest rate basis specified therein (each such Global Bank Note, a "Floating Rate Global Senior Bank Note" and collectively, the "Floating Rate Global Senior Bank Notes"), (C) in the form of Exhibit A-3 hereto if such Global Bank Note is a Subordinated Bank Note (each, a "Subordinated Bank Note" and collectively, the "Subordinated Bank Notes") and bears interest at a fixed rate of interest (each such Global Bank Note, a "Fixed Rate Global Subordinated Bank Note" and collectively, the "Fixed Rate Global Subordinated Bank Notes"), (D) in the form of Exhibit A-4 hereto if such Global Bank Note is a Subordinated Bank Note and bears interest at a floating rate of interest determined by reference to an interest rate basis specified therein (each such Global Bank Note, a "Floating Rate Global Subordinated Bank Note" and collectively, the "Floating Rate Global Subordinated Bank Notes"), or (E) in such other form as the Bank may from time to time designate.

(ii) Each Senior Bank Note issued by the Bank shall have a maturity of 30 days to 30 years from its original date of issuance, and each Subordinated Bank Note issued by the Bank shall have a maturity from five years to 30 years from its original date of issue. The Book-Entry Bank Notes shall be issued in minimum denominations of \$250,000 and in integral multiples of \$1,000 in excess thereof.

The interest rate borne by any particular Global Bank Note may vary from the interest rates borne by any other Global Bank Notes. Any such variation shall not affect the interest rate borne by any other Global Bank Notes previously issued hereunder.

(iii) The Bank will from time to time deliver or cause to be delivered to the Issuing and Paying Agent a supply of blank Global Bank Notes in such quantities as the Bank shall determine, bearing consecutive control numbers. Each Global Bank Note will have been executed by the manual or facsimile signature of an Authorized Representative (as defined in Section 3 hereof) of the Bank. The Issuing and Paying Agent will acknowledge receipt of the Global Bank Notes delivered to it and will hold such blank Global Bank Notes in safekeeping in accordance with its customary practice and shall complete, authenticate and

deliver such Global Bank Notes in accordance with the provisions hereof.

Section 3. Authorized Representatives. From time to time, the Bank will furnish the Issuing and Paying Agent with a certificate executed by an officer of the Bank certifying the incumbency and specimen signatures of those officers of the Bank authorized to execute Global Bank Notes on behalf of the Bank by manual or facsimile signature and to give instructions and notices on behalf of the Bank hereunder (the "Authorized Representatives"). Until the Issuing and Paying Agent receives a subsequent certificate, the Issuing and Paying Agent shall be entitled to rely on the last such certificate delivered to it for the purposes of determining the identities of Authorized Representatives of the Bank. Any Global Bank Note bearing the manual or facsimile signatures of persons who are Authorized Representatives of the Bank on the date such signatures are affixed shall bind the Bank after the completion, authentication and delivery thereof by the Issuing and Paying Agent, notwithstanding that such persons shall have ceased to hold office on the date such Global Bank Note is so completed, authenticated and delivered by the Issuing and Paying Agent.

Section 4. Issuance Instructions; Completion, Authentication and Delivery of Global Bank Notes.

(i) All instructions regarding the completion, authentication and delivery of Global Bank Notes shall be given by an Authorized Representative of the Bank by telephone (confirmed in writing as soon as practicable), by facsimile transmission or by other acceptable written means by such Authorized Representative.

(ii) Upon receipt of the instructions described above, the Issuing and Paying Agent shall cause to be withdrawn the necessary and applicable Global Bank Notes from safekeeping and, in accordance with such instructions, shall:

- (a) complete each Global Bank Note;
- (b) record each Global Bank Note in the applicable Bank Note Register (as defined in Section 10 hereof);
- (c) cause each Global Bank Note to be manually authenticated by any one of the signatories of the Issuing and Paying Agent duly authorized and designated by it for such purpose; and
- (d) with respect to the Global Bank Notes, hold each Global Bank Note in safekeeping on behalf of the registered holder thereof;

provided that instructions regarding the completion and authentication of a Global Bank Note, whether delivered by facsimile transmission or by other written means, are received by the Issuing and Paying Agent by 11:00 A.M., New York City time, on the Business Day immediately preceding the date of settlement relating to such Global Bank Note (or 9:00 A.M., New York City time, on the date of settlement relating to such Bank Note if the trade date and the date of settlement relating to such Bank Note are the same day). As used in this Agreement, the term "Business Day" shall mean any day that is not a Saturday or Sunday and that is not a day on which banking institutions in The City of New York or the city in which the Bank is headquartered are authorized or required by law, regulation or executive order to close, and with respect to LIBOR Notes (as defined in the applicable Floating Rate Global Bank Note) only, any day that is also a London Business Day. As used in this Agreement, "London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Section 5. Reliance on Instructions; Request for Instructions. The Issuing and Paying Agent shall incur no liability to the Bank in acting hereunder upon instructions contemplated hereby which the Issuing and Paying Agent reasonably believed in good faith to have been given by an Authorized Representative of the Bank. In the event a discrepancy exists between the instructions as originally received by the Issuing and Paying Agent and any subsequent written confirmation thereof, such original instructions will be deemed controlling; provided that the Issuing and Paying Agent gives notice to the Bank of such discrepancy promptly upon the receipt of such written confirmation.

Any application by the Issuing and Paying Agent for written instructions from the Bank may, at the option of the Issuing and Paying Agent, set forth in writing any action proposed to be taken or omitted by the Issuing and Paying Agent under this Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Issuing and Paying Agent shall not be liable for any action taken by, or omission of, the Issuing and Paying Agent in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the Bank has confirmed its receipt to the Issuing and Paying Agent of such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Issuing and Paying Agent shall have received written instructions in response to such application specifying the action to be taken or omitted.

Section 6. The Bank's Representations and Warranties. Each instruction given to the Issuing and Paying Agent in

accordance with Section 4 hereof shall constitute a representation and warranty to the Issuing and Paying Agent by the Bank that the issuance and delivery of the Global Bank Notes have been duly and validly authorized by the Bank and that the Global Bank Notes, when completed and authenticated pursuant hereto, will constitute the valid and legally binding obligations of the Bank subject to applicable bankruptcy, liquidation, insolvency, reorganization, moratorium and similar laws of general applicability relating to, or affecting, creditors' rights and to general equity principles. The Bank further warrants that it is free to enter into this Agreement and to perform the terms hereof.

Section 7. Payments of Interest; Interest Payment Dates; Record Dates. Interest payments on Global Bank Notes with maturities of more than one year will be made: (i) in the case of the Fixed Rate Global Senior Bank Notes and Fixed Rate Global Subordinated Bank Notes (collectively, the "Fixed Rate Global Bank Notes"), semi-annually on May 15 and November 15 of each year (unless otherwise specified in any applicable Fixed Rate Global Bank Notes) and (ii) in the case of Floating Rate Global Senior Bank Notes and Floating Rate Global Subordinated Bank Notes (collectively, the "Floating Rate Global Bank Notes"), on such dates as are specified therein (collectively, the "Interest Payment Dates") and, in each case, at maturity or upon earlier redemption or repayment if so indicated in the applicable Global Bank Note. All such interest payments (other than interest due at maturity or upon earlier redemption or repayment) will be made to the Holders (as defined in Section 10 hereof) in whose names Fixed Rate Global Bank Notes are registered at the close of business on May 1 or November 1 (unless otherwise specified in any applicable Fixed Rate Global Bank Notes) (whether or not a Business Day) next preceding such Interest Payment Dates and in whose names Floating Rate Global Bank Notes are registered at the close of business on the fifteenth calendar day (whether or not a Business Day) prior to each such Interest Payment Date (each such May 1, November 1 and fifteenth calendar day, a "Record Date"). Notwithstanding the foregoing, if the Original Issue Date of any Global Bank Note with a maturity of more than one year occurs between a Record Date and the next succeeding Interest Payment Date, the first payment of interest on any such Global Bank Note will be made on the second Interest Payment Date succeeding the Original Issue Date (as defined in the Global Bank Notes). Interest payments will be calculated and made in the manner provided in the applicable Global Bank Note.

If the Bank does not deposit adequate funds pursuant to Section 9 hereof with respect to the interest due on a Global Bank Note with a maturity of more than one year on an Interest Payment Date, such interest will cease to be due to the Holder of such Global Bank Note as of the close of business on the Record Date relating to such Interest Payment Date and will be paid to

the Holder of such Global Bank Note as of the close of business on a special record date to be fixed by the Issuing and Paying Agent when funds for the payment of such interest have been deposited pursuant to Section 9 hereof. Notice of such special record date shall be given by the Issuing and Paying Agent, at the Bank's expense, to the registered Holder of such Global Bank Note not less than 10 calendar days prior to such special record date.

Interest payments on Fixed Rate Global Bank Notes with maturities of one year or less will be made only upon maturity upon presentation and surrender of the applicable Fixed Rate Global Bank Note (unless otherwise specified in the applicable Fixed Rate Global Bank Note). Interest payments on Fixed Rate Global Bank Notes with maturities of one year or less will be calculated in the manner provided in the applicable Fixed Rate Global Bank Note. Interest payments on Floating Rate Global Bank Notes with maturities of one year or less will be made on the Interest Payment Dates specified in such Floating Rate Global Bank Note and, in each case, at maturity or upon earlier redemption or repayment. Interest payments on Floating Rate Global Bank Notes with maturities of one year or less will be calculated in the manner provided in the applicable Floating Rate Global Bank Note.

Section 8. Payment of Principal. The Issuing and Paying Agent will pay the Holder of each Global Bank Note the principal amount of each such Global Bank Note, together with accrued interest and premium, if any, at maturity (or upon earlier redemption or repayment, if applicable).

Section 9. Deposit of Funds. The total amount of any principal of, premium, if any, and interest due on Global Bank Notes, on any Interest Payment Date or any maturity date or date of redemption or repayment shall be paid by the Bank to the Issuing and Paying Agent no later than 1:00 P.M., New York City time, in funds available for use by the Issuing and Paying Agent on such date. The Bank will make such payment on such Global Bank Notes via Fedwire to an account specified by the Issuing and Paying Agent. Upon receipt of funds from the Bank with respect to any Global Bank Note, on such date or as soon as possible thereafter, the Issuing and Paying Agent will pay by separate wire transfer (using message entry instructions in a form previously specified by DTC) to an account previously specified by DTC, in funds available for immediate use by DTC, each payment of principal of, premium, if any, and interest due on a Global Bank Note on such date.

The Issuing and Paying Agent shall hold such amounts paid to it by the Bank in trust for the Holders but shall, pending payment by it to the account specified above, not be under any liability for interest on monies at any time received

by it pursuant to any of the terms of this Agreement or of the Global Bank Notes, nor shall the Issuing and Paying Agent be required to invest such monies.

Section 10. Bank Note Register; Registration, Transfer, Exchange; Persons Deemed Owners.

(i) The Issuing and Paying Agent shall maintain at its offices the Senior Note Register and Subordinated Note Register (together, the "Bank Note Registers"). The Issuing and Paying Agent is hereby appointed as Registrar for the purpose of registering each Global Bank Note and transfers of such Global Bank Note as herein provided. The terms "Senior Note Register" and "Subordinated Note Register" shall mean the definitive records in which shall be recorded the names, addresses and taxpayer identifying numbers of the holders of the Global Senior Bank Notes and Global Subordinated Bank Notes, respectively (collectively, the "Holders"), the serial and CUSIP numbers of each such Global Bank Note and the Original Issue Date thereof and details with respect to the transfer and exchange of each Global Bank Note.

(ii) Upon surrender for registration of transfer of any Global Bank Note at the offices of the Issuing and Paying Agent, the Bank shall execute, and the Issuing and Paying Agent shall complete, authenticate and deliver, in the name of the designated transferee or transferees, one or more new Global Bank Notes of any authorized denominations and having identical terms and provisions and for an equal aggregate principal amount.

(iii) At the option of the Holder of a Global Bank Note, such Global Bank Note may be exchanged for other Global Bank Notes of any authorized denominations of an equal aggregate principal amount and having identical terms and provisions, upon surrender of the Global Bank Notes to be exchanged at the designated offices of the Issuing and Paying Agent. Whenever any Global Bank Notes are so surrendered for exchange, the Bank shall execute, and the Issuing and Paying Agent shall complete, authenticate and deliver, the Global Bank Notes which the Holder of the Global Bank Note making the exchange is entitled to receive. Except as provided below, owners of beneficial interests in a Global Bank Note representing Book-Entry Bank Notes will not be entitled to have such Book-Entry Bank Notes registered in their names, will not receive or be entitled to receive physical delivery of Bank Notes in certificated form and will not be considered the owners or holders thereof under this Agreement. However, if DTC notifies the Bank that it is unwilling or unable to continue as depository or if at any time DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or the Bank in its sole discretion determines not to have

Book-Entry Bank Notes represented by one or more Global Bank Notes, then Global Bank Notes representing Book-Entry Bank Notes may be exchanged in whole for definitive Bank Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof, upon surrender of the Global Bank Notes to be exchanged at the offices of the Issuing and Paying Agent.

(iv) Notwithstanding the foregoing, the Issuing and Paying Agent shall not register the transfer of or exchange (i) any Global Bank Note that has been called for redemption in whole or in part, except the unredeemed portion of Global Bank Notes being redeemed in part, (ii) any Global Bank Note during the period beginning at the opening of business 15 days before the mailing of a notice of such redemption and ending at the close of business on the day of such mailing, or (iii) any Global Bank Note in violation of the legend contained on the face of such Global Bank Note.

(v) All Global Bank Notes issued upon any registration of transfer or exchange of Global Bank Notes shall be the valid obligations of the Bank, evidencing the same debt, and entitled to the same benefits as the Global Bank Notes surrendered upon such registration of transfer or exchange.

(vi) Every Global Bank Note presented or surrendered for registration of transfer or for exchange shall be duly endorsed, or be accompanied by a written instrument of transfer with such evidence of due authorization and guaranty of signature as may reasonably be required by the Issuing and Paying Agent, in form satisfactory to the Issuing and Paying Agent, duly executed by the Holder thereof or his attorney duly authorized in writing.

(vii) No service charge shall be made to a holder of Global Bank Notes for any transfer or exchange of Global Bank Notes, but the Bank may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(viii) The Bank and the Issuing and Paying Agent, and any agent of the Bank or the Issuing and Paying Agent may treat the Holder in whose name a Global Bank Note is registered as the owner of such Global Bank Note for all purposes, whether or not such Global Bank Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

Section 11. Mutilated, Destroyed, Lost, or Stolen Global Bank Notes. In case any Global Bank Note shall at any time become mutilated, destroyed, lost or stolen, and such Global

Bank Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent (together with indemnity hereinafter referred to and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent) shall be delivered to the Issuing and Paying Agent, the Bank shall execute a new Global Bank Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Global Bank Note or in lieu of the Global Bank Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Global Bank Note, only upon receipt of evidence satisfactory to the Issuing and Paying Agent and the Bank that such Global Bank Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to each of them. The Issuing and Paying Agent shall authenticate any such substituted Global Bank Note and deliver the same upon the written request or authorization of any Authorized Representative of the Bank. Upon the issuance of any substituted Global Bank Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation, authentication and delivery of a new Global Bank Note. If any Global Bank Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid, as the case may be, shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Global Bank Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Global Bank Note) upon compliance by the Holder with the provisions of this Section.

Section 12. Cancellation. All Global Bank Notes surrendered for payment, registration of transfer or exchange shall, if surrendered to any person other than the Issuing and Paying Agent, be delivered to the Issuing and Paying Agent and shall be promptly cancelled by it. The Bank may at any time deliver to the Issuing and Paying Agent for cancellation any Global Bank Notes previously authenticated and delivered hereunder which the Bank may have acquired in any manner whatsoever, and all Global Bank Notes so delivered shall be promptly cancelled by the Issuing and Paying Agent. No Global Bank Note shall be authenticated in lieu of or in exchange for any Global Bank Note cancelled as provided in this Section, except as expressly permitted by this Agreement. All cancelled Global Bank Notes held by the Issuing and Paying Agent shall be returned to the Bank.

Upon the written request of the Bank, the Issuing and Paying Agent shall promptly cancel and return to the Bank all unissued Global Bank Notes in its possession.

## Section 13. Redemption of Global Bank Notes.

(i) If any Global Bank Notes are to be redeemed prior to maturity, the Bank shall notify the Issuing and Paying Agent not more than 60 nor less than 45 calendar days prior to the date fixed by the Bank for such redemption (the "Redemption Date") of the Bank's election to redeem such Global Bank Notes in whole or in part in increments of \$1,000 (provided that any remaining principal amount of such Global Bank Notes shall be at least \$250,000).

(ii) Whenever less than all the Global Bank Notes at any time outstanding are to be redeemed, the terms of the Global Bank Notes to be so redeemed shall be selected by the Bank. If less than all the Global Bank Notes with identical terms at any time outstanding are to be redeemed, the Global Bank Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. The Issuing and Paying Agent shall promptly notify the Bank in writing of the Global Bank Notes selected for redemption and, in the case of Global Bank Notes selected for partial redemption, the principal amount thereof to be redeemed.

(iii) Unless otherwise specified in the applicable Global Bank Note, notice of redemption shall be given by the Issuing and Paying Agent, at the Bank's expense, by first-class mail, postage prepaid, mailed not more than 60 nor less than 30 calendar days prior to the Redemption Date, to each Holder of such Global Bank Note to be redeemed, at its address appearing in the Bank Note Register. All notices of redemption shall identify the Global Bank Notes to be redeemed (including CUSIP number) and shall state: (i) the Redemption Date; (ii) the redemption price, which shall be determined in accordance with the terms of the Global Bank Note (the "Redemption Price"); (iii) if less than all of the Global Bank Notes at any time outstanding are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Global Bank Notes to be redeemed; (iv) that on the Redemption Date the Redemption Price plus accrued interest, if any, to the Redemption Date will become due and payable with respect to each Global Bank Note to be redeemed and that interest thereon will cease to accrue on and after said date; and (v) the place or places where such Global Bank Notes are to be surrendered for payment.

(iv) Notice of redemption having been given as described above, the Global Bank Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price, and from and after such date such Global Bank Notes shall cease to bear interest. The Bank shall deposit funds with the Issuing and Paying Agent prior to the Redemption Date which are sufficient to redeem such Global Bank Notes which are scheduled

to be so redeemed. Upon surrender of any such Global Bank Notes for redemption in accordance with such notice, the Issuing and Paying Agent shall pay such Global Bank Notes at the Redemption Price, together with unpaid interest accrued on such Global Bank Notes at the applicable rate borne by such Global Bank Notes to the Redemption Date.

(v) Any Global Bank Note which is to be redeemed only in part shall be surrendered to the Issuing and Paying Agent, and the Issuing and Paying Agent shall complete, authenticate and deliver to the Holder of such Global Bank Note, without service charge, a new Global Bank Note or Global Bank Notes, of any authorized denomination as requested by such Holder (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof), in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Global Bank Note so surrendered.

(vi) The Bank, in issuing the Global Bank Notes, may use "CUSIP" numbers and, if so, the Issuing and Paying Agent shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Global Bank Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Global Bank Notes, and any such redemption shall not be affected by any defect in or omission of such numbers.

#### Section 14. Repayment of Global Bank Notes.

(i) In order for any Global Bank Note to be repaid in whole or in part at the option of the Holder thereof, such Global Bank Note must be delivered by the Holder thereof, with the form entitled "Option to Elect Repayment" (set forth in such Global Bank Note) duly completed, to the Issuing and Paying Agent at its offices located at the address set forth in Section 20 hereof, or such other place or places of which the Bank shall from time to time notify the Holders of the Global Bank Notes, not more than 60 nor less than 30 calendar days prior to any date fixed for such repayment of such Global Bank Notes (the "Optional Repayment Date").

(ii) Upon surrender of any Global Bank Note for repayment in accordance with the provisions set forth above, the Global Bank Note to be repaid shall, on the Optional Repayment Date, become due and payable, and the Issuing and Paying Agent shall pay such Global Bank Note on the Optional Repayment Date at a price equal to 100% of the principal amount thereof, together with accrued interest to the Optional Repayment Date.

(iii) If less than the entire principal amount of any Global Bank Note is to be repaid, the Holder thereof shall specify the portion thereof (which shall be in increments of \$1,000) which such Holder elects to have repaid and shall surrender such Global Bank Note to the Issuing and Paying Agent, and the Issuing and Paying Agent shall complete, authenticate and deliver to the Holder of such Global Bank Note, without service charge, a new Global Bank Note or Global Bank Notes in an aggregate principal amount equal to and in exchange for the unrepaid portion of the principal of the Global Bank Note so surrendered and in such denominations as shall be specified by such Holder (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof).

Section 15. Acceleration of Maturity. If an Event of Default (as defined in the applicable Global Bank Note) with respect to a Senior Bank Note or Subordinated Bank Note, as the case may be, issued by the Bank shall occur, then the Holder of the applicable Senior Bank Note or Subordinated Bank Note may declare the principal amount of, and accrued interest and premium, if any, on such Senior Bank Note or Subordinated Bank Note due and payable by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. The Bank shall promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent shall promptly mail by first-class mail, postage prepaid, copies of such notice to the Holders of the Senior Bank Notes or the Subordinated Bank Notes, as the case may be, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default. Any Event of Default with respect to a Bank Note may be waived by the Holder thereof.

Notwithstanding the foregoing, the acceleration of any Bank Note issued prior to the date of this Agreement pursuant to the terms of the Issuing and Paying Agency Agreement dated as of December 7, 1994 which is amended and restated by this Agreement, shall be governed by the terms of such Agreement and of such Bank Notes. Holders of the Bank Notes issued on or after the date of such Agreement shall be disregarded for purposes of computing the percentage of Holders which may declare the principal amount of, and accrued interest and premium, if any, on such Bank Notes issued prior to the date of this Agreement due and payable.

Section 16. Application of Funds; Return of Unclaimed Funds. Any monies paid by the Bank and held by the Issuing and Paying Agent in trust for payment of principal of, premium, if any, or interest on, any Global Bank Notes that remain unclaimed for two years following the date on which such principal, premium or interest shall have become due and payable shall be returned to the Bank by the Issuing and Paying Agent and the Issuing and Paying Agent shall inform the Bank as to the specific Global Bank

Notes to which such monies related, and any Holder shall thereafter look, as an unsecured general creditor, only to the Bank for the payment thereof and all liability of the Issuing and Paying Agent with respect to such trust monies shall thereupon cease. Any funds deposited by the Bank with the Issuing and Paying Agent for the payment of principal of, premium, if any, or interest on, any Bank Note shall be held in trust on behalf of the Bank by the Issuing and Paying Agent for the payment of principal of, premium, if any, or interest on, any Bank Note until paid or returned to the Bank.

Section 17. Cancellation of Unissued Notes. Upon the written request of the Bank, the Issuing and Paying Agent promptly shall cancel and return to the Bank all unissued Bank Notes in its possession.

Section 18. Liability. Neither the Issuing and Paying Agent nor its directors, officers, employees or agents shall be liable to the Bank for any act or omission hereunder except in the case of gross negligence or willful misconduct. The duties and obligations of the Issuing and Paying Agent, its directors, officers and employees shall be determined by the express provisions of this Agreement and no implied covenants shall be read into this Agreement against any of them. Notwithstanding any other provision elsewhere contained in this Agreement, the Issuing and Paying Agent is acting solely as agent of the Bank and does not assume any obligation or relationship of trust or agency for or with any Holders. Neither the Issuing and Paying Agent nor any of its directors, officers or employees shall be required to ascertain whether any issuance or sale of Bank Notes (or any amendment or termination of this Agreement) has been duly authorized (provided that the Issuing and Paying Agent in good faith has determined that the facsimile or manual signature of the Authorized Representative or any person who has been designated by the Authorized Representative in writing to the Issuing and Paying Agent reasonably resembles the specimen signatures filed with the Issuing and Paying Agent) or is in compliance with any other agreement to which the Bank is a party (whether or not the Issuing and Paying Agent is also a party to such other agreement), and the Issuing and Paying Agent and each of its officers and employees shall be entitled to rely upon any instructions reasonably believed (in accordance with Section 3 hereof) by the Issuing and Paying Agent and its officers and employees to be given on behalf of the Bank by an Authorized Representative or by any person who has been designated by an Authorized Representative in writing to the Issuing and Paying Agent as a person authorized to give such instructions hereunder, whether or not in fact given by the Authorized Representative or such designated person. In no event shall the Issuing and Paying Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Issuing and Paying Agent has been advised

of the likelihood of such loss or damage and regardless of the form of action.

The Issuing and Paying Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Issuing and Paying Agent shall not be responsible for any willful misconduct or gross negligence on the part of any agent or attorney appointed with due care by it hereunder. The Issuing and Paying Agent may consult with counsel of its selection and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon. The Issuing and Paying Agent shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

Section 19. Indemnification, Risk of Funds. The Bank shall indemnify and hold harmless the Issuing and Paying Agent, its directors, officers, employees and agents from and against all actions, claims, losses, damages, liabilities, losses and expenses (including reasonable legal fees and expenses) relating to or arising out of their actions or inactions taken or omitted to be taken by the Issuing and Paying Agent in good faith in connection with its performance under this Agreement including, but not limited to, any actions taken or omitted upon instructions by the Bank (in accordance with Section 3) or the issuance, delivery, payment or non-payment of any Bank Note or interest thereon, or other receipt or other funds for the payment of the Bank Notes or interest or premium thereon; provided, however, that the Issuing and Paying Agent shall be liable for any liabilities, losses, claims, damages, costs and expenses (including reasonable legal fees and expenses) caused by the negligence, bad faith or willful misconduct of its directors, officers, employees or agents. This indemnity shall survive the termination of this Agreement.

No provision of this Agreement shall require the Issuing and Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 20. Compensation of the Issuing and Paying Agent. The Bank agrees to pay the compensation of the Issuing and Paying Agent, at such rates as shall be mutually agreed upon in writing between the Bank and the Issuing and Paying Agent from time to time. The Bank shall reimburse upon demand the Issuing

and Paying Agent for all reasonable out-of-pocket expenses (including reasonable legal fees and expenses), disbursements and advances incurred or made by the Issuing and Paying Agent with respect to the Bank in accordance with any provisions of this Agreement, except any such expense, disbursement or advance proven to be attributable to the breach of this Agreement or the gross negligence, bad faith or willful misconduct of the Issuing and Paying Agent, upon receipt of such invoices as the Bank may reasonably require. The provisions of this Section 20 shall survive the termination of this Agreement.

Section 21. Notices.

(i) All communications by or on behalf of the Bank relating to the issuance, transfer, exchange or payment of Bank Notes or interest thereon shall be directed to the offices of the Issuing and Paying Agent located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or to such other offices as the Issuing and Paying Agent shall specify in writing to the Bank. The Bank will send all Global Bank Notes to be completed and delivered by the Issuing and Paying Agent to such offices or such other offices as the Issuing and Paying Agent shall specify in writing to the Bank.

(ii) All other notices and communications hereunder shall be in writing and shall be addressed as follows:

(a) if to the Bank:

Capital One Bank  
2980 Fairview Park Drive  
Falls Church, Virginia 22042  
Attention: Treasurer  
Telecopy: [ ]

(b) if to the Issuing and Paying Agent:

Chemical Bank  
450 West 33rd Street  
New York, New York 10001  
Attention: Global Trust Securities Group  
Telecopy: (212) 946-3498

Section 22. Resignation or Removal of Issuing and Paying Agent and Appointment of Successor Issuing and Paying Agent; Merger, Conversion and Consolidation. The Bank agrees, for the benefit of the Holders from time to time of the Bank Notes, that there shall at all times be an Issuing and Paying Agent hereunder which shall be a bank or trust company organized and doing business under the laws of the United States or any

state thereof authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$10,000,000 and subject to supervision and examination by federal or state authority, until all the Global Bank Notes authenticated and delivered hereunder (A) shall have been delivered to the Issuing and Paying Agent for cancellation or (B) shall have become due and payable and funds sufficient to pay the principal of, premium, if any, and interest on, the Global Bank Notes shall have been made available for payment and either paid or returned to the Bank, whichever event occurs earlier. The foregoing capital and surplus requirements shall not be applicable if any of the Bank or an affiliate of the Bank is appointed as successor Issuing and Paying Agent.

The Issuing and Paying Agent may resign at any time as such agent upon written notice to the Bank of such intention on its part, specifying the date on which its desired resignation shall become effective; provided, however, that such date shall be not less than 90 calendar days after the giving of such notice by the Issuing and Paying Agent to the Bank. The Issuing and Paying Agent may be removed at any time as such agent by the filing with it of an instrument in writing signed by a duly authorized officer of the Bank and specifying such removal and the date, which shall be at least 30 calendar days following receipt of such written notice, upon which it is intended to become effective. Any such resignation or removal shall take effect on the date of the appointment by the Bank of a successor issuing and paying agent and the acceptance of such appointment by such successor issuing and paying agent that qualifies as such under the first paragraph of this Section. In the event of the resignation or removal of the Issuing and Paying Agent, if a successor issuing and paying agent has not been appointed by the Bank within 90 calendar days after the giving of notice of resignation or within 30 calendar days after receipt of notice of removal, the Issuing and Paying Agent may, at the expense of the Bank, petition any court of competent jurisdiction for appointment of a successor Issuing and Paying Agent. Upon any such resignation or removal, the Issuing and Paying Agent shall transfer to the successor Issuing and Paying Agent (or, if none shall have been appointed, to the Bank) all monies held by the Issuing and Paying Agent on behalf of the Bank in respect of any Global Bank Notes, any unissued Global Bank Notes and all books and records or copies thereof related to Global Bank Notes maintained by the Issuing and Paying Agent, including copies of the Bank Note Registers. Any resignation or removal hereunder shall not affect the Issuing and Paying Agent's rights to the payment of fees earned or charges incurred through the effective date of such resignation or removal.

Any corporation or bank into which the Issuing and Paying Agent hereunder may be merged or converted, or any corporation or bank with which the Issuing and Paying Agent may

be consolidated, or any corporation or bank resulting from any merger, conversion or consolidation to which the Issuing and Paying Agent shall be a party, or any corporation or bank to which the Issuing and Paying Agent shall sell or otherwise transfer all or substantially all of the assets and business of the Issuing and Paying Agent, provided that it shall be qualified under the first paragraph of this Section, shall be the successor Issuing and Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 23. Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto, Holders of Bank Notes, and their successors and assigns, and nothing herein, express or implied, shall give to any other persons any benefits or any legal or equitable right, remedy or claim under or by virtue of this Agreement. No party hereto may assign any of its rights or obligations hereunder except with the prior written consent of all the parties hereto.

Section 24. Bank Notes Held by the Issuing and Paying Agent. The Issuing and Paying Agent, in its individual or other capacity, may become the owner or pledgee of the Bank Notes with the same rights it would have if it were not acting as an issuing and paying agent hereunder.

Section 25. Amendment. This Agreement shall not be amended by any party hereto except in writing executed by the duly authorized officers of all parties.

Section 26. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with, the laws of the State of New York applicable to agreements made and to be performed in such State, without regard to conflicts of laws principles.

Section 27. Counterparts. This Agreement may be executed by the parties hereto in any number of counterparts, and by each of the parties hereto in separate counterparts, and each such counterpart, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf by their officers thereunto duly authorized, all as of the day and year first above written.

CAPITAL ONE BANK

By: /s/

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Name:  
Title:

CHEMICAL BANK,  
as Issuing and Paying Agent

By: /s/ Vernon Wiltshire

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Name: Vernon Wiltshire  
Title: Assistant Vice President

THIS SENIOR NOTE IS AN OBLIGATION SOLELY OF THE BANK AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, ANY OTHER BANK OR CAPITAL ONE FINANCIAL CORPORATION. THIS SENIOR NOTE DOES NOT EVIDENCE DEPOSITS OF THE BANK AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THE OBLIGATIONS EVIDENCED BY THIS SENIOR NOTE RANK PARI PASSU WITH ALL OTHER SENIOR UNSECURED INDEBTEDNESS OF THE BANK, EXCEPT DEPOSIT LIABILITIES (AS PROVIDED IN SECTION 11(D)(11) OF THE FEDERAL DEPOSIT INSURANCE ACT) AND OTHER OBLIGATIONS THAT ARE SUBJECT TO ANY PRIORITIES OR PREFERENCES. IN A LIQUIDATION OR OTHER RESOLUTION OF THE BANK, THIS SENIOR NOTE WOULD BE TREATED DIFFERENTLY FROM, AND HOLDERS OF THIS SENIOR NOTE COULD RECEIVE, IF ANYTHING, SIGNIFICANTLY LESS THAN HOLDERS OF, DEPOSIT LIABILITIES OF THE BANK.

UNLESS THIS SENIOR NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SENIOR NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SENIOR NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

THIS SENIOR NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$250,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS SENIOR NOTE MUST BE AN INSTITUTIONAL INVESTOR WHO IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN \$250,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS SENIOR NOTE AT ALL TIMES.

No. FXR- \_\_\_\_\_  
CUSIP NO.: \_\_\_\_\_

REGISTERED

CAPITAL ONE BANK

GLOBAL SENIOR BANK NOTE  
(Fixed Rate)



Capital One Bank, a bank duly authorized and existing under the laws of the Commonwealth of Virginia (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of \_\_\_\_\_

\_\_\_\_\_ United States Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date on which interest on this Senior Note (or any predecessor Senior Note) has been paid or duly provided for, semi-annually on May 15 and November 15 of each year (unless otherwise specified on the face hereof) (each, an "Interest Payment Date") and at maturity or upon earlier redemption or repayment, if applicable, commencing on the first Interest Payment Date next succeeding the Original Issue Date (or, if the Original Issue Date is between a Regular Record Date (as defined below) and the Interest Payment Date immediately following such Regular Record Date, on the second Interest Payment Date following the Original Issue Date), at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Senior Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Senior Note (or any predecessor Senior Note) is registered at the close of business on the Regular Record Date, which shall be May 1 and November 1 (whether or not a Business Day (as defined below)), as the case may be, next preceding the applicable Interest Payment Date (unless otherwise specified on the face hereof) (each, a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date, and may either be paid to the person in whose name this Senior Note (or any predecessor Senior Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Senior Notes not less than 10 calendar days prior

to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Senior Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (the "Issuing and Paying Agent," which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Senior Note on behalf of the Bank pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement") and having an office or agency (the "Issuing and Paying Agent Office") in The City of New York or in the city in which the Bank is headquartered (the "Place of Payment"), where this Senior Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Senior Note may be served. The Bank has initially appointed Chemical Bank as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group. The Bank may remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement and may appoint a successor Issuing and Paying Agent.

Payment of principal of, premium, if any, and interest on, this Senior Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Senior Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Senior Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Senior Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to "this Senior Note", "hereof", "herein" and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Senior Note set forth on the reverse hereof, which further

provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Senior Note to be duly executed.

CAPITAL ONE BANK

By: -----  
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Senior Notes referred to in the Issuing and Paying Agency Agreement.

CHEMICAL BANK,  
as Issuing and Paying Agent

By: -----  
Authorized Signatory

[Reverse]

This Senior Note is one of a duly authorized issue of Senior Bank Notes of the Bank due from 30 days to 30 years from date of issue (the "Senior Notes").

Payments of interest hereon will include interest accrued to but excluding the relevant Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. Unless otherwise specified on the face hereof, interest on Senior Notes with maturities of greater than one year will be computed on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified on the face hereof, interest on Senior Notes with maturities of one year or less will be computed on the basis of the actual number of days in the year divided by 360 and will be payable only at maturity to the person to whom principal shall be payable.

Any provision contained herein with respect to the calculation of the rate of interest applicable to this Senior Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

If any Interest Payment Date, Maturity Date or date of earlier redemption or repayment of this Senior Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, or interest on, this Senior Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment were due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Maturity Date or date of earlier redemption or repayment, as the case may be. "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York or in the city in which the Bank is headquartered is not a day on which banking institutions are authorized or required by law, regulation or executive order to close.

This Senior Note will not be subject to any sinking fund. If so provided on the face of this Senior Note, this Senior Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face

hereof. If no Initial Redemption Date is specified on the face hereof, this Senior Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, this Senior Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the Bank at the applicable Redemption Price (as defined below), together with unpaid interest accrued hereon at the applicable rate borne by this Senior Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Senior Notes at any time outstanding are to be redeemed, the terms of the Senior Notes to be so redeemed shall be selected by the Bank. If less than all the Senior Notes with identical terms at any time outstanding are to be redeemed, the Senior Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Senior Note in part only, a new Senior Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Senior Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

This Senior Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Senior Note will not be repayable at the option of the holder hereof prior to maturity. On any Holder's Optional Repayment Date, this Senior Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof will be at least \$250,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment. For this Senior Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Senior Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing

and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other address which the Bank shall from time to time notify the holders of the Senior Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Senior Note in part only, a new Senior Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. Exercise of such repayment option by the holder hereof shall be irrevocable.

If this Senior Note is an Original Issue Discount Note and if an Event of Default with respect to this Senior Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Senior Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Senior Note shall terminate.

In case any Senior Note shall at any time become mutilated, destroyed, lost or stolen, and such Senior Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue a new Senior Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Senior Note or in lieu of the Senior Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Senior Note, only upon receipt of evidence satisfactory to the Bank and the Issuing and Paying Agent that such Senior Note was destroyed, stolen or lost,

and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Senior Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Senior Note. If any Senior Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Senior Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Senior Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Senior Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, banking association or other legal entity (collectively, "corporation"), either directly or through the Bank or any corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The occurrence of any of the following events shall constitute an "Event of Default" with respect to this Senior Note: (i) default in the payment of any interest with respect to any of the Senior Notes issued by the Bank when due, which continues for 30 calendar days; (ii) default in the payment of any principal of, or premium, if any, on, any of the Senior Notes issued by the Bank when due; (iii) the entry by a court having jurisdiction in the premises of (a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or (iv) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by the Bank to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency,

reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a petition or answer or consent seeking reorganization or relief under any applicable United States federal or state bankruptcy, insolvency, reorganization or similar law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, conservator, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action. If an Event of Default shall occur and be continuing, the holder of this Senior Note may declare the principal amount of, accrued interest and premium, if any, on, this Senior Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Senior Note may be waived by the holder hereof.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Senior Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation or successive consolidations or mergers in which the Bank or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to which such sale or

conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of this Senior Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Senior Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this Senior Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Senior Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Senior Note and may be liquidated and dissolved.

Any action by the holder of this Senior Note shall bind all future holders of this Senior Note, and of any Senior Note issued in exchange or substitution herefor or in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in The City of New York, herein referred to as the "Senior Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Senior Notes and of transfers of the Senior Notes (in such capacity, the "Senior Notes Registrar").

The transfer of this Senior Note is registrable in the Senior Note Register, upon surrender of this Senior Note for registration of transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Senior Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No provision of this Senior Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of, premium, if any, and interest on, this Senior Note in U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

No service charge shall be made to a holder of this Senior Note for any transfer or exchange of this Senior Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Senior Note are exchangeable for definitive Senior Notes in registered form, of like tenor and of an equal aggregate principal amount, only if (x) The Depository Trust Company, as Depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Senior Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Senior Note. Any Senior Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive Senior Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Such definitive Senior Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Senior Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Senior Note is registered as the owner hereof for all purposes, whether or not this Senior Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Senior Note shall be in writing and addressed to the Bank, 2980 Fairview Park Drive, Falls Church, Virginia 22042, Attention: Treasurer, or to such other address of the Bank as the Bank may notify the holders of the Senior Notes.

This Senior Note shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles and all applicable federal laws and regulations.



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s),  
assign(s) and transfer(s) unto \_\_\_\_\_  
\_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

/ \_\_\_\_\_ /

(Please print or typewrite name and address,  
including postal zip code, of assignee)

the within Senior Note and all rights thereunder, and hereby irrevocably  
constitutes and appoints \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

to transfer said Senior Note on the books of the Issuing and Paying Agent,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_  
-----  
NOTICE: The signature to this  
assignment must correspond with  
the name as written upon the face  
of the within Senior Note in  
every particular, without  
alteration or enlargement or any  
change whatsoever.

-----  
Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Senior Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at \_\_\_\_\_

(Please print or typewrite name and address of the undersigned)

For this Senior Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other place or places of which the Bank shall from time to time notify the holders of the Senior Notes, not more than 60 days nor less than 30 days prior notice to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Senior Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof) of the Senior Notes to be issued to the holder for the portion of this Senior Note not being repaid (in the absence of any such specification, one such Senior Note will be issued for the portion not being repaid):

\$ \_\_\_\_\_

Dated: \_\_\_\_\_ NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Senior Note in every particular, without alteration or enlargement or any change whatsoever.

-----  
Signature Guarantee

THIS SENIOR NOTE IS AN OBLIGATION SOLELY OF THE BANK AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, ANY OTHER BANK OR CAPITAL ONE FINANCIAL CORPORATION THIS SENIOR NOTE DOES NOT EVIDENCE DEPOSITS OF THE BANK AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THE OBLIGATIONS EVIDENCED BY THIS SENIOR NOTE RANK PARI PASSU WITH ALL OTHER SENIOR UNSECURED INDEBTEDNESS OF THE BANK, EXCEPT DEPOSIT LIABILITIES (AS PROVIDED IN SECTION 11(D)(11) OF THE FEDERAL DEPOSIT INSURANCE ACT) AND OTHER OBLIGATIONS THAT ARE SUBJECT TO ANY PRIORITIES OR PREFERENCES. IN A LIQUIDATION OR OTHER RESOLUTION OF THE BANK, THIS SENIOR NOTE WOULD BE TREATED DIFFERENTLY FROM, AND HOLDERS OF THIS SENIOR NOTE COULD RECEIVE, IF ANYTHING, SIGNIFICANTLY LESS THAN HOLDERS OF, DEPOSIT LIABILITIES OF THE BANK.

UNLESS THIS SENIOR NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITARY") TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SENIOR NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SENIOR NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

THIS SENIOR NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$250,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS SENIOR NOTE MUST BE AN INSTITUTIONAL INVESTOR WHO IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN \$250,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS SENIOR NOTE AT ALL TIMES.

No. FLR-\_\_\_\_\_  
CUSIP NO.: \_\_\_\_\_

REGISTERED

CAPITAL ONE BANK

GLOBAL SENIOR BANK NOTE  
(Floating Rate)

ORIGINAL ISSUE DATE:

PRINCIPAL AMOUNT:

INITIAL INTEREST RATE: \_\_\_\_\_%

MATURITY DATE:

INTEREST RATE  
BASIS OR BASES:

INDEX MATURITY:

IF LIBOR:

 Libor Telerate Libor Reuters

REGULAR RECORD

DATES (if other than the 15th day  
prior to each Interest Payment  
Date):

INDEX CURRENCY:

SPREAD (PLUS OR MINUS)  
AND/OR SPREAD MULTIPLIER:

MINIMUM INTEREST RATE:

MAXIMUM INTEREST RATE:

INTEREST PAYMENT PERIOD:

INTEREST PAYMENT DATES:

INTEREST RESET PERIOD:

INITIAL INTEREST RESET DATE:

CALCULATION AGENT:

INTEREST RESET DATES:

ANNUAL REDEMPTION  
PERCENTAGE REDUCTION:

INITIAL REDEMPTION DATE:

HOLDER'S OPTIONAL  
REPAYMENT DATE(S):INITIAL REDEMPTION  
PERCENTAGE:

DAY COUNT CONVENTION

 30/360 for the period

from \_\_\_\_\_ to \_\_\_\_\_.

 Actual/360 for the

period from \_\_\_\_\_ to \_\_\_\_\_.

 Actual/Actual for the

period from \_\_\_\_\_ to

\_\_\_\_\_.

INTEREST CALCULATION:

 Regular Floating Rate

Senior Note

 Floating Rate/Fixed Rate

Senior Note

Fixed Rate Commencement Date:

Fixed Interest Rate:

 Inverse Floating Rate Senior

Note

Fixed Interest Rate:

ORIGINAL ISSUE DISCOUNT

 Yes No

ADDENDUM ATTACHED:

 Yes No

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period:

OTHER PROVISIONS:

DEFAULT RATE: \_\_\_\_\_%

Capital One Bank, a bank duly organized and existing under the laws of the Commonwealth of Virginia (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of \_\_\_\_\_

United States Dollars  
on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date to which interest on this Senior Note (or any predecessor Senior Note) has been paid or duly provided for (each, an "Interest Payment Date"), on the Interest Payment Dates specified above and at maturity or upon earlier redemption or repayment, if applicable, commencing on the first Interest Payment Date next succeeding the Original Issue Date (or, if the Original Issue Date is between a Regular Record Date (as defined below) and the Interest Payment Date immediately following such Regular Record Date, on the second Interest Payment Date following the Original Issue Date), at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above and thereafter at a rate per annum determined in accordance with the provisions hereof and any Addendum relating hereto depending upon the Interest Rate Basis or Bases, if any, and such other terms specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Senior Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Senior Note (or any predecessor Senior Note) is registered at the close of business on the Regular Record Date, which shall be the 15th calendar day (whether or not a Business Day (as defined below)) prior to such Interest Payment Date (unless otherwise specified on the face hereof) (each, a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date and may either be paid to the person in whose name this Senior Note (or any predecessor

Senior Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Senior Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Senior Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (the "Issuing and Paying Agent," which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Senior Note on behalf of the Bank pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement") and having an office or agency (the "Issuing and Paying Agent Office") in The City of New York or the city in which the Bank is headquartered (the "Place of Payment"), where this Senior Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Senior Note may be served. The Bank has initially appointed Chemical Bank as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group. The Bank may remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement, and appoint a successor Issuing and Paying Agent.

Payment of principal of, premium, if any, and interest on, this Senior Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Senior Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Senior Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Senior Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to "this Senior Note", "hereof", "herein" and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Senior Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Senior Note to be duly executed.

CAPITAL ONE BANK

By: -----  
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Senior Notes referred to in the Issuing and Paying Agency Agreement.

CHEMICAL BANK,  
as Issuing and Paying Agent

By: -----  
Authorized Signatory

This Senior Note is one of a duly authorized issue of Senior Bank Notes of the Bank due from 30 days to 30 years from date of issue (the "Senior Notes").

If any Interest Payment Date (other than an Interest Payment Date at the Maturity Date or date of earlier redemption or repayment of this Senior Note) would otherwise fall on a day that is not a Business Day, such Interest Payment Date shall be postponed to the next succeeding day that is a Business Day, except that if an Interest Rate Basis is LIBOR, as indicated on the face hereof, and such next Business Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding day that is a Business Day. Except as provided above, interest payments will be made on the Interest Payment Dates shown on the face hereof. If the Maturity Date or date of earlier redemption or repayment of this Senior Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, and interest on, this Senior Note will be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Maturity Date or date of earlier redemption or repayment, as the case may be.

This Senior Note will not be subject to any sinking fund. If so provided on the face of this Senior Note, this Senior Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof. If no Initial Redemption Date is specified on the face hereof, this Senior Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, this Senior Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the Bank at the applicable Redemption Price (as defined below), together with unpaid interest accrued hereon at the applicable rate borne by this Senior Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Senior Notes at any time outstanding are to be redeemed, the terms of

the Senior Notes to be so redeemed shall be selected by the Bank. If less than all the Senior Notes with identical terms at any time outstanding are to be redeemed, the Senior Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Senior Note in part only, a new Senior Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Senior Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

This Senior Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Senior Note will not be repayable at the option of the holder hereof prior to maturity. On any Holder's Optional Repayment Date, this Senior Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof will be at least \$250,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment. For this Senior Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Senior Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other address which the Bank shall from time to time notify the holders of the Senior Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Senior Note in part only, a new Senior Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. Exercise of such repayment option by the holder hereof shall be irrevocable.

The interest rate borne by this Senior Note shall be determined as follows:

1. If this Senior Note is designated as a Regular Floating Rate Senior Note on the face hereof or if no designation is made for Interest Calculation on the face hereof, then, except as described below or in an Addendum hereto, this Senior Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Senior Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate.

2. If this Senior Note is designated as a Floating Rate/Fixed Rate Senior Note on the face hereof, then, except as described below or in an Addendum hereto, this Senior Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Senior Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate; and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date to the Maturity Date or date of earlier redemption or repayment shall be the Fixed Interest Rate, if such a rate is specified on the face hereof, or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the Business Day immediately preceding the Fixed Rate Commencement Date.

3. If this Senior Note is designated as an Inverse Floating Rate Senior Note on the face hereof, then, except as described below or in an Addendum hereto, this Senior Note shall bear interest equal to the Fixed Interest Rate indicated on the face hereof minus the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof; provided, however, that, unless otherwise specified on the face hereof, the interest rate hereon will not be less than zero percent. Commencing on the Initial Interest Reset Date, the rate at which interest on this Senior Note is payable shall be reset as of each Interest Rate Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

Notwithstanding the foregoing, if this Senior Note is designated on the face hereof as having an Addendum attached, this Senior Note shall bear interest in accordance with the terms described in such Addendum.

Except as provided above, the interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date (as defined below) immediately preceding such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the next preceding Interest Reset Date. Each Interest Rate Basis shall be the rate determined in accordance with the applicable provision below. If any Interest Reset Date (which term includes the term Initial Interest Reset Date unless the context otherwise requires) would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that if an Interest Rate Basis specified on the face hereof is LIBOR and such next Business Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

Unless otherwise specified on the face hereof, interest payable on this Senior Note on any Interest Payment Date shall be

the amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid (or from and including the Original Issue Date specified on the face hereof, if no interest has been paid), to but excluding the related Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be.

Unless otherwise specified on the face hereof, accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. Unless otherwise specified on the face hereof, the interest factor for each such day shall be computed and paid on the basis of a 360-day year of twelve 30-day months if the Day Count Convention specified on the face hereof is "30/360" for the period specified thereunder, or by dividing the interest rate applicable to such day by 360 if the Day Count Convention specified on the face hereof is "Actual/360" for the period specified thereunder or by the actual number of days in the year if the Day Count Convention specified on the face hereof is "Actual/Actual" for the period specified thereunder. If interest on this Senior Note is to be calculated with reference to two or more Interest Rate Bases as specified on the face hereof, the interest factor will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied.

Unless otherwise specified on the face hereof, the "Interest Determination Date" with respect to the Commercial Paper Rate, the Federal Funds Rate and the Prime Rate will be the second Business Day preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Eleventh District Cost of Funds Rate will be the last working day of the month immediately preceding each Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below); the "Interest Determination Date" with respect to LIBOR shall be the second London Business Day (as defined below) preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Treasury Rate will be the day in the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case

the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; and provided further that if an auction shall fall on any Interest Reset Date, then the Interest Reset Date shall instead be the first Business Day following such auction. If the interest rate of this Senior Note is determined with reference to two or more Interest Rate Bases as specified on the face hereof, the Interest Determination Date pertaining to this Senior Note will be the latest Business Day which is at least two Business Days prior to such Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined on such date, and the applicable interest rate shall take effect on the Interest Reset Date.

Unless otherwise specified on the face hereof, the "Calculation Date" pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. All calculations on this Senior Note shall be made by the Calculation Agent specified on the face hereof or such successor thereto as is duly appointed by the Bank.

All percentages resulting from any calculation on this Senior Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655) and 9.876544% (or 0.09876544) would be rounded to 9.87654% (or 0.0987654)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

As used herein, "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York or in the city in which the Bank is headquartered is not a day on which banking institutions are authorized or required by law, regulation or

executive order to close and, if an Interest Rate Basis shown on the face hereof is LIBOR, is also a London Business Day.

As used herein, unless otherwise specified on the face hereof, "London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Determination of Commercial Paper Rate. If an Interest Rate Basis for this Senior Note is the Commercial Paper Rate, as indicated on the face hereof, the Commercial Paper Rate shall be determined as of the applicable Interest Determination Date (a "Commercial Paper Rate Interest Determination Date"), as the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof as published by the Board of Governors of the Federal Reserve System in the relevant weekly statistical release entitled "Statistical Release H.15(519), Selected Interest Rates," or any successor publication of the Board of Governors of the Federal Reserve System ("H.15(519)") under the heading "Commercial Paper". In the event that such rate is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate shall be the Money Market Yield on such Commercial Paper Rate Interest Determination Date of the rate for commercial paper having the Index Maturity shown on the face hereof as published in the daily statistical release entitled "Composite 3:30 P.M. Quotations for U.S. Government Securities" or any successor publication published by the Federal Reserve Bank of New York ("Composite Quotations") under the heading "Commercial Paper" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively). If by 3:00 P.M., New York City time, on the related Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity specified on the face hereof placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized securities rating

agency; provided, however, that if any of the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date shall be the rate in effect on such Commercial Paper Rate Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the interest period for which interest is being calculated.

Determination of Eleventh District Cost of Funds Rate. If an Interest Rate Basis for this Senior Note is the Eleventh District Cost of Funds Rate, as indicated on the face hereof, the Eleventh District Cost of Funds Rate shall be determined as of the applicable Interest Determination Date (an "Eleventh District Cost of Funds Rate Interest Determination Date"), as the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls, as set forth under the caption "11th District" on Telerate Page 7058 as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on any related Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month immediately preceding the date of such announcement. If the FHLB of San Francisco fails to announce such rate for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date shall be the Eleventh

District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

"Telerate Page 7058" means the display designated as page "7058" on the Dow Jones Telerate Service (or such other page as may replace the 7058 page on that service for the purpose of displaying the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District).

Determination of Federal Funds Rate. If an Interest Rate Basis for this Senior Note is the Federal Funds Rate, as indicated on the face hereof, the Federal Funds Rate shall be determined as of the applicable Interest Determination Date (a "Federal Funds Rate Interest Determination Date"), as the rate on such date for federal funds as published in H.15(519) under the heading "Federal Funds (Effective)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date, as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If by 3:00 P.M., New York City time, on the related Calculation Date such rate is not published in either H.15(519) or Composite Quotations, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged prior to 9:00 A.M., New York City time on such Federal Funds Rate Interest Determination Date by three leading brokers of federal funds transactions in The City of New York selected by the Calculation Agent; provided, however, that if any of the brokers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date shall be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

Determination of LIBOR. If an Interest Rate Basis for this Senior Note is LIBOR, as indicated on the face hereof, LIBOR shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "LIBOR Interest Determination Date") in accordance with the following provisions:

(a) With respect to any LIBOR Interest Determination Date, LIBOR will be, as specified on the face hereof,

either: (i) the rate for deposits in U.S. dollars having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appears on the Telerate Page 3750 as of 11:00 A.M., London time, on that LIBOR Interest Determination Date ("LIBOR Telerate") or (ii) the arithmetic mean of the offered rates for deposits in U.S. dollars having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appear on the Reuters Screen LIBO Page as of 11:00 A.M., London time, on that LIBOR Interest Determination Date, if at least two such offered rates appear on the Reuters Screen LIBO Page ("LIBOR Reuters"). "Telerate Page 3750" means the display designated as page "3750" on the Telerate Service (or such other page as may replace the 3750 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits). "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks). If neither LIBOR Telerate nor LIBOR Reuters is specified on the face hereof, LIBOR will be determined as if LIBOR Telerate had been specified. If no rate appears on the Telerate Page 3750, or if fewer than two offered rates appear on the Reuters Screen LIBO Page, as applicable, LIBOR in respect of that LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in (b) below.

(b) With respect to a LIBOR Interest Determination Date on which no rate appears on Telerate Page 3750, as specified in (a)(i) above, or on which fewer than two offered rates appear on the Reuters Screen LIBO Page, as specified in (a)(ii) above, as applicable, LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars having the Index Maturity designated on the face hereof, are offered at approximately 11:00 A.M., London time, on that LIBOR Interest Determination Date by four major banks in the London interbank market selected by the Calculation Agent ("Reference Banks") to prime banks in the

London interbank market commencing on the second London Business Day immediately following that LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of that LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR in respect of that LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York City time, on that LIBOR Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent for loans in U.S. dollars to leading European banks having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR with respect to such LIBOR Interest Determination Date will be the rate of LIBOR in effect on such date.

Determination of Prime Rate. If an Interest Rate Basis for this Senior Note is the Prime Rate, as indicated on the face hereof, the Prime Rate shall be determined as of the applicable Interest Determination Date (a "Prime Rate Interest Determination Date") as the rate on such date as such rate is published in H.15(519) under the heading "Bank Prime Loan". If such rate is not published prior to 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 (as defined below) as such bank's prime rate or base lending rate as in effect for such Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen USPRIME1 for such Prime Rate Interest Determination Date, the Prime Rate shall be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest

Determination Date by four major money center banks in The City of New York selected by the Calculation Agent. If fewer than four major money center banks provide such quotations, the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of four prime rates, quoted on the basis of the actual number of days in the year divided by a 360-day year, as of the close of business on such Prime Rate Interest Determination Date as furnished in The City of New York by the major money center banks, if any, that have provided quotations and as many substitute banks or trust companies as is necessary in order to obtain four such prime rate quotations, provided such substitute banks or trust companies are organized and doing business under the laws of the United States, or any state thereof, each having total equity capital of at least U.S. \$500 million and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent to provide such rate or rates; provided, however, that if the banks or trust companies selected as aforesaid are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date shall be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen USPRIME1" means the display designated as page "USPRIME1" on the Reuters Monitor Money Rates Service (or such other page as may replace the USPRIME1 page on that service for the purpose of displaying prime rates or base lending rates of major United States banks).

Determination of Treasury Rate. If an Interest Rate Basis for this Senior Note is the Treasury Rate, as specified on the face hereof, the Treasury Rate shall be determined as of the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate applicable to the most recent auction of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified on the face hereof, as such rate is published in H.15(519) under the heading "Treasury Bills -- auction average (investment)" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury Bills having the Index Maturity specified on the face hereof are not reported as

provided by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified on the face hereof; provided, however, that if any of the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date shall be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

Any provision contained herein, including the determination of an Interest Rate Basis, the specification of an Interest Rate Basis, calculation of the interest rate applicable to this Senior Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof. In addition to any Maximum Interest Rate applicable hereto pursuant to the above provisions, the interest rate on this Senior Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing on or before each Calculation Date. Unless otherwise specified on the face hereof, Chemical Bank will be the Calculation Agent.

At the request of the Holder hereof, the Calculation Agent shall provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective as of the next Interest Reset Date.

If this Senior Note is an Original Issue Discount Note and if an Event of Default with respect to this Senior Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Senior Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Senior Note shall terminate.

In case any Senior Note shall at any time become mutilated, destroyed, lost or stolen, and such Senior Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue a new Senior Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Senior Note or in lieu of the Senior Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Senior Note, only upon receipt of evidence satisfactory to the Bank and the Issuing and Paying Agent that such Senior Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Senior Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Senior Note. If any Senior Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Senior

Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Senior Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Senior Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, banking association or other legal entity (collectively, "corporation"), either directly or through the Bank or any corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The occurrence of any of the following events shall constitute an "Event of Default" with respect to this Senior Note: (i) default in the payment of any interest with respect to any of the Senior Notes issued by the Bank when due, which continues for 30 calendar days; (ii) default in the payment of any principal of, or premium, if any, on, any of the Senior Notes issued by the Bank when due; (iii) the entry by a court having jurisdiction in the premises of (a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or (iv) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by the Bank to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a

petition or answer or consent seeking reorganization or relief under any applicable United States federal or state bankruptcy, insolvency, reorganization or similar law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, conservator, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action. If an Event of Default shall occur and be continuing, the holder of this Senior Note may declare the principal amount of, accrued interest and premium, if any, on, this Senior Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Senior Note may be waived by the holder hereof.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Senior Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation or successive consolidations or mergers in which the Bank or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of this Senior Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation

to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Senior Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this Senior Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Senior Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Senior Note and may be liquidated and dissolved.

Any action by the holder of this Senior Note shall bind all future holders of this Senior Note, and of any Senior Note issued in exchange or substitution hereof or in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in The City of New York, herein referred to as the "Senior Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Senior Notes and of transfers of the Senior Notes.

The transfer of this Senior Note is registrable in the Senior Note Register, upon surrender of this Senior Note for registration of transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Senior Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No provision of this Senior Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to

pay principal of, premium, if any, and interest on, this Senior Note in U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

No service charge shall be made to a holder of this Senior Note for any transfer or exchange of this Senior Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Senior Note are exchangeable for definitive Senior Notes in registered form, of like tenor and of an equal aggregate principal amount, only if (x) The Depository Trust Company, as Depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Senior Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Senior Note. Any Senior Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive Senior Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Such definitive Senior Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Senior Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Senior Note is registered as the owner hereof for all purposes, whether or not this Senior Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Senior Note shall be in writing and addressed to the Bank, 2980 Fairview Park Drive, Falls Church, Virginia 22042, Attention: Treasurer, or to such other address of the Bank as the Bank may notify the holders of the Senior Notes.

This Senior Note shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles and all applicable federal laws and regulations.



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s),  
assign(s) and transfer(s) unto \_\_\_\_\_  
\_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
\_\_\_\_\_

(Please print or typewrite name and address,  
including postal zip code, of assignee)

the within Senior Note and all rights thereunder, and hereby irrevocably  
constitutes and appoints \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

to transfer said Senior Note on the books of the Issuing and Paying Agent,  
with full power of substitution in the premises.

Dated:

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NOTICE: The signature to this assignment  
must correspond with the name as written  
upon the face of the within Senior Note in  
every particular, without alteration or  
enlargement or any change whatsoever.

-----  
Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Senior Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at \_\_\_\_\_

(Please print or typewrite name and address of the undersigned)

For this Senior Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other place or places of which the Bank shall from time to time notify the holders of the Senior Notes, not more than 60 days nor less than 30 days prior notice to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Senior Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof) of the Senior Notes to be issued to the holder for the portion of this Senior Note not being repaid (in the absence of any such specification, one such Senior Note will be issued for the portion not being repaid):

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Senior Note in every particular, without alteration or enlargement or any change whatsoever.

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Signature Guarantee

THIS SUBORDINATED NOTE IS AN OBLIGATION SOLELY OF THE BANK AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, ANY OTHER BANK OR CAPITAL ONE FINANCIAL CORPORATION. THIS SUBORDINATED NOTE DOES NOT EVIDENCE DEPOSITS OF THE BANK AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THIS SUBORDINATED NOTE IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK, IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK AND IS NOT SECURED.

UNLESS THIS SUBORDINATED NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SUBORDINATED NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SUBORDINATED NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

THIS SUBORDINATED NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$250,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS SUBORDINATED NOTE MUST BE AN INSTITUTIONAL INVESTOR WHO IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN \$250,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS SUBORDINATED NOTE AT ALL TIMES.

No. FXR- \_\_\_\_\_  
CUSIP NO.: \_\_\_\_\_

REGISTERED

CAPITAL ONE BANK

GLOBAL SUBORDINATED BANK NOTE  
(Fixed Rate)

ORIGINAL ISSUE DATE:

PRINCIPAL AMOUNT:

INTEREST RATE: \_\_\_\_\_%

MATURITY DATE:

INTEREST PAYMENT DATE(S):

- At Maturity only
- May 15 and November 15
- Other:

REGULAR RECORD DATES  
 (if other than May 1  
 or November 1, prior to each  
 Interest Payment Date):

INITIAL REDEMPTION  
DATE:

INITIAL REDEMPTION  
PERCENTAGE:

ANNUAL REDEMPTION  
PERCENTAGE REDUCTION:

HOLDER'S OPTIONAL  
REPAYMENT DATE(S):

DAY COUNT CONVENTION

- 30/360 FOR THE PERIOD FROM TO .
- ACTUAL/360 FOR THE PERIOD FROM TO .
- ACTUAL/ACTUAL FOR THE PERIOD FROM TO .

ADDENDUM ATTACHED:

- Yes
- No

ORIGINAL ISSUE DISCOUNT:

- Yes
- No

DEFAULT RATE: \_\_\_\_\_%

Total Amount of OID:  
 Yield to Maturity:  
 Initial Accrual Period:

OTHER PROVISIONS:

Capital One Bank, a bank duly authorized and existing under the laws of the Commonwealth of Virginia (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of \_\_\_\_\_

United States

Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date on which interest on this Subordinated Note (or any predecessor Subordinated Note) has been paid or duly provided for, semi-annually on May 15 and November 15 of each year (unless otherwise specified on the face hereof) (each, an "Interest Payment Date") and at maturity or upon earlier redemption or repayment, if applicable, commencing on the first Interest Payment Date next succeeding the Original Issue Date (or, if the Original Issue Date is between a Regular Record Date (as defined below) and the Interest Payment Date immediately following such Regular Record Date, on the second Interest Payment Date following the Original Issue Date), at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Subordinated Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Subordinated Note (or any predecessor Subordinated Note) is registered at the close of business on the Regular Record Date, which shall be the May 1 and November 1 (whether or not a Business Day (as defined below)), as the case may be, next preceding the applicable Interest Payment Date (unless otherwise specified on the face hereof) (each, a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date, and may either be paid to the person in whose name this Subordinated Note (or any predecessor Subordinated Note) is registered at the close of business on a special record date for the payment of such

defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Subordinated Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Subordinated Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (the "Issuing and Paying Agent," which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Subordinated Note on behalf of the Bank pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement") and having an office or agency (the "Issuing and Paying Agent Office") The City of New York or in the city in which the Bank is headquartered (the "Place of Payment"), where this Subordinated Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Subordinated Note may be served. The Bank has initially appointed Chemical Bank as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group. The Bank may remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement and may appoint a successor Issuing and Paying Agent.

Payment of principal of, premium, if any, and interest on, this Subordinated Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Subordinated Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Subordinated Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Subordinated Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to "this Subordinated Note", "hereof", "herein" and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Subordinated Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Subordinated Note to be duly executed.

CAPITAL ONE BANK

By: -----  
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Subordinated Notes referred to in the Issuing and Paying Agency Agreement.

CHEMICAL BANK,  
as Issuing and Paying Agent

By: -----  
Authorized Signatory

This Subordinated Note is one of a duly authorized issue of Subordinated Bank Notes of the Bank due from five years to 30 years from date of issue (the "Subordinated Notes").

Payments of interest hereon will include interest accrued to but excluding the relevant Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. Unless otherwise specified on the face hereof, interest on this Subordinated Note will be computed on the basis of a 360-day year of twelve 30-day months.

Any provision contained herein with respect to the calculation of the rate of interest applicable to this Subordinated Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

If any Interest Payment Date, Maturity Date or date of earlier redemption or repayment of this Subordinated Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, or interest on, this Subordinated Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment were due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Maturity Date or date of earlier redemption or repayment, as the case may be. "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York or in the city in which the Bank is headquartered is not a day on which banking institutions are authorized or required by law, regulation or executive order to close.

The indebtedness of the Bank evidenced by this Subordinated Note, including principal, premium, if any, and interest, shall be subordinate and junior in right of payment to the Bank's obligations to its depositors, its obligations under the Senior Notes (as such term is defined in the Issuing and Paying Agency Agreement) and its obligations to its other creditors, including its obligations to the Federal Reserve Bank, the Federal Deposit Insurance Corporation and any rights acquired by the Federal

Deposit Insurance Corporation as a result of loans made by the Federal Deposit Insurance Corporation to the Bank or the purchase or guarantee of any of its assets by the Federal Deposit Insurance Corporation, pursuant to the provisions of 12 U.S.C. 1823(c), (d) or (e), whether such obligations are outstanding at this date or are hereafter incurred, other than any obligations which by their express terms rank on parity with, or junior to, the Subordinated Notes. In case of any insolvency, receivership, conservatorship, reorganization, readjustment of debt, marshalling of assets and liabilities or similar proceedings or any liquidation or winding-up of or relating to the Bank, whether voluntary or involuntary, all such obligations (except obligations which rank on parity with or junior to, the Subordinated Notes) shall be entitled to be paid in full before any payment shall be made on account of the principal of, premium, if any, or interest on this Subordinated Note. In the event of any such proceeding, after payment in full of all sums owing with respect to such prior obligations, the holder of this Subordinated Note, together with any obligations of the Bank ranking on a parity with this Subordinated Note, shall be entitled to be paid from the remaining assets of the Bank the unpaid principal, premium, if any, and interest before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any obligations of the Bank ranking junior to this Subordinated Note.

This Subordinated Note will not be subject to any sinking fund. If so provided on the face of this Subordinated Note, this Subordinated Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof. If no Initial Redemption Date is specified on the face hereof, this Subordinated Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, this Subordinated Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the Bank at the applicable Redemption Price (as defined below), together with unpaid interest accrued hereon at the applicable rate borne by this Subordinated Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Subordinated Notes at any time outstanding are to be redeemed, the terms of the Subordinated Notes to be so redeemed

shall be selected by the Bank. If less than all the Subordinated Notes with identical terms at any time outstanding are to be redeemed, the Subordinated Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Subordinated Note in part only, a new Subordinated Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Subordinated Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

This Subordinated Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Subordinated Note will not be repayable at the option of the holder hereof prior to maturity. On any Holder's Optional Repayment Date, this Subordinated Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof will be at least \$250,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment. For this Subordinated Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Subordinated Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other address which the Bank shall from time to time notify the holders of the Subordinated Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Subordinated Note in part only, a new Subordinated Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender

hereof. Exercise of such repayment option by the holder hereof shall be irrevocable.

If this Subordinated Note is an Original Issue Discount Note and if an Event of Default with respect to this Subordinated Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Subordinated Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Subordinated Note shall terminate.

In case any Subordinated Note shall at any time become mutilated, destroyed, lost or stolen, and such Subordinated Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue a new Subordinated Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Subordinated Note or in lieu of the Subordinated Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Subordinated Note, only upon receipt of evidence satisfactory to the Bank and the Issuing and Paying Agent that such Subordinated Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Subordinated Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover

all expenses and reasonable charges connected with the preparation and delivery of a new Subordinated Note. If any Subordinated Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Subordinated Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Subordinated Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Subordinated Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, banking association or other legal entity (collectively, "corporation"), either directly or through the Bank or any corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

An "Event of Default" with respect to this Subordinated Note will occur if the Bank shall consent to, or a court or other governmental agency shall enter a decree or order for, the appointment of a conservator or receiver or other similar official in any liquidation, insolvency or similar proceeding with respect to the Bank or all or substantially all of its property and, in the case of a decree or order, such decree or order shall have remained in force for a period of 60 consecutive days. If an Event of Default shall occur and be continuing, the holder of this Subordinated Note may declare the principal amount of, and accrued interest and premium, if any, on, this Subordinated Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Subordinated Note may be waived by the holder hereof. THERE IS NO RIGHT OF ACCELERATION IN THE CASE OF A DEFAULT IN THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS SUBORDINATED NOTE OR IN THE PERFORMANCE OF ANY OTHER OBLIGATION OF THE BANK UNDER THIS SUBORDINATED NOTE OR UNDER ANY OTHER SECURITY ISSUED BY THE BANK.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Subordinated Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation or successive consolidations or mergers in which the Bank or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of this Subordinated Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Subordinated Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this Subordinated Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Subordinated Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Subordinated Note and may be liquidated and dissolved.

Any action by the holder of this Subordinated Note shall bind all future holders of this Subordinated Note, and of any Subordinated Note issued in exchange or substitution herefor or

in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in The City of New York, herein referred to as the "Subordinated Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Subordinated Notes and of transfers of the Subordinated Notes (in such capacity, the "Subordinated Notes Registrar").

The transfer of this Subordinated Note is registrable in the Subordinated Note Register, upon surrender of this Subordinated Note for registration of transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Subordinated Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No provision of this Subordinated Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of, premium, if any, and interest on, this Subordinated Note in U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

In the event of the failure by the Bank to make payment of principal of, premium, if any, or interest on this Subordinated Note (and, in the case of payment of interest, such failure to pay shall have continued for 2 days), the Bank will, upon demand of the holder of this Subordinated Note, pay to the holder of this Subordinated Note the whole amount then due and payable on this Subordinated Note for principal, premium, if any, and interest, with interest on the overdue principal of, premium, if any, and interest on, this Subordinated Note to the extent provided for herein. If the Bank fails to pay such amount upon such demand, the holder of this Subordinated Note may among other

things, institute a judicial proceeding for the collection of such amount.

No service charge shall be made to a holder of this Subordinated Note for any transfer or exchange of this Subordinated Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Subordinated Note are exchangeable for definitive Subordinated Notes in registered form, of like tenor and of an equal aggregate principal amount, only if (x) The Depository Trust Company, as Depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Subordinated Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Subordinated Note. Any Subordinated Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive Subordinated Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Such definitive Subordinated Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Subordinated Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Subordinated Note is registered as the owner hereof for all purposes, whether or not this Subordinated Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Subordinated Note shall be in writing and addressed to the Bank, 2980 Fairview Park Drive, Falls Church, Virginia 22042, Attention: Treasurer, or to such other address of the Bank as the Bank may notify the holders of the Subordinated Notes.

This Subordinated Note shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles and all applicable federal laws and regulations.



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s),  
assign(s) and transfer(s) unto \_\_\_\_\_  
\_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

/ \_\_\_\_\_ /

\_\_\_\_\_  
(Please print or typewrite name and address,  
including postal zip code, of assignee)

the within Subordinated Note and all rights thereunder, and hereby irrevocably  
constitutes and appoints \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

to transfer said Subordinated Note on the books of the Issuing and Paying  
Agent, with full power of substitution in the premises.

Dated: \_\_\_\_\_

-----  
NOTICE: The signature to this  
assignment must correspond with  
the name as written upon the face  
of the within Subordinated Note  
in every particular, without  
alteration or enlargement or any  
change whatsoever.

-----  
Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Subordinated Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at \_\_\_\_\_.

(Please print or typewrite name and address of the undersigned)

For this Subordinated Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other place or places of which the Bank shall from time to time notify the holders of the Subordinated Notes, not more than 60 days nor less than 30 days prior notice to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Subordinated Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof) of the Subordinated Notes to be issued to the holder for the portion of this Subordinated Note not being repaid (in the absence of any such specification, one such Subordinated Note will be issued for the portion not being repaid):

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Subordinated Note in every particular, without alteration or enlargement or any change whatsoever.

-----  
Signature Guarantee

THIS SUBORDINATED NOTE IS AN OBLIGATION SOLELY OF THE BANK AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, ANY OTHER BANK OR CAPITAL ONE FINANCIAL CORPORATION. THIS SUBORDINATED NOTE DOES NOT EVIDENCE DEPOSITS OF THE BANK AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THIS SUBORDINATED NOTE IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK, IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK AND IS NOT SECURED.

UNLESS THIS SUBORDINATED NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SUBORDINATED NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SUBORDINATED NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

THIS SUBORDINATED NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$250,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS SUBORDINATED NOTE MUST BE AN INSTITUTIONAL INVESTOR WHO IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN \$250,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS SUBORDINATED NOTE AT ALL TIMES.

No. FLR- \_\_\_\_\_  
CUSIP NO.: \_\_\_\_\_

REGISTERED

CAPITAL ONE BANK

GLOBAL SUBORDINATED BANK NOTE  
(Floating Rate)



Capital One Bank, a bank duly authorized and existing under the laws of the Commonwealth of Virginia (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of \_\_\_\_\_

United States Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date to which interest on this Subordinated Note (or any predecessor Subordinated Note) has been paid or duly provided for (each, an "Interest Payment Date"), on the Interest Payment Dates specified above and at maturity or upon earlier redemption or repayment, if applicable, commencing on the first Interest Payment Date next succeeding the Original Issue Date (or, if the Original Issue Date is between a Regular Record Date (as defined below) and the Interest Payment Date immediately following such Regular Record Date, on the second Interest Payment Date following the Original Issue Date), at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above and thereafter at a rate per annum determined in accordance with the provisions hereof and any Addendum relating hereto depending upon the Interest Rate Basis or Bases, if any, and such other terms specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Subordinated Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Subordinated Note (or any predecessor Subordinated Note) is registered at the close of business on the Regular Record Date, which shall be the 15th calendar day (whether or not a Business Day (as defined below)) prior to such Interest Payment Date (unless otherwise specified on the face hereof) (each, a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date and may

either be paid to the person in whose name this Subordinated Note (or any predecessor Subordinated Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Subordinated Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Subordinated Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (the "Issuing and Paying Agent," which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Subordinated Note on behalf of the Bank pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement") and having an office or agency (the "Issuing and Paying Agent Office") in The City of New York or the city in which the Bank is headquartered (the "Place of Payment"), where this Subordinated Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Subordinated Note may be served. The Bank has initially appointed Chemical Bank as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group. The Bank may remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement, and appoint a successor Issuing and Paying Agent.

Payment of principal of, premium, if any, and interest on, this Subordinated Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Subordinated Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Subordinated Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Subordinated Note (other than at maturity or upon earlier redemption or

repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to "this Subordinated Note", "hereof", "herein" and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Subordinated Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Subordinated Note to be duly executed.

CAPITAL ONE BANK

By: -----  
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Subordinated Notes referred to in the Issuing and Paying Agency Agreement.

CHEMICAL BANK,  
as Issuing and Paying Agent

By: -----  
Authorized Signatory

This Subordinated Note is one of a duly authorized issue of Subordinated Bank Notes of the Bank due from five years to 30 years from date of issue (the "Subordinated Notes").

If any Interest Payment Date (other than an Interest Payment Date at the Maturity Date or date of earlier redemption or repayment of this Subordinated Note) would otherwise fall on a day that is not a Business Day, such Interest Payment Date shall be postponed to the next succeeding day that is a Business Day, except that if an Interest Rate Basis is LIBOR, as indicated on the face hereof, and such next Business Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding day that is a Business Day. Except as provided above, interest payments will be made on the Interest Payment Dates shown on the face hereof. If the Maturity Date or date of earlier redemption or repayment of this Subordinated Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, and interest on, this Subordinated Note will be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Maturity Date or date of earlier redemption or repayment, as the case may be.

The indebtedness of the Bank evidenced by this Subordinated Note, including principal, premium, if any, and interest, shall be subordinate and junior in right of payment to the Bank's obligations to its depositors, its obligations under the Senior Notes (as such term is defined in the Issuing and Paying Agency Agreement) and its obligations to its other creditors, including its obligations to the Federal Reserve Bank, the Federal Deposit Insurance Corporation and any rights acquired by the Federal Deposit Insurance Corporation as a result of loans made by the Federal Deposit Insurance Corporation to the Bank or the purchase or guarantee of any of its assets by the Federal Deposit Insurance Corporation, pursuant to the provisions of 12 U.S.C. 1823(c), (d) or (e), whether such obligations are outstanding at this date or are hereafter incurred, other than any obligations which by their express terms rank on parity with, or junior to, the Subordinated Notes. In case of any insolvency, receivership,

conservatorship, reorganization, readjustment of debt, marshalling of assets and liabilities or similar proceedings or any liquidation or winding-up of or relating to the Bank, whether voluntary or involuntary, all such obligations (except obligations which rank on parity with or junior to, the Subordinated Notes) shall be entitled to be paid in full before any payment shall be made on account of the principal of, premium, if any, or interest on this Subordinated Note. In the event of any such proceeding, after payment in full of all sums owing with respect to such prior obligations, the holder of this Subordinated Note, together with any obligations of the Bank ranking on a parity with this Subordinated Note, shall be entitled to be paid from the remaining assets of the Bank the unpaid principal, premium, if any, and interest, before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any obligations of the Bank ranking junior to this Subordinated Note.

This Subordinated Note will not be subject to any sinking fund. If so provided on the face of this Subordinated Note, this Subordinated Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof. If no Initial Redemption Date is specified on the face hereof, this Subordinated Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, this Subordinated Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the Bank at the applicable Redemption Price (as defined below), together with unpaid interest accrued hereon at the applicable rate borne by this Subordinated Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Subordinated Notes at any time outstanding are to be redeemed, the terms of the Subordinated Notes to be so redeemed shall be selected by the Bank. If less than all the Subordinated Notes with identical terms at any time outstanding are to be redeemed, the Subordinated Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Subordinated Note in part only, a new Subordinated Note for the

unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Subordinated Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

This Subordinated Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Subordinated Note will not be repayable at the option of the holder hereof prior to maturity. On any Holder's Optional Repayment Date, this Subordinated Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof will be at least \$250,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment. For this Subordinated Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Subordinated Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other address which the Bank shall from time to time notify the holders of the Subordinated Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Subordinated Note in part only, a new Subordinated Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. Exercise of such repayment option by the holder hereof shall be irrevocable.

The interest rate borne by this Subordinated Note shall be determined as follows:

1. If this Subordinated Note is designated as a Regular Floating Rate Subordinated Note on the face hereof or if no designation is made for Interest Calculation on the face hereof, then, except as described below or in an Addendum hereto, this Subordinated Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Subordinated Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate.

2. If this Subordinated Note is designated as a Floating Rate/Fixed Rate Subordinated Note on the face hereof, then, except as described below or in an Addendum hereto, this Subordinated Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Subordinated Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate; and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date to the Maturity Date or date of earlier redemption or repayment shall be the Fixed Interest Rate, if such a rate is specified on the face hereof, or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the Business Day immediately preceding the Fixed Rate Commencement Date.

3. If this Subordinated Note is designated as an Inverse Floating Rate Subordinated Note on the face hereof,

then, except as described below or in an Addendum hereto, this Subordinated Note shall bear interest equal to the Fixed Interest Rate indicated on the face hereof minus the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof; provided, however, that, unless otherwise specified on the face hereof, the interest rate hereon will not be less than zero percent. Commencing on the Initial Interest Reset Date, the rate at which interest on this Subordinated Note is payable shall be reset as of each Interest Rate Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

Notwithstanding the foregoing, if this Subordinated Note is designated on the face hereof as having an Addendum attached, this Subordinated Note shall bear interest in accordance with the terms described in such Addendum.

Except as provided above, the interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date (as defined below) immediately preceding such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the next preceding Interest Reset Date. Each Interest Rate Basis shall be the rate determined in accordance with the applicable provision below. If any Interest Reset Date (which term includes the term Initial Interest Reset Date unless the context otherwise requires) would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that if an Interest Rate Basis specified on the face hereof is LIBOR and such next Business Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

Unless otherwise specified on the face hereof, interest payable on this Subordinated Note on any Interest Payment Date

shall be the amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid (or from and including the Original Issue Date specified on the face hereof, if no interest has been paid), to but excluding the related Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be.

Unless otherwise specified on the face hereof, accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. Unless otherwise specified on the face hereof, the interest factor for each such day shall be computed and paid on the basis of a 360-day year of twelve 30-day months if the Day Count Convention specified on the face hereof is "30/360" for the period specified thereunder, or by dividing the interest rate applicable to such day by 360 if the Day Count Convention specified on the face hereof is "Actual/360" for the period specified thereunder or by the actual number of days in the year if the Day Count Convention specified on the face hereof is "Actual/Actual" for the period specified thereunder. If interest on this Subordinated Note is to be calculated with reference to two or more Interest Rate Bases as specified on the face hereof, the interest factor will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied.

Unless otherwise specified on the face hereof, the "Interest Determination Date" with respect to the Commercial Paper Rate, the Federal Funds Rate and the Prime Rate will be the second Business Day preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Eleventh District Cost of Funds Rate will be the last working day of the month immediately preceding each Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below); the "Interest Determination Date" with respect to LIBOR shall be the second London Business Day (as defined below) preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Treasury Rate will be the day in the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at auction on Monday

of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; and provided further that if an auction shall fall on any Interest Reset Date, then the Interest Reset Date shall instead be the first Business Day following such auction. If the interest rate of this Subordinated Note is determined with reference to two or more Interest Rate Bases as specified on the face hereof, the Interest Determination Date pertaining to this Subordinated Note will be the latest Business Day which is at least two Business Days prior to such Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined on such date, and the applicable interest rate shall take effect on the Interest Reset Date.

Unless otherwise specified on the face hereof, the "Calculation Date" pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. All calculations on this Subordinated Note shall be made by the Calculation Agent specified on the face hereof or such successor thereto as is duly appointed by the Bank.

All percentages resulting from any calculation on this Subordinated Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655) and 9.876544% (or 0.09876544) would be rounded to 9.87654% (or 0.0987654)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

As used herein, "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York or in the city in which the Bank is headquartered is not a day on which banking

institutions are authorized or required by law, regulation or executive order to close and, if an Interest Rate Basis shown on the face hereof is LIBOR, is also a London Business Day.

As used herein, unless otherwise specified on the face hereof, "London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Determination of Commercial Paper Rate. If an Interest Rate Basis for this Subordinated Note is the Commercial Paper Rate, as indicated on the face hereof, the Commercial Paper Rate shall be determined as of the applicable Interest Determination Date (a "Commercial Paper Rate Interest Determination Date"), as the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof as published by the Board of Governors of the Federal Reserve System in the relevant weekly statistical release entitled "Statistical Release H.15(519), Selected Interest Rates," or any successor publication of the Board of Governors of the Federal Reserve System ("H.15(519)") under the heading "Commercial Paper". In the event that such rate is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate shall be the Money Market Yield on such Commercial Paper Rate Interest Determination Date of the rate for commercial paper having the Index Maturity shown on the face hereof as published in the daily statistical release entitled "Composite 3:30 P.M. Quotations for U.S. Government Securities" or any successor publication published by the Federal Reserve Bank of New York ("Composite Quotations") under the heading "Commercial Paper" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively). If by 3:00 P.M., New York City time, on the related Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity specified on the face

hereof placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized securities rating agency; provided, however, that if any of the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date shall be the rate in effect on such Commercial Paper Rate Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the interest period for which interest is being calculated.

Determination of Eleventh District Cost of Funds Rate. If an Interest Rate Basis for this Subordinated Note is the Eleventh District Cost of Funds Rate, as indicated on the face hereof, the Eleventh District Cost of Funds Rate shall be determined as of the applicable Interest Determination Date (an "Eleventh District Cost of Funds Rate Interest Determination Date"), as the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls, as set forth under the caption "11th District" on Telerate Page 7058 as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on any related Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month immediately preceding the date of such announcement. If the FHLB of San Francisco fails to announce such rate for the calendar month immediately preceding such Eleventh District Cost of Funds

Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date shall be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

"Telerate Page 7058" means the display designated as page "7058" on the Dow Jones Telerate Service (or such other page as may replace the 7058 page on that service for the purpose of displaying the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District).

Determination of Federal Funds Rate. If an Interest Rate Basis for this Subordinated Note is the Federal Funds Rate, as indicated on the face hereof, the Federal Funds Rate shall be determined as of the applicable Interest Determination Date (a "Federal Funds Rate Interest Determination Date"), as the rate on such date for federal funds as published in H.15(519) under the heading "Federal Funds (Effective)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date, as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If by 3:00 P.M., New York City time, on the related Calculation Date such rate is not published in either H.15(519) or Composite Quotations, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged prior to 9:00 A.M., New York City time on such Federal Funds Rate Interest Determination Date by three leading brokers of federal funds transactions in The City of New York selected by the Calculation Agent; provided, however, that if any of the brokers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date shall be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

Determination of LIBOR. If an Interest Rate Basis for this Subordinated Note is LIBOR, as indicated on the face hereof, LIBOR shall be determined by the Calculation Agent as of the

applicable Interest Determination Date (a "LIBOR Interest Determination Date") in accordance with the following provisions:

(a) With respect to any LIBOR Interest Determination Date, LIBOR will be, as specified on the face hereof, either: (i) the rate for deposits in U.S. dollars having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appears on the Telerate Page 3750 as of 11:00 A.M., London time, on that LIBOR Interest Determination Date ("LIBOR Telerate") or (ii) the arithmetic mean of the offered rates for deposits in U.S. dollars having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appear on the Reuters Screen LIBO Page as of 11:00 A.M., London time, on that LIBOR Interest Determination Date, if at least two such offered rates appear on the Reuters Screen LIBO Page ("LIBOR Reuters"). "Telerate Page 3750" means the display designated as page "3750" on the Telerate Service (or such other page as may replace the 3750 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits). "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks). If neither LIBOR Telerate nor LIBOR Reuters is specified on the face hereof, LIBOR will be determined as if LIBOR Telerate had been specified. If no rate appears on the Telerate Page 3750, or if fewer than two offered rates appear on the Reuters Screen LIBO Page, as applicable, LIBOR in respect of that LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in (b) below.

(b) With respect to a LIBOR Interest Determination Date on which no rate appears on Telerate Page 3750, as specified in (a)(i) above, or on which fewer than two offered rates appear on the Reuters Screen LIBO Page, as specified in (a)(ii) above, as applicable, LIBOR will be

determined on the basis of the rates at which deposits in U.S. dollars having the Index Maturity designated on the face hereof, are offered at approximately 11:00 A.M., London time, on that LIBOR Interest Determination Date by four major banks in the London interbank market selected by the Calculation Agent ("Reference Banks") to prime banks in the London interbank market commencing on the second London Business Day immediately following that LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of that LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR in respect of that LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York City time, on that LIBOR Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent for loans in U.S. dollars to leading European banks having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR with respect to such LIBOR Interest Determination Date will be the rate of LIBOR in effect on such date.

Determination of Prime Rate. If an Interest Rate Basis for this Subordinated Note is the Prime Rate, as indicated on the face hereof, the Prime Rate shall be determined as of the applicable Interest Determination Date (a "Prime Rate Interest Determination Date") as the rate on such date as such rate is published in H.15(519) under the heading "Bank Prime Loan". If such rate is not published prior to 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen

USPRIME1 (as defined below) as such bank's prime rate or base lending rate as in effect for such Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen USPRIME1 for such Prime Rate Interest Determination Date, the Prime Rate shall be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by four major money center banks in The City of New York selected by the Calculation Agent. If fewer than four major money center banks provide such quotations, the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of four prime rates, quoted on the basis of the actual number of days in the year divided by a 360-day year, as of the close of business on such Prime Rate Interest Determination Date as furnished in The City of New York by the major money center banks, if any, that have provided quotations and as many substitute banks or trust companies as is necessary in order to obtain four such prime rate quotations, provided such substitute banks or trust companies are organized and doing business under the laws of the United States, or any state thereof, each having total equity capital of at least U.S. \$500 million and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent to provide such rate or rates; provided, however, that if the banks or trust companies selected as aforesaid are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date shall be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen USPRIME1" means the display designated as page "USPRIME1" on the Reuters Monitor Money Rates Service (or such other page as may replace the USPRIME1 page on that service for the purpose of displaying prime rates or base lending rates of major United States banks).

Determination of Treasury Rate. If an Interest Rate Basis for this Subordinated Note is the Treasury Rate, as specified on the face hereof, the Treasury Rate shall be determined as of the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate applicable to the most recent auction of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified on the face hereof,

as such rate is published in H.15(519) under the heading "Treasury Bills -- auction average (investment)" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury Bills having the Index Maturity specified on the face hereof are not reported as provided by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified on the face hereof; provided, however, that if any of the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date shall be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

Any provision contained herein, including the determination of an Interest Rate Basis, the specification of an Interest Rate Basis, calculation of the interest rate applicable to this Subordinated Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof. In addition to any Maximum Interest Rate applicable hereto pursuant to the above provisions, the interest rate on this Subordinated Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. The Calculation Agent shall calculate the interest rate hereon in

accordance with the foregoing on or before each Calculation Date. Unless otherwise specified on the face hereof, Chemical Bank will be the Calculation Agent.

At the request of the Holder hereof, the Calculation Agent shall provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective as of the next Interest Reset Date.

If this Subordinated Note is an Original Issue Discount Note and if an Event of Default with respect to this Subordinated Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Subordinated Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Subordinated Note shall terminate.

In case any Subordinated Note shall at any time become mutilated, destroyed, lost or stolen, and such Subordinated Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue a new Subordinated Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Subordinated Note or in lieu of the Subordinated Note destroyed, lost or stolen but, in the case of any destroyed,

lost or stolen Subordinated Note, only upon receipt of evidence satisfactory to the Bank and the Issuing and Paying Agent that such Subordinated Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Subordinated Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Subordinated Note. If any Subordinated Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Subordinated Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Subordinated Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Subordinated Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, banking association or other legal entity (collectively, "corporation"), either directly or through the Bank or any corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

An "Event of Default" with respect to this Subordinated Note will occur if the Bank shall consent to, or a court or other governmental agency shall enter a decree or order for, the appointment of a conservator or receiver or other similar official in any liquidation, insolvency or similar proceeding with respect to the Bank or all or substantially all of its property and, in the case of a decree or order, such decree or order shall have remained in force for a period of 60 consecutive days. If an Event of Default shall occur and be continuing, the holder of this Subordinated Note may declare the principal amount of, and accrued interest and premium, if any, on, this Subordinated Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal

amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Subordinated Note may be waived by the holder hereof. THERE IS NO RIGHT OF ACCELERATION IN THE CASE OF A DEFAULT IN THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS SUBORDINATED NOTE OR IN THE PERFORMANCE OF ANY OTHER OBLIGATION OF THE BANK UNDER THIS SUBORDINATED NOTE OR UNDER ANY OTHER SECURITY ISSUED BY THE BANK.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Subordinated Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation or successive consolidations or mergers in which the Bank or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of this Subordinated Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Subordinated Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this

Subordinated Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Subordinated Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Subordinated Note and may be liquidated and dissolved.

Any action by the holder of this Subordinated Note shall bind all future holders of this Subordinated Note, and of any Subordinated Note issued in exchange or substitution hereof or in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in The City of New York herein referred to as the "Subordinated Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Subordinated Notes and of transfers of the Subordinated Notes.

The transfer of this Subordinated Note is registrable in the Subordinated Note Register, upon surrender of this Subordinated Note for registration of transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Subordinated Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No provision of this Subordinated Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of, premium, if any, and interest on, this Subordinated Note in U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

In the event of the failure by the Bank to make payment of principal of, premium, if any, or interest on this Subordinated

Note (and, in the case of payment of interest, such failure to pay shall have continued for 2 days), the Bank will, upon demand of the holder of this Subordinated Note, pay to the holder of this Subordinated Note the whole amount then due and payable on this Subordinated Note for principal of, premium, if any, and interest, with interest on the overdue principal of, premium, if any, and interest on, this Subordinated Note to the extent provided for herein. If the Bank fails to pay such amount upon such demand, the holder of this Subordinated Note may among other things, institute a judicial proceeding for the collection of such amount.

No service charge shall be made to a holder of this Subordinated Note for any transfer or exchange of this Subordinated Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Subordinated Note are exchangeable for definitive Subordinated Notes in registered form, of like tenor and of an equal aggregate principal amount, only if (x) The Depository Trust Company, as Depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Subordinated Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Subordinated Note. Any Subordinated Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive Subordinated Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Such definitive Subordinated Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Subordinated Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Subordinated Note is

registered as the owner hereof for all purposes, whether or not this Subordinated Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Subordinated Note shall be in writing and addressed to the Bank, 2980 Fairview Park Drive, Falls Church, Virginia 22042, Attention: Treasurer, or to such other address of the Bank as the Bank may notify the holders of the Subordinated Notes.

This Subordinated Note shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles, and all applicable federal laws and regulations.



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s),  
assign(s) and transfer(s) unto \_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

(Please print or typewrite name and address,  
including postal zip code, of assignee)

the within Subordinated Note and all rights thereunder, and hereby irrevocably  
constitutes and appoints \_\_\_\_\_

to transfer said Subordinated Note on the books of the Issuing and Paying  
Agent, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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NOTICE: The signature to this assignment  
must correspond with the name as written  
upon the face of the within Subordinated  
Note in every particular, without  
alteration or enlargement or any change  
whatsoever.

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Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Subordinated Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, \_\_\_\_\_.

(Please print or typewrite name and address of the undersigned)

For this Subordinated Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other place or places of which the Bank shall from time to time notify the holders of the Subordinated Notes, not more than 60 days nor less than 30 days prior notice to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Subordinated Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof) of the Subordinated Notes to be issued to the holder for the portion of this Subordinated Note not being repaid (in the absence of any such specification, one such Subordinated Note will be issued for the portion not being repaid):

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Subordinated Note in every particular, without alteration or enlargement or any change whatsoever.

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Signature Guarantee

## CAPITAL ONE BANK

## ISSUING AND PAYING AGENCY AGREEMENT

THIS AGREEMENT, dated as of April 30, 1996, between Capital One Bank, a banking association chartered under the laws of the Commonwealth of Virginia (the "Bank") and Chemical Bank, as issuing and paying agent (the "Issuing and Paying Agent", which term shall also refer to any duly appointed successor thereto).

## WITNESSETH:

Section 1. Appointment of Issuing and Paying Agent. The Bank proposes to issue from time to time its Deposit Notes (each, a "Deposit Note" and collectively, the "Deposit Notes") in such amounts as may be duly authorized by the Bank pursuant to the Distribution Agreement, dated April 30, 1996 (the "Distribution Agreement"), among the Bank and the agents named therein (the "Agents").

Each Deposit Note will be issued in book-entry form and will be represented by a global certificate (each, a "Global Deposit Note" and collectively, the "Global Deposit Notes") registered in the name of The Depository Trust Company, as depository ("DTC," which term includes any successor thereof), or a nominee thereof (which successor shall be a clearing agency registered under the Securities Exchange Act of 1934, as amended, if so required by applicable law) (each beneficial interest in a Global Deposit Note, a "Book-Entry Deposit Note" and collectively, the "Book-Entry Deposit Notes").

The Bank hereby appoints the Issuing and Paying Agent to act, on the terms and conditions specified herein, as issuing and paying agent for the Global Deposit Notes and as registrar, transfer agent and authenticating agent for the Global Deposit Notes and to perform such other responsibilities as are described herein and the Issuing and Paying Agent hereby accepts such appointments. The principal amount of the Global Deposit Notes which may be issued pursuant to this Agreement is unlimited.

The Issuing and Paying Agent shall exercise due care in the performance of its obligations hereunder and shall perform such obligations in a manner consistent with industry standards.

Section 2. Global Deposit Note Forms; Terms; Execution.

(i) The Global Deposit Notes shall be substantially (A) in the form set forth in Exhibit A-1 hereto if such Global Deposit Note bears interest at a fixed rate of interest (each such Global Deposit Note, a "Fixed Rate Global Deposit Note" and collectively, the "Fixed Rate Global Deposit Notes"), (B) in the form of Exhibit A-2 hereto if such Global Deposit Note bears interest at a floating rate of interest determined by reference to an interest rate basis specified therein (each such Global Deposit Note, a "Floating Rate Global Deposit Note" and collectively, the "Floating Rate Global Deposit Notes"), or (C) in such other form as the Bank may from time to time designate.

(ii) Each issued Deposit Note shall have a maturity from 30 days to 30 years from its original date of issuance. The Deposit Notes shall be issued in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof.

The interest rate borne by any particular Global Deposit Note may vary from the interest rates borne by any other Global Deposit Notes. Any such variation shall not affect the interest rate borne by any other Global Deposit Notes previously issued hereunder.

(iii) The Bank will from time to time deliver or cause to be delivered to the Issuing and Paying Agent a supply of blank Global Deposit Notes in such quantities as the Bank shall determine, bearing consecutive control numbers. Each Global Deposit Note will have been executed by the manual or facsimile signature of an Authorized Representative (as defined in Section 3 hereof) of the Bank. The Issuing and Paying Agent will acknowledge receipt of the Global Deposit Notes delivered to it and will hold such blank Global Deposit Notes in safekeeping in accordance with its customary practice and shall complete, authenticate and deliver such Global Deposit Notes in accordance with the provisions hereof.

Section 3. Authorized Representatives. From time to time, the Bank will furnish the Issuing and Paying Agent with a certificate executed by an officer of the Bank certifying the incumbency and specimen signatures of those officers of the Bank authorized to execute Global Deposit Notes on behalf of the Bank by manual or facsimile signature and to give instructions and notices on behalf of the Bank hereunder (the "Authorized Representatives"). Until the Issuing and Paying Agent receives a subsequent certificate, the Issuing and Paying Agent shall be entitled to rely on the last such certificate delivered to it for the purposes of determining the identities of Authorized

Representatives of the Bank. Any Global Deposit Note bearing the manual or facsimile signatures of persons who are Authorized Representatives of the Bank on the date such signatures are affixed shall bind the Bank after the completion, authentication and delivery thereof by the Issuing and Paying Agent, notwithstanding that such persons shall have ceased to hold office on the date such Global Deposit Note is so completed, authenticated and delivered by the Issuing and Paying Agent.

Section 4. Issuance Instructions; Completion, Authentication and Delivery of Global Deposit Notes.

(i) All instructions regarding the completion, authentication and delivery of Global Deposit Notes shall be given by an Authorized Representative of the Bank by telephone (confirmed in writing as soon as practicable), by facsimile transmission or by other acceptable written means by such Authorized Representative.

(ii) Upon receipt of the instructions described above, the Issuing and Paying Agent shall cause to be withdrawn the necessary and applicable Global Deposit Notes from safekeeping and, in accordance with such instructions, shall:

- (a) complete each Global Deposit Note;
- (b) record each Global Deposit Note in the Deposit Note Register (as defined in Section 10 hereof);
- (c) cause each Global Deposit Note to be manually authenticated by any one of the authorized signatories of the Issuing and Paying Agent duly authorized and designated by it for such purpose; and
- (d) hold each Global Deposit Note in safekeeping on behalf of the registered holder thereof;

provided that instructions regarding the completion and authentication of a Global Deposit Note, whether delivered by facsimile transmission or by other written means, are received by the Issuing and Paying Agent by 11:00 A.M., New York City time, on the Business Day immediately preceding the date of settlement relating to such Global Deposit Note (or 9:00 A.M., New York City time, on the date of settlement relating to such Deposit Note if the trade date and the date of settlement relating to such Deposit Note are the same day). As used in this Agreement, the term "Business Day" shall mean any day that is not a Saturday or Sunday and that is not a day on which banking institutions in The City of New York or in the city in which the Bank is

headquartered are authorized or required by law, regulation or executive order to close, and with respect to LIBOR Notes (as defined in the applicable Floating Rate Global Deposit Note) only, any day that is also a London Business Day. As used in this Agreement, "London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Section 5. Reliance on Instructions; Request for Instructions. The Issuing and Paying Agent shall incur no liability to the Bank in acting hereunder upon instructions contemplated hereby which the Issuing and Paying Agent reasonably believed in good faith to have been given by an Authorized Representative of the Bank. In the event a discrepancy exists between the instructions as originally received by the Issuing and Paying Agent and any subsequent written confirmation thereof, such original instructions will be deemed controlling; provided that the Issuing and Paying Agent gives notice to the Bank of such discrepancy promptly upon the receipt of such written confirmation.

Any application by the Issuing and Paying Agent for written instructions from the Bank may, at the option of the Issuing and Paying Agent, set forth in writing any action proposed to be taken or omitted by the Issuing and Paying Agent under this Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Issuing and Paying Agent shall not be liable for any action taken by, or omission of, the Issuing and Paying Agent in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the Bank has confirmed its receipt to the Issuing and Paying Agent of such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Issuing and Paying Agent shall have received written instructions in response to such application specifying the action to be taken or omitted.

Section 6. The Bank's Representations and Warranties. Each instruction given to the Issuing and Paying Agent in accordance with Section 4 hereof shall constitute a representation and warranty to the Issuing and Paying Agent by the Bank that the issuance and delivery of the Global Deposit Notes have been duly and validly authorized by the Bank and that the Global Deposit Notes, when completed and authenticated pursuant hereto, will constitute the valid and legally binding obligations of the Bank. The Bank further warrants that it is free to enter into this Agreement and to perform the terms hereof.

Section 7. Payments of Interest; Interest Payment Dates; Record Dates. Interest payments on Global Deposit Notes with maturities of greater than one year will be made: (i) in the case of the Fixed Rate Global Deposit Notes, semi-annually on May 15 and November 15 of each year (unless otherwise specified in any applicable Fixed Rate Global Deposit Notes) and (ii) in the case of Floating Rate Global Deposit Notes, on such dates as are specified therein (collectively, the "Interest Payment Dates") and, in each case, at maturity or upon earlier redemption or repayment. All such interest payments (other than interest due at maturity or upon earlier redemption or repayment) will be made to the Holders (as defined in Section 10 hereof) in whose names Fixed Rate Global Deposit Notes are registered at the close of business on May 1 or November 1 (unless otherwise specified in any applicable Fixed Rate Global Deposit Notes) (whether or not a Business Day) next preceding such Interest Payment Dates and in whose names Floating Rate Global Deposit Notes are registered at the close of business on the fifteenth calendar day (whether or not a Business Day) prior to each such Interest Payment Date (each such May 1, November 1 and fifteenth calendar day, a "Record Date"). Notwithstanding the foregoing, if the Original Issue Date of any Global Deposit Note occurs between a Record Date and the next succeeding Interest Payment Date, the first payment of interest on any such Global Deposit Note will be made on the second Interest Payment Date succeeding the Original Issue Date (as defined in the Global Deposit Notes). Interest payments will be calculated and made in the manner provided in the applicable Global Deposit Note.

If the Bank does not deposit adequate funds pursuant to Section 9 hereof with respect to the interest due on a Global Deposit Note on an Interest Payment Date, such interest will cease to be due to the Holder of such Global Deposit Note as of the close of business on the Record Date relating to such Interest Payment Date and will be paid to the Holder of such Global Deposit Note as of the close of business on a special record date to be fixed by the Issuing and Paying Agent when funds for the payment of such interest have been deposited pursuant to Section 9 hereof. Notice of such special record date shall be given by the Issuing and Paying Agent, at the Bank's expense, to the registered Holder of such Global Deposit Note not less than 10 calendar days prior to such special record date.

Interest payments on Global Deposit Notes with maturities of one year or less will be made only upon maturity upon presentation and surrender of the applicable Note. Interest payments on Global Deposit Notes with maturities of one year or less will be calculated in the manner provided in the applicable Deposit Note.

Section 8. Payment of Principal. The Issuing and Paying Agent will pay the Holder of each Global Deposit Note the principal amount of each such Global Deposit Note, together with accrued interest and premium, if any, at maturity (or upon earlier redemption or repayment, if applicable).

Section 9. Deposit of Funds. The total amount of any principal of, premium, if any, and interest due on Global Deposit Notes on any Interest Payment Date or any maturity date or date of redemption or repayment shall be paid by the Bank to the Issuing and Paying Agent no later than 1:00 P.M., New York City time, in funds available for use by the Issuing and Paying Agent on such date. The Bank will make such payment on such Global Deposit Notes via Fedwire to an account specified by the Issuing and Paying Agent. Upon receipt of funds from the Bank with respect to any Global Deposit Note, on such date or as soon as possible thereafter, the Issuing and Paying Agent will pay by separate wire transfer (using message entry instructions in a form previously specified by DTC) to an account previously specified by DTC, in funds available for immediate use by DTC, each payment of principal of, premium, if any, and interest due on a Global Deposit Note on such date.

The Issuing and Paying Agent shall hold such amounts paid to it by the Bank in trust for the Holders but shall, pending payment by it to the account specified above, not be under any liability for interest on monies at any time received by it pursuant to any of the terms of this Agreement or of the Global Deposit Notes, nor shall the Issuing and Paying Agent be required to invest such monies.

Section 10. Deposit Note Register; Registration, Transfer, Exchange; Persons Deemed Owners.

(i) The Issuing and Paying Agent shall maintain at its offices the Deposit Note Register. The Issuing and Paying Agent is hereby appointed as Registrar for the purpose of registering Global Deposit Notes and transfers of Global Deposit Notes as herein provided. The term "Deposit Note Register" shall mean the definitive record in which shall be recorded the names, addresses and taxpayer identifying numbers of the holders of the Global Deposit Notes (the "Holders"), the serial and CUSIP numbers of each such Global Deposit Note and the Original Issue Date thereof and details with respect to the transfer and exchange of each Global Deposit Note.

(ii) Upon surrender for registration of transfer of any Global Deposit Note at the offices of the Issuing and Paying Agent, the Bank shall execute, and the Issuing and Paying Agent shall complete, authenticate and deliver, in the name of the

designated transferee or transferees, one or more new Global Deposit Notes of any authorized denominations and having identical terms and provisions and for an equal aggregate principal amount.

(iii) At the option of the Holder of a Global Deposit Note, such Global Deposit Note may be exchanged for other Global Deposit Notes of any authorized denominations of an equal aggregate principal amount and having identical terms and provisions, upon surrender of the Global Deposit Notes to be exchanged at the offices of the Issuing and Paying Agent. Whenever any Global Deposit Notes are so surrendered for exchange, the Bank shall execute, and the Issuing and Paying Agent shall complete, authenticate and deliver, the Global Deposit Notes which the Holder of the Global Deposit Note making the exchange is entitled to receive. Except as provided below, owners of beneficial interests in a Global Deposit Note representing Book-Entry Deposit Notes will not be entitled to have such Book-Entry Deposit Notes registered in their names, will not receive or be entitled to receive physical delivery of Deposit Notes in certificated form and will not be considered the owners or holders thereof under this Agreement. However, if DTC notifies the Bank that it is unwilling or unable to continue as depository or if at any time DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or the Bank in its sole discretion determines not to have Book-Entry Deposit Notes represented by one or more Global Deposit Notes, then Global Deposit Notes representing Book-Entry Deposit Notes may be exchanged in whole for definitive Deposit Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof, upon surrender of the Global Deposit Notes to be exchanged at the offices of the Issuing and Paying Agent.

(iv) Notwithstanding the foregoing, the Issuing and Paying Agent shall not register the transfer of or exchange (i) any Global Deposit Note that has been called for redemption in whole or in part, except the unredeemed portion of Global Deposit Notes being redeemed in part, (ii) any Global Deposit Note during the period beginning at the opening of business 15 days before the mailing of a notice of such redemption and ending at the close of business on the day of such mailing, or (iii) any Global Deposit Note in violation of the legend contained on the face of such Global Deposit Note.

(v) All Global Deposit Notes issued upon any registration of transfer or exchange of Global Deposit Notes shall be the valid obligations of the Bank, evidencing the same

debt, and entitled to the same benefits as the Global Deposit Notes surrendered upon such registration of transfer or exchange.

(vi) Every Global Deposit Note presented or surrendered for registration of transfer or for exchange shall be duly endorsed, or be accompanied by a written instrument of transfer with such evidence of due authorization and guaranty of signature as may reasonably be required by the Issuing and Paying Agent, in form satisfactory to the Issuing and Paying Agent, duly executed by the Holder thereof or his attorney duly authorized in writing.

(vii) No service charge shall be made to a holder of Global Deposit Notes for any transfer or exchange of Global Deposit Notes, but the Bank may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(viii) The Bank and the Issuing and Paying Agent, and any agent of the Bank or the Issuing and Paying Agent may treat the Holder in whose name a Global Deposit Note is registered as the owner of such Global Deposit Note for all purposes, whether or not such Global Deposit Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

Section 11. Mutilated, Destroyed, Lost, or Stolen Global Deposit Notes. In case any Global Deposit Note shall at any time become mutilated, destroyed, lost or stolen, and such Global Deposit Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent (together with indemnity hereinafter referred to and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent) shall be delivered to the Issuing and Paying Agent, the Bank shall execute a new Global Deposit Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Global Deposit Note or in lieu of the Global Deposit Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Global Deposit Note, only upon receipt of evidence satisfactory to the Issuing and Paying Agent and the Bank that such Global Deposit Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to each of them. The Issuing and Paying Agent shall authenticate any such substituted Global Deposit Note and deliver the same upon the written request or authorization of any Authorized Representative of the Bank. Upon the issuance of any substituted Global Deposit Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation, authentication and delivery of a new Global Deposit Note. If any

Global Deposit Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Global Deposit Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Global Deposit Note) upon compliance by the Holder with the provisions of this Section.

Section 12. Cancellation. All Global Deposit Notes surrendered for payment, registration of transfer or exchange shall, if surrendered to any person other than the Issuing and Paying Agent, be delivered to the Issuing and Paying Agent and shall be promptly cancelled by it. The Bank may at any time deliver to the Issuing and Paying Agent for cancellation any Global Deposit Notes previously authenticated and delivered hereunder which the Bank may have acquired in any manner whatsoever, and all Global Deposit Notes so delivered shall be promptly cancelled by the Issuing and Paying Agent. No Global Deposit Note shall be authenticated in lieu of or in exchange for any Global Deposit Note cancelled as provided in this Section, except as expressly permitted by this Agreement. All cancelled Global Deposit Notes held by the Issuing and Paying Agent shall be returned to the Bank.

Upon the written request of the Bank, the Issuing and Paying Agent shall promptly cancel and return to the Bank all unissued Global Deposit Notes in its possession.

Section 13. Redemption of Global Deposit Notes.

(i) If any Global Deposit Notes are to be redeemed prior to maturity, the Bank shall notify the Issuing and Paying Agent not more than 60 nor less than 45 days prior to the date fixed by the Bank for such redemption (the "Redemption Date") of the Bank's election to redeem such Global Deposit Notes in whole or in part in increments of \$1,000 (provided that any remaining principal amount of such Global Deposit Notes shall be at least \$100,000).

(ii) Whenever less than all the Global Deposit Notes at any time outstanding are to be redeemed, the terms of the Global Deposit Notes to be so redeemed shall be selected by the Bank. If less than all the Global Deposit Notes with identical terms at any time outstanding are to be redeemed, the Global Deposit Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. The Issuing and Paying Agent shall promptly notify the Bank in writing of the Global Deposit Notes selected for redemption and, in the case of Global Deposit Notes selected for partial redemption, the principal amount thereof to be redeemed.

(iii) Unless otherwise specified in the applicable Global Deposit Note, notice of redemption shall be given by the Issuing and Paying Agent, at the Bank's expense, by first-class mail, postage prepaid, mailed not more than 60 nor less than 30 calendar days prior to the Redemption Date, to each Holder of such Global Deposit Note to be redeemed, at its address appearing in the Deposit Note Register. All notices of redemption shall identify the Global Deposit Notes to be redeemed (including CUSIP number) and shall state: (i) the Redemption Date; (ii) the redemption price, which shall be determined in accordance with the terms of the Global Deposit Note (the "Redemption Price"), (iii) if less than all of the Global Deposit Notes at any time outstanding are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Global Deposit Notes to be redeemed; (iv) that on the Redemption Date the Redemption Price plus accrued interest, if any, to the Redemption Date will become due and payable with respect to each Global Deposit Note to be redeemed and that interest thereon will cease to accrue on and after said date; and (v) the place or places where such Global Deposit Notes are to be surrendered for payment.

(iv) Notice of redemption having been given as described above, the Global Deposit Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price, and from and after such date such Global Deposit Notes shall cease to bear interest. Upon surrender of any such Global Deposit Notes for redemption in accordance with such notice, the Issuing and Paying Agent shall pay, and the Bank shall reimburse the Issuing and Paying Agent for, such Global Deposit Notes at the Redemption Price, together with unpaid interest accrued on such Global Deposit Notes at the applicable rate borne by such Global Deposit Notes to the Redemption Date.

(v) Any Global Deposit Note which is to be redeemed only in part shall be surrendered to the Issuing and Paying Agent, and the Issuing and Paying Agent shall complete, authenticate and deliver to the Holder of such Global Deposit Note, without service charge, a new Global Deposit Note or Global Deposit Notes, of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Global Deposit Note so surrendered.

(vi) The Bank, in issuing the Global Deposit Notes may use "CUSIP" numbers and, if so, the Issuing and Paying Agent shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Global Deposit Notes or as

contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Global Deposit Notes, and any such redemption shall not be affected by any defect in or omission of such numbers.

#### Section 14. Repayment of Global Deposit Notes.

(i) In order for any Global Deposit Note to be repaid in whole or in part at the option of the Holder thereof, such Global Deposit Note must be delivered by the Holder thereof, with the form entitled "Option to Elect Repayment" (set forth in such Global Deposit Note) duly completed, to the Issuing and Paying Agent at its offices located at the address set forth in Section 20 hereof, or such other place or places of which the Bank shall from time to time notify the Holders of the Global Deposit Notes, not more than 60 nor less than 30 days prior to any date fixed for such repayment of such Global Deposit Notes (the "Optional Repayment Date").

(ii) Upon surrender of any Global Deposit Note for repayment in accordance with the provisions set forth above, the Global Deposit Note to be repaid shall, on the Optional Repayment Date, become due and payable, and the Issuing and Paying Agent shall pay such Global Deposit Note on the Optional Repayment Date at a price equal to 100% of the principal amount thereof, together with accrued interest to the Optional Repayment Date.

(iii) If less than the entire principal amount of any Global Deposit Note is to be repaid, the Holder thereof shall specify the portion thereof (which shall be in increments of \$1,000) which such Holder elects to have repaid and shall surrender such Global Deposit Note to the Issuing and Paying Agent, and the Issuing and Paying Agent shall complete, authenticate and deliver to the Holder of such Global Deposit Note, without service charge, a new Global Deposit Note or Global Deposit Notes in an aggregate principal amount equal to and in exchange for the unrepaid portion of the principal of the Global Deposit Note so surrendered and in such denominations as shall be specified by such Holder (which shall be \$100,000 or an integral multiple of \$1,000 in excess thereof).

Section 15. Acceleration of Maturity. If an Event of Default (as defined in the applicable Global Deposit Note) with respect to a Deposit Note issued by the Bank shall occur, then the Holder of the applicable Deposit Note may declare the principal amount of, and accrued interest and premium, if any, on such Deposit Note due and payable by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. The Bank shall promptly notify, and provide copies of

any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent shall promptly mail by first-class mail, postage prepaid, copies of such notice to the Holders of the Deposit Notes upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default. Any Event of Default with respect to a Deposit Note may be waived by the Holder thereof.

Section 16. Application of Funds; Return of Unclaimed Funds. Any monies paid by the Bank and held by the Issuing and Paying Agent in trust for payment of principal of, premium, if any, or interest on, any Global Deposit Notes that remain unclaimed for two years following the date on which such principal, premium or interest shall have become due and payable shall be returned to the Bank by the Issuing and Paying Agent and the Issuing and Paying Agent shall inform the Bank as to the specific Global Deposit Notes to which such monies related, and any Holder shall thereafter look, as an unsecured general creditor, only to the Bank for the payment thereof and all liability of the Issuing and Paying Agent with respect to such trust monies shall thereupon cease. Any funds deposited by the Bank with the Issuing and Paying Agent for the payment of principal of, premium, if any, or interest on, the Deposit Note shall be held in trust by the Issuing and Paying Agent for the payment of principal of, premium, if any, or interest on, the Deposit Note until paid or returned to the Bank.

Section 17. Cancellation of Unissued Notes. Upon written request of the Bank, the Issuing and Paying Agent promptly shall cancel and return to the Bank all unissued Deposit Notes in its possession.

Section 18. Liability. Neither the Issuing and Paying Agent nor its directors, officers, employees or agents shall be liable to the Bank for any act or omission hereunder except in the case of gross negligence or willful misconduct. The duties and obligations of the Issuing and Paying Agent, its directors, officers and employees shall be determined by the express provisions of this Agreement and no implied covenants shall be read into this Agreement against any of them. Notwithstanding any other provision elsewhere contained in this Agreement, the Issuing and Paying Agent is acting solely as agent of the Bank and does not assume any obligation or relationship of trust or agency for or with any Holders. Neither the Issuing and Paying Agent nor any of its directors, officers or employees shall be required to ascertain whether any issuance or sale of Deposit Notes (or any amendment or termination of this Agreement) has been duly authorized (provided that the Issuing and Paying Agent in good faith has determined that the facsimile or manual signature of the Authorized Representative or any person who has been designated by the Authorized Representative in writing to

the Issuing and Paying Agent reasonably resembles the specimen signatures filed with the Issuing and Paying Agent) or is in compliance with any other agreement to which the Bank is a party (whether or not the Issuing and Paying Agent is also a party to such other agreement), and the Issuing and Paying Agent and each of its officers and employees shall be entitled to rely upon any instructions reasonably believed (in accordance with Section 3 hereof) by the Issuing and Paying Agent and its officers and employees to be given on behalf of the Bank by an Authorized Representative or by any person who has been designated by an Authorized Representative in writing to the Issuing and Paying Agent as a person authorized to give such instructions hereunder, whether or not in fact given by the Authorized Representative or such designated person. In no event shall the Issuing and Paying Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Issuing and Paying Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Issuing and Paying Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Issuing and Paying Agent shall not be responsible for any willful misconduct or gross negligence on the part of any agent or attorney appointed with due care by it hereunder. The Issuing and Paying Agent may consult with counsel of its selection and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon. The Issuing and Paying Agent shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

Section 19. Indemnification, Risk of Funds. The Bank shall indemnify and hold harmless the Issuing and Paying Agent, its directors, officers, employees and agents from and against all actions, claims, losses, damages, liabilities, losses and expenses (including reasonable legal fees and expenses) relating to or arising out of their actions or inactions taken or omitted to be taken by the Issuing and Paying Agent in good faith in connection with its performance under this Agreement including, but not limited to, any actions taken or omitted upon instructions by the Bank (in accordance with Section 3) or the issuance, delivery, payment or non-payment of any Deposit Note or interest thereon, or other receipt or other funds for the payment of the Deposit Notes or interest or premium thereon; provided, however, that the Issuing and Paying Agent shall be liable for

any liabilities, losses, claims, damages, costs and expenses (including reasonable legal fees and expenses) caused by the gross negligence, bad faith or willful misconduct of its directors, officers, employees or agents. This indemnity shall survive the termination of this Agreement.

No provision of this Agreement shall require the Issuing and Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 20. Compensation of the Issuing and Paying Agent. The Bank agrees to pay the compensation of the Issuing and Paying Agent, at such rates as shall be mutually agreed upon in writing between the Bank and the Issuing and Paying Agent from time to time. The Bank shall reimburse the Issuing and Paying Agent for all reasonable out-of-pocket expenses (including reasonable legal fees and expenses), disbursements and advances incurred or made by the Issuing and Paying Agent with respect to the Bank in accordance with any provisions of this Agreement, except any such expense, disbursement or advance proven to be attributable to the breach of this Agreement or the gross negligence, bad faith or willful misconduct of the Issuing and Paying Agent, upon receipt of such invoices as the Bank may reasonably require. The provisions of this Section 20 shall survive the termination of this Agreement.

Section 21. Notices.

(i) All communications by or on behalf of the Bank relating to the issuance, transfer, exchange or payment of Deposit Notes or interest thereon shall be directed to the offices of the Issuing and Paying Agent located at 450 West 33rd Street, New York, New York 10001, Telecopy: (212) 971-3498, Attention: Global Trust Securities Group, or to such other offices as the Issuing and Paying Agent shall specify in writing to the Bank. The Bank will send all Global Deposit Notes to be completed and delivered by the Issuing and Paying Agent to such offices or such other offices as the Issuing and Paying Agent shall specify in writing to the Bank.

(ii) All other notices and communications hereunder shall be in writing and shall be addressed as follows:

(a) if to the Bank:

Capital One Bank  
 2980 Fairview Park Drive  
 Falls Church, Virginia 22042  
 Attention: Treasurer  
 Telecopy: [ ]

(b) if to the Issuing and Paying Agent:

Chemical Bank  
 450 West 33rd Street  
 New York, New York 10001  
 Attention: Global Trust Securities Group  
 Telecopy: (212) 946-3498

Section 22. Resignation or Removal of Issuing and Paying Agent and Appointment of Successor Issuing and Paying Agent; Merger, Conversion and Consolidation. The Bank agrees, for the benefit of the Holders from time to time of the Deposit Notes, that there shall at all times be an Issuing and Paying Agent hereunder which shall be a bank or trust company organized and doing business under the laws of the United States or any state thereof authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$10,000,000 and subject to supervision and examination by federal or state authority, until all the Global Deposit Notes authenticated and delivered hereunder (A) shall have been delivered to the Issuing and Paying Agent for cancellation or (B) shall have become due and payable and funds sufficient to pay the principal of, premium, if any, and interest on, the Global Deposit Notes shall have been made available for payment and either paid or returned to the Bank, whichever event occurs earlier. The foregoing capital and surplus requirements shall not be applicable if an affiliate of the Bank is appointed as successor Issuing and Paying Agent.

The Issuing and Paying Agent may resign at any time as such agent upon written notice to the Bank of such intention on its part, specifying the date on which its desired resignation shall become effective; provided, however, that such date shall be not less than 90 days after the giving of such notice by the Issuing and Paying Agent to the Bank. The Issuing and Paying Agent may be removed at any time as such agent by the filing with it of an instrument in writing signed by a duly authorized officer of the Bank and specifying such removal and the date, which shall be at least 30 calendar days following receipt of such written notice, upon which it is intended to become effective. Any such resignation or removal shall take effect on the date of the appointment by the Bank of a successor issuing and paying agent and the acceptance of such appointment by such successor issuing and paying agent that qualifies as such under

the first paragraph of this Section. In the event of the resignation or removal of the Issuing and Paying Agent, if a successor issuing and paying agent has not been appointed by the Bank within 90 calendar days after the giving of notice of resignation or within 30 calendar days after receipt of notice of removal, the Issuing and Paying Agent may, at the expense of the Bank, petition any court of competent jurisdiction for appointment of a successor Issuing and Paying Agent. Upon any such resignation or removal, the Issuing and Paying Agent shall transfer to the successor Issuing and Paying Agent (or, if none shall have been appointed, to the Bank) all monies held by the Issuing and Paying Agent on behalf of the Bank in respect of any Global Deposit Notes, any unissued Global Deposit Notes and all books and records or copies thereof related to Global Deposit Notes maintained by the Issuing and Paying Agent, including a copy of the Deposit Note Register. Any resignation or removal hereunder shall not affect the Issuing and Paying Agent's rights to the payment of fees earned or charges incurred through the effective date of such resignation or removal.

Any corporation or bank into which the Issuing and Paying Agent hereunder may be merged or converted, or any corporation or bank with which the Issuing and Paying Agent may be consolidated, or any corporation or bank resulting from any merger, conversion or consolidation to which the Issuing and Paying Agent shall be a party, or any corporation or bank to which the Issuing and Paying Agent shall sell or otherwise transfer all or substantially all of the assets and business of the Issuing and Paying Agent, provided that it shall be qualified under the first paragraph of this Section, shall be the successor Issuing and Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 23. Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto, Holders of Deposit Notes, and their successors and assigns, and nothing herein, express or implied, shall give to any other persons any benefits or any legal or equitable right, remedy or claim under or by virtue of this Agreement. No party hereto may assign any of its rights or obligations hereunder except with the prior written consent of all the parties hereto.

Section 24. Deposit Notes Held by the Issuing and Paying Agent. The Issuing and Paying Agent, in its individual or other capacity, may become the owner or pledgee of the Deposit Notes with the same rights it would have if it were not acting as an issuing and paying agent hereunder.

Section 25. Amendment. This Agreement shall not be amended by any party hereto except in writing executed by the duly authorized officers of all parties.

Section 26. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with, the laws of the State of New York applicable to agreements made and to be performed in such State, without regard to conflicts of laws principles.

Section 27. Counterparts. This Agreement may be executed by the parties hereto in any number of counterparts, and by each of the parties hereto in separate counterparts, and each such counterpart, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf by their officers thereunto duly authorized, all as of the day and year first above written.

CAPITAL ONE BANK

By: \_\_\_\_\_  
Name:  
Title:

Chemical Bank  
as Issuing and Paying Agent

By: \_\_\_\_\_  
Name:  
Title:

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO CAPITAL ONE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

THIS DEPOSIT NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$100,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS DEPOSIT NOTE MUST BE AN INSTITUTIONAL INVESTOR, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN \$100,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS DEPOSIT NOTE AT ALL TIMES.

No. FXR- \_\_\_\_\_  
CUSIP NO.: \_\_\_\_\_

REGISTERED

CAPITAL ONE BANK

GLOBAL DEPOSIT NOTE  
(Fixed Rate)

ORIGINAL ISSUE DATE:

PRINCIPAL AMOUNT:

INTEREST RATE: \_\_\_\_%

MATURITY DATE:

INTEREST PAYMENT DATE(S):  
 At Maturity only  
 May 15 and November 15  
 Other:

REGULAR RECORD DATES (FOR NOTES WITH MATURITIES OF GREATER THAN ONE YEAR) (if other than May 1 or November 1 prior to each Interest Payment Date):

INITIAL REDEMPTION DATE:

INITIAL REDEMPTION PERCENTAGE:

ANNUAL REDEMPTION

HOLDER'S OPTIONAL

PERCENTAGE REDUCTION:

REPAYMENT DATE(S):

DAY COUNT CONVENTION

|                          |                                   |    |   |
|--------------------------|-----------------------------------|----|---|
| <input type="checkbox"/> | 30/360 FOR THE PERIOD FROM        | TO | . |
| <input type="checkbox"/> | ACTUAL/360 FOR THE PERIOD FROM    | TO | . |
| <input type="checkbox"/> | ACTUAL/ACTUAL FOR THE PERIOD FROM | TO | . |

ADDENDUM ATTACHED:

Yes  
 No

ORIGINAL ISSUE DISCOUNT:

Yes  
 No

DEFAULT RATE: \_\_\_\_%

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period:

OTHER PROVISIONS:

Capital One Bank, a Virginia banking association (the "Bank"), in consideration of the receipt of a time deposit with the Bank, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of \_\_\_\_\_ United States Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date on which interest on this Note (or any predecessor Note) has been paid or duly provided for, semi-annually on May 15 and November 15 of each year (unless otherwise specified on the face hereof) (each, an "Interest Payment Date") and at maturity or upon earlier redemption or repayment, if applicable, commencing on the first Interest Payment Date next succeeding the Original Issue Date (or, if the Original Issue Date is between a Regular Record Date (as defined below) and the Interest Payment Date immediately following such Regular Record Date, on the second Interest Payment Date following the Original Issue Date), at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on the Regular Record Date, which shall be May 1 and November 1 (whether or not a Business Day (as defined below)), as the case may be, next preceding the applicable Interest Payment Date (unless otherwise specified on the face hereof) (each, a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date, and may either be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed

by the Bank, notice of which shall be given to the holders of Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (the "Issuing and Paying Agent," which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Note on behalf of the Bank pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement") and having an office or agency (the "Issuing and Paying Agent Office") in The City of New York (the "Place of Payment"), where this Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Note may be served. The Bank has initially appointed Chemical Bank as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group. The Bank may remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement and may appoint a successor Issuing and Paying Agent.

THIS NOTE IS AN OBLIGATION SOLELY OF THE BANK AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, CAPITAL ONE FINANCIAL CORPORATION OR ANY OF ITS AFFILIATES OTHER THAN THE BANK.

THE DEPOSIT EVIDENCED BY THIS NOTE RANKS PARI PASSU WITH ALL OTHER UNSECURED DEPOSIT LIABILITIES OF THE BANK. THE DEPOSIT EVIDENCED BY THIS NOTE MAY NOT BE WITHDRAWN PRIOR TO ITS MATURITY, EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW. THE DEPOSIT REPRESENTED BY THIS NOTE WILL NOT BE AUTOMATICALLY RENEWED AT MATURITY, AND NO ADDITIONS MAY BE MADE TO SUCH DEPOSIT AT ANY TIME.

BY ACCEPTING THE DEPOSIT EVIDENCED BY THIS NOTE, THE BANK HEREBY REPRESENTS THAT AS OF THE ORIGINAL ISSUE DATE IT IS "WELL CAPITALIZED" AS SUCH TERM IS DEFINED IN 12 C.F.R. 337, OR ANY AMENDMENTS OR REVISIONS TO SUCH REGULATION, AND THAT IT MEETS THE REQUIREMENTS OF 12 C.F.R. 330.12(b), INCLUDING EACH APPLICABLE

CAPITAL STANDARD REFERRED TO UNDER 12 C.F.R. 330.12(b)(1), AND DEPOSIT INSURANCE ON A "PASS THROUGH" BASIS IS AVAILABLE FOR CERTAIN EMPLOYEE BENEFIT PLANS PURCHASING THE DEPOSIT EVIDENCED BY THIS NOTE SUBJECT TO THE LIMITATIONS AND RESTRICTIONS (INCLUDING ANY APPLICABLE AGGREGATION RULES AND RECORDKEEPING REQUIREMENTS) SET FORTH UNDER 12 C.F.R. PART 330.

Payment of principal of, premium, if any, and interest on, this Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to "this Note", "hereof", "herein" and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Note to be duly executed.

CAPITAL ONE BANK

By: \_\_\_\_\_  
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the Issuing and Paying Agency Agreement.

CHEMICAL BANK  
as Issuing and Paying Agent

By: \_\_\_\_\_  
Authorized Signatory

This Note is one of a duly authorized issue of Deposit Notes of the Bank due from 30 days to 30 years from date of issue (the "Notes").

Payments of interest hereon will include interest accrued to but excluding the relevant Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. Unless otherwise specified on the face hereof, interest on the Notes with maturities of greater than one year will be computed on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified on the face hereof, interest on Notes with maturities of one year or less will be computed on the basis of the actual number of days in the year divided by 360 and will be payable only at maturity to the person to whom principal shall be payable.

Any provision contained herein with respect to the calculation of the rate of interest applicable to this Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

If any Interest Payment Date, Maturity Date or date of earlier redemption or repayment of this Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, or interest on, this Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment were due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Maturity Date or date of earlier redemption or repayment, as the case may be. "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York or in the city in which the Bank is headquartered is not a day on which banking institutions are authorized or required by law, regulation or executive order to close.

This Note will not be subject to any sinking fund. If so provided on the face of this Note, this Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof. If no

Initial Redemption Date is specified on the face hereof, this Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, this Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$100,000) at the option of the Bank at the applicable Redemption Price (as defined below), together with unpaid interest accrued hereon at the applicable rate borne by this Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Notes at any time outstanding are to be redeemed, the terms of the Notes to be so redeemed shall be selected by the Bank. If less than all the Notes with identical terms at any time outstanding are to be redeemed, the Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Note in part only, a new Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

This Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Note will not be repayable at the option of the holder hereof prior to maturity. On any Holder's Optional Repayment Date, this Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof will be at least \$100,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment. For this Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Note must be delivered,

with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other address which the Bank shall from time to time notify the holders of the Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Note in part only, a new Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. Exercise of such repayment option by the holder hereof shall be irrevocable.

If this Note is an Original Issue Discount Note and if an Event of Default with respect to this Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Note shall terminate.

In case any Note shall at any time become mutilated, destroyed, lost or stolen, and such Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue a new Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Note or in lieu of the Note destroyed, lost or stolen but, in the case of any destroyed, lost

or stolen Note, only upon receipt of evidence satisfactory to the Bank and the Issuing and Paying Agent that such Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Note. If any Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, banking association or other legal entity (collectively, "corporation"), either directly or through the Bank or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The occurrence of any of the following events shall constitute an "Event of Default" with respect to this Note: (i) default in the payment of any interest with respect to any of the Notes issued by the Bank when due, which continues for 30 calendar days; (ii) default in the payment of any principal of, or premium, if any, on, any of the Notes issued by the Bank when due; (iii) the entry by a court having jurisdiction in the premises of (a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the

continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or (iv) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by the Bank to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a petition or answer or consent seeking reorganization or relief under any applicable United States federal or state bankruptcy, insolvency, reorganization or similar law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, conservator, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action. If an Event of Default shall occur and be continuing, the holder of this Note may declare the principal amount of, accrued interest and premium, if any, on, this Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Note may be waived by the holder hereof.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation or successive consolidations or mergers in which the Bank or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other

corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of this Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Note and may be liquidated and dissolved.

Any action by the holder of this Note shall bind all future holders of this Note, and of any Note issued in exchange or substitution herefor or in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in The City of New York, herein referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Notes and of transfers of the Notes (in such capacity, the "Notes Registrar").

The transfer of this Note is registrable in the Note Register, upon surrender of this Note for registration of

transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No provision of this Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of, premium, if any, and interest on, this Note in U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

No service charge shall be made to a holder of this Note for any transfer or exchange of this Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Note are exchangeable for definitive Notes in registered form, of like tenor and of an equal aggregate principal amount, only if (x) The Depository Trust Company, as Depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Note. Any Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. Such definitive Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the

Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Note shall be in writing and addressed to the Bank, 2980 Fairview Park Drive, Falls Church, Virginia 22042, Attention: Treasurer, or to such other address of the Bank as the Bank may notify the holders of the Notes.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles and all applicable federal laws and regulations.



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s),  
assign(s) and transfer(s) unto \_\_\_\_\_  
\_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE  
/ \_\_\_\_\_ /  
\_\_\_\_\_

(Please print or typewrite name and address,  
including postal zip code, of assignee)

the within Note and all rights thereunder, and hereby  
irrevocably constitutes and appoints \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

to transfer said Note on the books of the Issuing and Paying  
Agent, with full power of substitution in the premises.

Dated: \_\_\_\_\_  
\_\_\_\_\_

-----  
NOTICE: The signature to this  
assignment must correspond with  
the name as written upon the face  
of the within Note in every  
particular, without alteration or  
enlargement or any change  
whatsoever.

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Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at \_\_\_\_\_

(Please print or typewrite name and address of the undersigned)

For this Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other place or places of which the Bank shall from time to time notify the holders of the Notes, not more than 60 days nor less than 30 days prior to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$100,000 or an integral multiple of \$1,000 in excess thereof) of the Notes to be issued to the holder for the portion of this Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):

\$ \_\_\_\_\_  
Dated: \_\_\_\_\_

-----  
NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

-----  
Signature Guarantee

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO CAPITAL ONE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

THIS DEPOSIT NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$100,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS DEPOSIT NOTE MUST BE AN INSTITUTIONAL INVESTOR, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN \$100,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS DEPOSIT NOTE AT ALL TIMES.

No. FLR-\_\_\_\_\_

REGISTERED

CUSIP NO.: \_\_\_\_\_

CAPITAL ONE BANK

GLOBAL DEPOSIT NOTE  
(Floating Rate)

ORIGINAL ISSUE DATE:

PRINCIPAL AMOUNT:

INITIAL INTEREST RATE: \_\_\_\_\_%

MATURITY DATE:

INTEREST RATE  
BASIS OR BASES:

INDEX MATURITY:

IF LIBOR:

Libor Telerate  
 Libor Reuters

REGULAR RECORD

DATES (if other than the 15th day  
prior to each Interest Payment  
Date):

INDEX CURRENCY:

SPREAD (PLUS OR MINUS)  
AND/OR SPREAD MULTIPLIER:

MAXIMUM INTEREST RATE:

INTEREST PAYMENT DATES:

INITIAL INTEREST RESET DATE:

INTEREST RESET DATES:

INITIAL REDEMPTION DATE:

INITIAL REDEMPTION  
PERCENTAGE:

INTEREST CALCULATION:

Regular Floating Rate  
Note

Floating Rate/Fixed Rate  
Note

Fixed Rate Commencement Date:

Fixed Interest Rate:

Inverse Floating Rate  
Note

Fixed Interest Rate:

ADDENDUM ATTACHED:

Yes

No

OTHER PROVISIONS:

MINIMUM INTEREST RATE:

INTEREST PAYMENT PERIOD:

INTEREST RESET PERIOD:

CALCULATION AGENT:

ANNUAL REDEMPTION  
PERCENTAGE REDUCTION:

HOLDER'S OPTIONAL  
REPAYMENT DATE(S):

DAY COUNT CONVENTION

30/360 for the period  
from \_\_\_\_\_ to \_\_\_\_\_.

Actual/360 for the  
period from \_\_\_\_\_ to \_\_\_\_\_.

Actual/Actual for the  
period from \_\_\_\_\_ to  
\_\_\_\_\_.

ORIGINAL ISSUE DISCOUNT

Yes

No

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period:

DEFAULT RATE: \_\_\_\_\_%

Capital One Bank, a Virginia banking association (the "Bank"), in consideration of the receipt of a time deposit with the Bank, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of \_\_\_\_\_

United States

Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date to which interest on this Note (or any predecessor Note) has been paid or duly provided for (each, an "Interest Payment Date"), on the Interest Payment Dates specified above and at maturity or upon earlier redemption or repayment, if applicable, commencing on the first Interest Payment Date next succeeding the Original Issue Date (or, if the Original Issue Date is between a Regular Record Date (as defined below) and the Interest Payment Date immediately following such Regular Record Date, on the second Interest Payment Date following the Original Issue Date), at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above and thereafter at a rate per annum determined in accordance with the provisions hereof and any Addendum relating hereto depending upon the Interest Rate Basis or Bases, if any, and such other terms specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on the Regular Record Date, which shall be the 15th calendar day (whether or not a Business Day (as defined below)) prior to such Interest Payment Date (unless otherwise specified on the face hereof) (each, a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date and may either be paid to the person in whose name this Note (or any predecessor Note) is registered at the

close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (the "Issuing and Paying Agent," which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Note on behalf of the Bank and having an office or agency (the "Issuing and Paying Agent Office") in The City of New York (the "Place of Payment"), where this Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Note may be served. The Bank has initially appointed Chemical Bank as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group. The Bank may remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement, and appoint a successor Issuing and Paying Agent.

THIS NOTE IS AN OBLIGATION SOLELY OF THE BANK AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, CAPITAL ONE FINANCIAL CORPORATION OR ANY OF ITS AFFILIATES OTHER THAN THE BANK.

THE DEPOSIT EVIDENCED BY THIS NOTE RANKS PARI PASSU WITH ALL OTHER UNSECURED DEPOSIT LIABILITIES OF THE BANK. THE DEPOSIT EVIDENCED BY THIS NOTE MAY NOT BE WITHDRAWN PRIOR TO ITS MATURITY, EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW. THE DEPOSIT REPRESENTED BY THIS NOTE WILL NOT BE AUTOMATICALLY RENEWED AT MATURITY, AND NO ADDITIONS MAY BE MADE TO SUCH DEPOSIT AT ANY TIME.

BY ACCEPTING THE DEPOSIT EVIDENCED BY THIS NOTE, THE BANK HEREBY REPRESENTS THAT AS OF THE ORIGINAL ISSUE DATE IT IS "WELL CAPITALIZED" AS SUCH TERM IS DEFINED IN 12 C.F.R. 337, OR ANY AMENDMENTS OR REVISIONS TO SUCH REGULATION, AND THAT IT MEETS THE REQUIREMENTS OF 12 C.F.R. 330.12(b), INCLUDING EACH APPLICABLE

CAPITAL STANDARD REFERRED TO UNDER 12 C.F.R. 330.12(b)(1), AND DEPOSIT INSURANCE ON A "PASS THROUGH" BASIS IS AVAILABLE FOR CERTAIN EMPLOYEE BENEFIT PLANS PURCHASING THE DEPOSIT EVIDENCED BY THIS NOTE SUBJECT TO THE LIMITATIONS AND RESTRICTIONS (INCLUDING ANY APPLICABLE AGGREGATION RULES AND RECORDKEEPING REQUIREMENTS) SET FORTH UNDER 12 C.F.R. PART 330.

Payment of principal of, premium, if any, and interest on, this Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to "this Note", "hereof", "herein" and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Note to be duly executed.

CAPITAL ONE BANK

By: -----  
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the Issuing and Paying Agency Agreement.

CHEMICAL BANK  
as Issuing and Paying Agent

By: -----  
Authorized Signatory

[Reverse]

This Note is one of a duly authorized issue of Deposit Notes of the Bank due from 30 days to 30 years from date of issue (the "Notes").

If any Interest Payment Date (other than an Interest Payment Date at the Maturity Date or date of earlier redemption or repayment of this Note) would otherwise fall on a day that is not a Business Day, such Interest Payment Date shall be postponed to the next succeeding day that is a Business Day, except that if an Interest Rate Basis is LIBOR, as indicated on the face hereof, and such next Business Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding day that is a Business Day. Except as provided above, interest payments will be made on the Interest Payment Dates shown on the face hereof. If the Maturity Date or date of earlier redemption or repayment of this Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, and interest on, this Note will be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Maturity Date or date of earlier redemption or repayment, as the case may be.

This Note will not be subject to any sinking fund. If so provided on the face of this Note, this Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof. If no Initial Redemption Date is specified on the face hereof, this Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, this Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$100,000) at the option of the Bank at the applicable Redemption Price (as defined below), together with unpaid interest accrued hereon at the applicable rate borne by this Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Notes at any time outstanding are to be redeemed,

the terms of the Notes to be so redeemed shall be selected by the Bank. If less than all the Notes with identical terms at any time outstanding are to be redeemed, the Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Note in part only, a new Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

This Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Note will not be repayable at the option of the holder hereof prior to maturity. On any Holder's Optional Repayment Date, this Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof will be at least \$100,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment. For this Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other address which the Bank shall from time to time notify the holders of the Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Note in part only, a new Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. Exercise of such repayment option by the holder hereof shall be irrevocable.

The interest rate borne by this Note shall be determined as follows:

1. If this Note is designated as a Regular Floating Rate Note on the face hereof or if no designation is made for Interest Calculation on the face hereof, then, except as described below or in an Addendum hereto, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate.

2. If this Note is designated as a Floating Rate/Fixed Rate Note on the face hereof, then, except as described below or in an Addendum hereto, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate; and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date to the Maturity Date or date of earlier redemption or repayment shall be the Fixed Interest Rate, if such a rate is specified on the face hereof, or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the Business Day immediately preceding the Fixed Rate Commencement Date.

3. If this Note is designated as an Inverse Floating Rate Note on the face hereof, then, except as described below or in an Addendum hereto, this Note shall bear interest equal to the Fixed Interest Rate indicated on the face hereof minus the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof; provided, however, that, unless otherwise specified on the face hereof, the interest rate hereon will not be less than zero percent. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Rate Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

Notwithstanding the foregoing, if this Note is designated on the face hereof as having an Addendum attached, this Note shall bear interest in accordance with the terms described in such Addendum.

Except as provided above, the interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date (as defined below) immediately preceding such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the next preceding Interest Reset Date. Each Interest Rate Basis shall be the rate determined in accordance with the applicable provision below. If any Interest Reset Date (which term includes the term Initial Interest Reset Date unless the context otherwise requires) would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that if an Interest Rate Basis specified on the face hereof is LIBOR and such next Business Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

Unless otherwise specified on the face hereof, interest payable on this Note on any Interest Payment Date shall be the

amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid (or from and including the Original Issue Date specified on the face hereof, if no interest has been paid), to but excluding the related Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be.

Unless otherwise specified on the face hereof, accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. Unless otherwise specified on the face hereof, the interest factor for each such day shall be computed and paid on the basis of a 360-day year of twelve 30-day months if the Day Count Convention specified on the face hereof is "30/360" for the period specified thereunder, or by dividing the interest rate applicable to such day by 360 if the Day Count Convention specified on the face hereof is "Actual/360" for the period specified thereunder or by the actual number of days in the year if the Day Count Convention specified on the face hereof is "Actual/Actual" for the period specified thereunder. If interest on this Note is to be calculated with reference to two or more Interest Rate Bases as specified on the face hereof, the interest factor will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied.

Unless otherwise specified on the face hereof, the "Interest Determination Date" with respect to the Commercial Paper Rate, the Federal Funds Rate and the Prime Rate will be the second Business Day preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Eleventh District Cost of Funds Rate will be the last working day of the month immediately preceding each Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below); the "Interest Determination Date" with respect to LIBOR shall be the second London Business Day (as defined below) preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Treasury Rate will be the day in the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case

the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; and provided, further, that if an auction shall fall on any Interest Reset Date, then the Interest Reset Date shall instead be the first Business Day following such auction. If the interest rate of this Note is determined with reference to two or more Interest Rate Bases as specified on the face hereof, the Interest Determination Date pertaining to this Note will be the latest Business Day which is at least two Business Days prior to such Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined on such date, and the applicable interest rate shall take effect on the Interest Reset Date.

Unless otherwise specified on the face hereof, the "Calculation Date" pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. All calculations on this Note shall be made by the Calculation Agent specified on the face hereof or such successor thereto as is duly appointed by the Bank.

All percentages resulting from any calculation on this Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655) and 9.876544% (or 0.09876544) would be rounded to 9.87654% (or 0.0987654)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

As used herein, "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York or in the city in which the Bank is headquartered is not a day on which banking institutions are authorized or required by law, regulation or

executive order to close and, if an Interest Rate Basis shown on the face hereof is LIBOR, is also a London Business Day.

As used herein, unless otherwise specified on the face hereof, "London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Determination of Commercial Paper Rate. If an Interest Rate Basis for this Note is the Commercial Paper Rate, as indicated on the face hereof, the Commercial Paper Rate shall be determined as of the applicable Interest Determination Date (a "Commercial Paper Rate Interest Determination Date"), as the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof as published by the Board of Governors of the Federal Reserve System in the weekly statistical release entitled "Statistical Release H.15(519), Selected Interest Rates," or any successor publication of the Board of Governors of the Federal Reserve System ("H.15(519)") under the heading "Commercial Paper". In the event that such rate is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate shall be the Money Market Yield on such Commercial Paper Rate Interest Determination Date of the rate for commercial paper having the Index Maturity shown on the face hereof as published in the daily statistical release entitled "Composite 3:30 P.M. Quotations for U.S. Government Securities" or any successor publication published by the Federal Reserve Bank of New York ("Composite Quotations") under the heading "Commercial Paper" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively). If by 3:00 P.M., New York City time, on the related Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity specified on the face hereof placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized securities rating agency; provided, however, that if

any of the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date shall be the rate in effect on such Commercial Paper Rate Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the interest period for which interest is being calculated.

Determination of Eleventh District Cost of Funds Rate. If an Interest Rate Basis for this Note is the Eleventh District Cost of Funds Rate, as indicated on the face hereof, the Eleventh District Cost of Funds Rate shall be determined as of the applicable Interest Determination Date (an "Eleventh District Cost of Funds Rate Interest Determination Date"), as the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls, as set forth under the caption "11th District" on Telerate Page 7058 as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on any related Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month immediately preceding the date of such announcement. If the FHLB of San Francisco fails to announce such rate for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date shall be the Eleventh

District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

"Telerate Page 7058" means the display designated as page "7058" on the Dow Jones Telerate Service (or such other page as may replace the 7058 page on that service for the purpose of displaying the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District).

Determination of Federal Funds Rate. If an Interest Rate Basis for this Note is the Federal Funds Rate, as indicated on the face hereof, the Federal Funds Rate shall be determined as of the applicable Interest Determination Date (a "Federal Funds Rate Interest Determination Date"), as the rate on such date for federal funds as published in H.15(519) under the heading "Federal Funds (Effective)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date, as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If by 3:00 P.M., New York City time, on the related Calculation Date such rate is not published in either H.15(519) or Composite Quotations, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged prior to 9:00 A.M., New York City time on such Federal Funds Rate Interest Determination Date by three leading brokers of federal funds transactions in The City of New York selected by the Calculation Agent; provided, however, that if any of the brokers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date shall be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

Determination of LIBOR. If an Interest Rate Basis for this Note is LIBOR, as indicated on the face hereof, LIBOR shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "LIBOR Interest Determination Date") in accordance with the following provisions:

(a) With respect to any LIBOR Interest Determination Date, LIBOR will be, as specified on the face hereof,

either: (i) the rate for deposits in U.S. dollars having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appears on the Telerate Page 3750 as of 11:00 A.M., London time, on that LIBOR Interest Determination Date ("LIBOR Telerate") or (ii) the arithmetic mean of the offered rates for deposits in U.S. dollars having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appear on the Reuters Screen LIBO Page as of 11:00 A.M., London time, on that LIBOR Interest Determination Date, if at least two such offered rates appear on the Reuters Screen LIBO Page ("LIBOR Reuters"). "Telerate Page 3750" means the display designated as page "3750" on the Telerate Service (or such other page as may replace the 3750 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits). "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks). If neither LIBOR Telerate nor LIBOR Reuters is specified on the face hereof, LIBOR will be determined as if LIBOR Telerate had been specified. If no rate appears on the Telerate Page 3750, or if fewer than two offered rates appear on the Reuters Screen LIBO Page, as applicable, LIBOR in respect of that LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in (b) below.

(b) With respect to a LIBOR Interest Determination Date on which no rate appears on Telerate Page 3750, as specified in (a)(i) above, or on which fewer than two offered rates appear on the Reuters Screen LIBO Page, as specified in (a)(ii) above, as applicable, LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars having the Index Maturity designated on the face hereof, are offered at approximately 11:00 A.M., London time, on that LIBOR Interest Determination Date by four major banks in the London interbank market selected by the Calculation Agent ("Reference Banks") to prime banks in the

London interbank market commencing on the second London Business Day immediately following that LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of that LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR in respect of that LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York City time, on that LIBOR Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent for loans in U.S. dollars to leading European banks having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR with respect to such LIBOR Interest Determination Date will be the rate of LIBOR in effect on such date.

Determination of Prime Rate. If an Interest Rate Basis for this Note is the Prime Rate, as indicated on the face hereof, the Prime Rate shall be determined as of the applicable Interest Determination Date (a "Prime Rate Interest Determination Date") as the rate on such date as such rate is published in H.15(519) under the heading "Bank Prime Loan". If such rate is not published prior to 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 (as defined below) as such bank's prime rate or base lending rate as in effect for such Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen USPRIME1 for such Prime Rate Interest Determination Date, the Prime Rate shall be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination

Date by four major money center banks in The City of New York selected by the Calculation Agent. If fewer than four major money center banks provide such quotations, the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of four prime rates, quoted on the basis of the actual number of days in the year divided by a 360-day year, as of the close of business on such Prime Rate Interest Determination Date as furnished in The City of New York by the major money center banks, if any, that have provided quotations and as many substitute banks or trust companies as is necessary in order to obtain four such prime rate quotations, provided such substitute banks or trust companies are organized and doing business under the laws of the United States, or any state thereof, each having total equity capital of at least U.S. \$500 million and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent to provide such rate or rates; provided, however, that if the banks or trust companies selected as aforesaid are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date shall be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen USPRIME1" means the display designated as page "USPRIME1" on the Reuters Monitor Money Rates Service (or such other page as may replace the USPRIME1 page on that service for the purpose of displaying prime rates or base lending rates of major United States banks).

Determination of Treasury Rate. If an Interest Rate Basis for this Note is the Treasury Rate, as specified on the face hereof, the Treasury Rate shall be determined as of the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate applicable to the most recent auction of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified on the face hereof, as such rate is published in H.15(519) under the heading "Treasury Bills -- auction average (investment)" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury Bills having the Index Maturity specified on the face hereof are not reported as

provided by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified on the face hereof; provided, however, that if any of the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date shall be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

Any provision contained herein, including the determination of an Interest Rate Basis, the specification of an Interest Rate Basis, calculation of the interest rate applicable to this Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof. In addition to any Maximum Interest Rate applicable hereto pursuant to the above provisions, the interest rate on this Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing on or before each Calculation Date. Unless otherwise specified on the face hereof, Chemical Bank will be the Calculation Agent.

At the request of the Holder hereof, the Calculation Agent shall provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective as of the next Interest Reset Date.

If this Note is an Original Issue Discount Note and if an Event of Default with respect to this Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Note shall terminate.

In case any Note shall at any time become mutilated, destroyed, lost or stolen, and such Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue a new Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Note or in lieu of the Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Note, only upon receipt of evidence satisfactory to the Bank and the Issuing and Paying Agent that such Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Note. If any Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Note, pay or authorize the payment of the same

(without surrender thereof except in the case of a mutilated Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, banking association or other legal entity (collectively, "corporation"), either directly or through the Bank or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The occurrence of any of the following events shall constitute an "Event of Default" with respect to this Note: (i) default in the payment of any interest with respect to any of the Notes issued by the Bank when due, which continues for 30 calendar days; (ii) default in the payment of any principal of, or premium, if any, on, any of the Notes issued by the Bank when due; (iii) the entry by a court having jurisdiction in the premises of (a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or (iv) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by the Bank to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a petition or answer or

consent seeking reorganization or relief under any applicable United States federal or state bankruptcy, insolvency, reorganization or similar law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, conservator, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action. If an Event of Default shall occur and be continuing, the holder of this Note may declare the principal amount of, accrued interest and premium, if any, on, this Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Note may be waived by the holder hereof.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation or successive consolidations or mergers in which the Bank or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to

which such sale or conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of this Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Note and may be liquidated and dissolved.

Any action by the holder of this Note shall bind all future holders of this Note, and of any Note issued in exchange or substitution hereof or in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in The City of New York, herein referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Notes and of transfers of the Notes.

The transfer of this Note is registrable in the Note Register, upon surrender of this Note for registration of transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No provision of this Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of, premium, if any, and interest on, this Note in

U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

No service charge shall be made to a holder of this Note for any transfer or exchange of this Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Note are exchangeable for definitive Notes in registered form, of like tenor and of an equal aggregate principal amount, only if (x) The Depository Trust Company, as Depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Note. Any Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. Such definitive Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Note shall be in writing and addressed to the Bank, 2980 Fairview Park Drive, Falls Church, Virginia 22042, Attention: Treasurer, or to such other address of the Bank as the Bank may notify the holders of the Notes.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to

conflicts of laws principles and all applicable federal laws and regulations.



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s),  
assign(s) and transfer(s) unto \_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

/ \_\_\_\_\_ /

(Please print or typewrite name and address,  
including postal zip code, of assignee)

the within Note and all rights thereunder, and hereby  
irrevocably constitutes and appoints \_\_\_\_\_

to transfer said Note on the books of the Issuing and Paying  
Agent, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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NOTICE: The signature to this assignment  
must correspond with the name as written  
upon the face of the within Note in every  
particular, without alteration or  
enlargement or any change whatsoever.

-----  
Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at \_\_\_\_\_.

(Please print or typewrite name and address of the undersigned)

For this Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices located at 450 West 33rd Street, New York, New York 10001, Attention: Global Trust Securities Group, or at such other place or places of which the Bank shall from time to time notify the holders of the Notes, not more than 60 days nor less than 30 days prior to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$100,000 or an integral multiple of \$1,000 in excess thereof) of the Notes to be issued to the holder for the portion of this Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):

\$ \_\_\_\_\_  
Dated: \_\_\_\_\_

-----  
NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

-----  
Signature Guarantee

Capital One Bank  
Senior and Subordinated Bank Notes  
Due From 30 Days to 30 Years from Date of Issue

AMENDED AND RESTATED DISTRIBUTION AGREEMENT

April 30, 1996

MERRILL LYNCH & CO.  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
CS FIRST BOSTON CORPORATION  
DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
GOLDMAN, SACHS & CO.  
J.P. MORGAN SECURITIES INC.  
LEHMAN BROTHERS  
LEHMAN BROTHERS INC.  
SALOMON BROTHERS INC  
SMITH BARNEY INC.

c/o Merrill Lynch & Co.  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
World Financial Center  
North Tower, 10th Floor  
New York, New York 10281-1310

Ladies and Gentlemen:

Capital One Bank, a banking association chartered under the laws of the Commonwealth of Virginia (the "Bank"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, CS First Boston Corporation, Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliate Lehman Commercial Paper Inc.), Salomon Brothers Inc and Smith Barney Inc. (each referred to as an "Agent" and collectively referred to as the "Agents") with respect (i) the issue and sale by it of its senior unsecured debt obligations not insured by the Federal Deposit Insurance Corporation (the "FDIC") with maturities of more than one year to 30 years from date of issue (the "Medium-Term Senior Bank

Notes"), (ii) to the issue and sale by it of its senior unsecured debt obligations not insured by the FDIC with maturities from 30 days to not more than one year from date of issue ("Short-Term Senior Bank Notes" and together with the Medium-Term Senior Bank Notes, the "Senior Bank Notes"), and (iii) the issue and sale by it of its subordinated debt obligations not insured by the FDIC with maturities from five years to 30 years from date of issue ("Subordinated Bank Notes," and together with the Senior Bank Notes, the "Bank Notes"). The Bank Notes are to be issued pursuant to an Amended and Restated Issuing and Paying Agency Agreement, dated as of April 30, 1996 (the "Issuing and Paying Agency Agreement"), between the Bank and Chemical Bank, as the Issuing and Paying Agent ("Issuing and Paying Agent"). As of the date hereof, the Bank has authorized the issuance of up to \$4,500,000,000 aggregate principal amount at any one time outstanding of Senior Bank Notes. In addition, the Bank has authorized the issuance of up to \$200,000,000 aggregate principal amount of its Subordinated Bank Notes. It is understood, however, that the Bank may from time to time authorize the issuance of an additional outstanding amount of Bank Notes and that the Bank Notes may be distributed through or sold to one or more of the Agents pursuant to the terms of this Agreement, all as though the issuance of the Bank Notes were authorized as of the date hereof. The Bank is a subsidiary of Capital One Financial Corporation (the "Parent").

This Agreement provides both for the sale of Bank Notes by the Bank to the Agents as principal for resale to investors and other purchasers and for the sale of Bank Notes by the Bank directly to investors through the Agents (as may from time to time be agreed to by the Bank and the Agents), in which case the Agents will act as agents of the Bank in soliciting Bank Note purchasers.

#### SECTION 1. Appointment as Agents.

(a) Appointment of Agents. Subject to the terms and conditions stated herein and subject to the reservation by the Bank of the right to sell Bank Notes directly to investors on its own behalf in those jurisdictions where it is authorized to do so, the Bank hereby agrees that Bank Notes will be sold exclusively to or through the Agents. The Agents are authorized to engage the services of any other broker or dealer in connection with the offer or sale of the Bank Notes purchased by an Agent as principal for resale to others but are not authorized to appoint sub-agents. In connection with sales by the Agents of Bank Notes purchased by an Agent as principal to other brokers or dealers, an Agent may allow any portion of the discount it has received in connection with such purchase from the Bank to such brokers or dealers.

(b) Sale of Bank Notes. The Bank shall not approve the solicitation of purchases of Bank Notes in excess of the amount which shall be authorized to be outstanding by the Bank from time to time or in excess of the aggregate principal amount of Bank Notes specified in the Offering Circular. The Agents will have no responsibility for maintaining records with respect to the aggregate principal amount of Bank Notes sold or outstanding, or of otherwise monitoring the availability of Bank Notes for sale.

(c) Purchases as Principal. The Agents shall not have any obligation to purchase Bank Notes from the Bank as principal, but the Agents may agree from time to time to purchase Bank Notes as principal. Any such purchase of Bank Notes by an Agent as principal shall be made in accordance with Section 3(a) hereof.

(d) Solicitations as Agent. If agreed upon by an Agent and the Bank, the Agent acting solely as agent for the Bank and not as principal, will solicit purchases of the Bank Notes. The Agent will communicate to the Bank, orally or in writing, each offer to purchase Bank Notes solicited by such Agent on an agency basis, other than those offers rejected by the Agent. The Agent shall have the right, in its discretion reasonably exercised, to reject any proposed purchase of Bank Notes, as a whole or in part, and any such rejection shall not be deemed a breach of any Agent's agreement contained herein. The Bank may accept or reject any proposed purchase of the Bank Notes, in whole or in part. The Agent shall make reasonable efforts to assist the Bank in obtaining performance by each purchaser whose offer to purchase Bank Notes has been solicited by the Agent and accepted by the Bank. The Agent shall not have any liability to the Bank in the event any such agency purchase is not consummated for any reason. If the Bank shall default on its obligation to deliver Bank Notes to a purchaser whose offer it has accepted, the Bank shall (i) hold the Agent harmless against any loss, claim or damage arising from or as a result of such default by the Bank and (ii) notwithstanding such default, pay to the Agent any commission to which it would be entitled in connection with such sale.

(e) Additional Agents. The Bank may, from time to time, engage additional agents either as principal or as an agent for the sale of the Bank Notes. In the event that the Bank elects to engage such additional agents, the Bank shall provide notice to the Agents then parties to this Agreement. Any additional agents shall be required, as a condition to their engagement, either to enter into this Agreement (amended to include such additional agents as signatories) or into an agreement with the Bank substantially similar to this Agreement.

(f) Reliance. The Bank and the Agents agree that the Bank Notes purchased by the Agents shall be purchased, and the Bank

Notes the placement of which an Agent arranges shall be placed by such Agent, in reliance on the representations, warranties, covenants and agreements of the Bank contained herein and on the terms and conditions and in the manner provided herein.

## SECTION 2. Representations and Warranties.

(a) The Bank represents and warrants to each Agent as of the date hereof, as of the date of each acceptance by the Bank of an offer for the purchase of Bank Notes (whether to the Agent as principal or through the Agent as agent), as of the date of each delivery of Bank Notes (whether to such Agent as principal or through such Agent as agent) (the date of each such delivery to an Agent as principal being hereafter referred to as a "Settlement Date"), and as of the times referred to in Section 8(b) hereof (each of the times referenced above being referred to hereafter as a "Representation Date"), as follows:

(i) Offering Circular. The Bank has prepared an offering circular, dated April 30, 1996 (as such document may hereafter be amended or supplemented by the Bank, including the material incorporated therein by reference, the "Offering Circular"), to be used by the Agents in connection with the Agents' solicitation of purchasers of or offering of the Bank Notes. The Bank has been authorized by the Parent to incorporate by reference in the Offering Circular the Parent's annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K filed by the Parent with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations thereunder. The Offering Circular, as of the date hereof, does not and, as of the applicable Representation Date, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Offering Circular made in reliance upon and in conformity with information furnished to the Bank in writing by the Agents expressly for use therein.

The Bank has incorporated by reference in the Offering Circular the publicly available portions of each of its Consolidated Reports of Condition and Income (each, a "Call Report"), and any amendments or supplements thereto, beginning with and including the Call Report for the period ended December 31, 1994 to and including the most recent Call Report filed or published prior to the offering of Bank Notes. The publicly available portions of any Call Reports filed by the Bank subsequent to the date of the Offering

Circular and prior to the termination of the offering of the Bank Notes will be incorporated therein by reference.

The documents incorporated by reference into the Offering Circular, at the time they were or hereafter are filed with the applicable federal regulatory authorities, complied or when so filed will comply in all material respects with the 1934 Act or the rules and regulations otherwise applicable thereto, as the case may be and, when read together with the other information in the Offering Circular, did not and will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were or are made, not misleading.

(ii) Due Organization, Valid Existence and Good Standing.

The Bank is a banking corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia, and is licensed, registered or qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such license, registration or qualification, except to the extent that the failure to be so licensed, registered or qualified or to be in good standing would not have a material adverse effect on the Bank and its subsidiaries taken as a whole. The Bank is a subsidiary of the Parent, a Delaware corporation which has securities registered under the 1934 Act.

(iii) Due Authorization, Execution and Delivery of this Agreement, the Issuing and Paying Agency Agreement, the Interest Calculation Agreement and the Letters of Representations. This Agreement, the Issuing and Paying Agency Agreement and the Amended and Restated Interest Calculation Agreement dated as of April 30, 1996 between the Bank and Chemical Bank (the "Interest Calculation Agreement"), and the Short-Term and Medium-Term Letters of Representation dated April 30, 1996 (the "Letters of Representation"), between the Bank, the Issuing and Paying Agent and The Depository Trust Company, have been duly authorized, executed and delivered by the Bank and are valid and legally binding agreements of the Bank, enforceable against the Bank in accordance with their respective terms, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership and similar laws of general applicability relating to, or affecting, creditors' rights, to general equity principles and, with respect to any indemnification or contribution obligation, to public policies which might affect such obligations.

(iv) Due Authorization, Execution and Delivery of the Bank Notes. The Bank Notes have been duly authorized for issuance and sale pursuant to this Agreement and, when issued and authenticated against payment of the consideration therefor, the Bank Notes will be valid and legally binding obligations of the Bank, enforceable against the Bank in accordance with their respective terms, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership and similar laws of general applicability relating to, or affecting, creditors' rights to general equity principles and, with respect to any indemnification or contribution obligation, to public policies which might affect such obligations.

(v) Exemption from Registration. The Bank Notes are exempt from registration under Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act"), and neither registration of the Bank Notes under the 1933 Act, nor qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the offer, sale, issuance or delivery of the Bank Notes pursuant to this Agreement or any applicable Terms Agreement (as defined in Section 3(a) hereof).

(vi) Exemption from Investment Company Act. The Bank is not required to register under the provisions of the Investment Company Act of 1940, as amended (the "Investment Company Act"), or to take any other action with respect to or under the Investment Company Act.

(vii) No Other Approvals Required. No consent, approval or authorization of or filing with any governmental body or agency is required for the performance by the Bank of its obligations under this Agreement, the Bank Notes, the Issuing and Paying Agency Agreement, the Interest Calculation Agreement, the Letters of Representation and any applicable Terms Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Bank Notes.

(viii) Description of Bank Notes. The Bank Notes are substantially in the form heretofore delivered to the Agents and conform in all material respects to the description thereof contained in the Offering Circular under the caption "Description of Notes."

(ix) Priority of Bank Notes. The Senior Bank Notes are unsecured and unsubordinated debt obligations of the Bank and rank pari passu with all other unsecured and unsubordinated debt obligations of the Bank except, (A) pursuant to Section 11(d)(11) of the Federal Deposit

Insurance Act, the Bank's unsecured deposit obligations and (B) pursuant to Section 6.1 - 110.9 of the Code of Virginia, the Bank's deposit obligations. The Subordinated Bank Notes are unsecured and subordinated debt obligations of the Bank, rank pari passu among themselves, and are subordinated and junior in right of payment to the Bank's obligations to depositors and general creditors, other than obligations which, by their express terms, rank on a parity with or junior to the Subordinated Bank Notes. Upon issuance, the Subordinated Bank Notes will qualify as Tier 2 capital of the Bank (within the meaning of Appendix A to 12 C.F.R. Part 208).

(x) No Violation. Neither the Bank or any of its subsidiaries nor the Parent or any of its subsidiaries is in violation of its charter or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage loan agreement, note, lease or other instrument to which it is a party or by which it or any of them or their properties may be bound which might result in a material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank and its subsidiaries, considered as one enterprise, or might materially and adversely affect the properties or assets thereof or might materially and adversely affect the consummation of this Agreement, the Issuing and Paying Agency Agreement, the Interest Calculation Agreement, the Letters of Representation or the Notes or any transaction contemplated hereby or thereby. The execution, issuance and delivery by the Bank of the Bank Notes, and the execution, delivery and performance by the Bank of this Agreement, the Issuing and Paying Agency Agreement, the Interest Calculation Agreement, the Letters of Representations and any applicable Terms Agreement, will not violate any law, rule, regulation, order, judgment or decree applicable to the Parent and its subsidiaries or to the Bank and any of its subsidiaries or violate any provision of the Bank's charter or by-laws, or conflict with or result in a material breach of or constitute a material default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Parent and its subsidiaries or the Bank and any of its subsidiaries pursuant to any contract, indenture, mortgage loan agreement, note, lease or other instrument to which the Parent or any of its subsidiaries or the Bank or any of its subsidiaries, or the property of any of them, is bound or subject.

(xi) No Material Adverse Change. Since the respective dates as of which information is given or incorporated by reference in the Offering Circular (a) there has not been

any material adverse change in the condition, financial or otherwise, or business affairs or business prospects of the Bank and its subsidiaries or the Parent and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular (including the material incorporated by reference therein), and (b) there have been no material transactions entered into by the Bank or any of its subsidiaries or the Parent and any of its subsidiaries considered as one enterprise, other than those in the ordinary course of business.

(xii) Rating. The Bank Senior Notes of the Bank have been rated by a "nationally recognized statistical rating agency" (as that term is defined by the Commission for purposes of Rule 436(g)(2) under the 1933 Act), in one of its four highest categories. The Bank "has unsecured non-convertible debt with a term of issue of at least four (4) years, or unsecured non-convertible preferred securities, rated by a nationally recognized statistical rating organization" within the meaning of Article III Section 44(b)(7) of The Corporate Financing Rule of the National Association of Securities Dealers, Inc.

(xiii) Financial Statements and Financial Information. The financial statements and other financial information of the Parent and its consolidated subsidiaries and the Bank and its consolidated subsidiaries included or incorporated by reference in the Offering Circular present fairly the consolidated financial position of the Parent and its consolidated subsidiaries and the Bank and its consolidated subsidiaries, the case may be, as of the date indicated therein and the consolidated results of their operations for the periods specified therein; and except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis; financial information of certain financial institutions, if any, proposed to be acquired by the Parent and the Bank included or incorporated by reference in the Offering Circular present fairly the financial position of such financial institutions as of the dates indicated therein and the results of their operations for the periods specified therein.

(xiv) Legal Proceedings. Except as may be set forth in the Offering Circular, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Bank, threatened against or affecting, the Parent or any of its subsidiaries or the Bank or any of its subsidiaries, which might, in the opinion of the Bank,

result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank and its subsidiaries considered as one enterprise, or might materially and adversely affect the properties or assets thereof or might materially and adversely affect the consummation of this Agreement, the Issuing and Paying Agency Agreement, the Interest Calculation Agreement or the Notes or any transaction contemplated hereby or thereby.

(xv) Commodity Exchange Act. The Bank Notes, when issued, authenticated and delivered pursuant to the provisions of this Agreement and the Issuing and Paying Agency Agreement, will be excluded or exempted under the provisions of the Commodity Exchange Act.

(b) Additional Certifications. Any certificate signed by any officer of the Bank and delivered to the Agents or to counsel for the Agents in connection with an offering of Bank Notes, or the sale of Bank Notes to an Agent as principal, contemplated by this Agreement shall be deemed a representation and warranty by the Bank to the Agents as to the matters covered thereby on the date of such certificate and at each Representation Date referred to in Section 2(a) hereof subsequent thereto.

### SECTION 3. Purchases as Principal; Solicitations as Agents.

(a) Purchases as Principal. Unless otherwise agreed by an Agent and the Bank, Bank Notes shall be purchased by the Agent as principal. Such purchases shall be made in accordance with terms agreed upon by the Agent and the Bank with respect to such information (as applicable) as is specified in Exhibit A hereto (a "Terms Agreement") (which terms shall be agreed upon orally, and which may or may not be confirmed in writing in the form of Exhibit A, prepared by the Agent and mailed or sent via facsimile transmission to the Bank). The Agent's commitment to purchase Bank Notes as principal shall be deemed to have been made on the basis of the representations and warranties of the Bank herein contained and shall be subject to the terms and conditions herein set forth. Each purchase of Bank Notes, unless otherwise agreed, shall be at a discount from the principal amount of each such Bank Note equivalent to the applicable commission set forth in Exhibit B hereto. The Agent may engage the services of any other broker or dealer in connection with the resale of the Bank Notes purchased as principal and may allow any portion of the discount received in connection with such purchases from the Bank to such brokers and dealers. At the time of each purchase of Bank Notes by an Agent as principal, the Agent shall specify the requirements for the opinions of counsel and officers' certificates pursuant to Sections 6(a) and 6(b) hereof.

(b) Solicitations as Agents. On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, when agreed upon by the Bank and an Agent, such Agent, as an agent of the Bank, will use its reasonable efforts to solicit offers to purchase the Bank Notes upon the terms and conditions set forth herein and in the Offering Circular. All Bank Notes sold through an Agent as agent will be sold at 100% of their principal amount unless otherwise agreed to by the Bank and the Agent.

The Bank reserves the right, in its sole discretion, to suspend solicitation of purchases of the Bank Notes through the Agents, as agents, commencing at any time for any period of time or permanently. Upon receipt of instructions from the Bank, the Agents will forthwith suspend solicitation of purchases from the Bank until such time as the Bank has advised the Agents that such solicitation may be resumed.

The Bank agrees to pay each Agent a commission, in the form of a discount, equal to the applicable percentage of the principal amount of each Bank Note sold by the Bank as a result of a solicitation made by such Agent as set forth in Exhibit B hereto, or as otherwise agreed to by the Bank and such Agent. The Agents may reallow any portion of the commission payable pursuant hereto to dealers in connection with the offer and sale of the Bank Notes.

(c) Administrative Procedures. The purchase price, interest rate or formula, maturity date and other terms of the Bank Notes (as applicable) specified in Exhibit A hereto shall be agreed upon by the Bank and the applicable Agent and set forth in a pricing supplement to the Offering Circular to be prepared in connection with each sale of Bank Notes. Administrative procedures with respect to the sale of Bank Notes shall be agreed upon from time to time by the Agents and the Bank (the "Procedures"). The initial Administrative Procedures, as agreed upon by the Agents and the Bank, are attached hereto as Exhibit G. The Agents and the Bank agree to perform the respective duties and obligations specifically provided to be performed by the Agents and the Bank herein and in the Procedures.

(d) Delivery. The documents required to be delivered by Section 6 hereof shall be delivered at the office of Brown & Wood, on the date hereof, or at such other time as the Agents and the Bank may agree upon in writing (the "Closing Time").

#### SECTION 4. Covenants of the Bank.

The Bank covenants with the Agents as follows:

(a) Amending Offering Circular. The Bank will give the Agents notice of its intention to prepare any additional offering

circular supplement with respect to the sale of the Bank Notes or any amendment or supplement to the Offering Circular and will furnish the Agents with copies of any such amendment or supplement or other documents proposed to be distributed a reasonable time in advance of such proposed distribution and will not distribute any such amendment or supplement or other documents in a form to which the Agents or counsel for the Agents shall reasonably object.

(b) Copies of Offering Circular. The Bank will deliver to the Agents as many copies of the Offering Circular (as amended or supplemented, including documents incorporated by reference therein) as the Agents shall reasonably request in connection with sales or solicitations of offers to purchase the Bank Notes.

(c) Revisions of Offering Circular -- Material Changes. Except as otherwise provided in Subsection (d) of this Section 4, if any event shall occur or condition exist as a result of which it is necessary, in the reasonable opinion of counsel for the Agents or counsel for the Bank, to amend or supplement the Offering Circular in order that the Offering Circular will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, immediate notice shall be given, and confirmed in writing, to the Agents to cease the solicitation of offers to purchase the Bank Notes in their capacity as agents and to cease sales of the Bank Notes the Agents may then own as principal, and the Bank will promptly prepare such amendment or supplement as may be necessary to correct such untrue statement or omission. The Agents shall, at such time as the Bank shall have furnished to the Agents an amended or supplemented Offering Circular in form satisfactory to the Agents and their counsel, resume solicitation of offers to purchase Bank Notes using the Offering Circular so amended and supplemented. The Bank agrees to update the Offering Circular no less than annually within 120 days after its fiscal year-end.

(d) Suspension of Certain Obligations. The Bank shall not be required to comply with the provisions of subsection (c) of this Section 4 during any period from the later of the time (i) the Agents shall have suspended solicitation of purchases of the Bank Notes in their capacity as agents pursuant to a request from the Bank and (ii) no Agent shall then hold any Bank Notes purchased as principal pursuant hereto, until the time the Bank shall determine that solicitation of purchases of the Bank Notes should be resumed or the Agent shall subsequently purchase Bank Notes from the Bank as principal.

(e) Regulatory Reports. The Bank shall provide the Agents with copies of the publicly available portion of any reports required to be filed by the Bank or the Parent with any United

States or state supervisory or regulatory authority as promptly as reasonably practicable after such reports become publicly available.

(f) Preparation of Pricing Supplements. The Bank will prepare, with respect to the Bank Notes to be sold through or to the Agents pursuant to this Agreement, a pricing supplement with respect to the Bank Notes in a form previously approved by the Agents.

(g) Blue Sky Qualifications. The Bank will endeavor, in cooperation with the Agents, to qualify the Bank Notes for offering and sale under the applicable securities laws of such states and other jurisdictions of the United States as the Agents may designate, and will maintain such qualifications in effect for as long as may be required for the distribution of the Bank Notes; provided, however, that the Bank shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified. The Bank will file such statements and reports as may be required by the laws of each jurisdiction in which the Bank Notes have been qualified as above provided. The Bank will promptly advise the Agents of the receipt by the Bank of any notification with respect to the suspension of the qualification of the Bank Notes for sale in any such state or jurisdiction or the initiating or threatening of any proceeding for such purpose.

(h) Stand-Off Agreement. In connection with a purchase by an Agent of Bank Notes as principal, between the date of the agreement to purchase such Bank Notes and the Settlement Date with respect to such purchase, the Bank will not, without the prior consent of the Agent who is party to such agreement, offer or sell in the United States, or enter into any agreement to sell in the United States, any debt securities or deposit obligations of the Bank (other than the Bank Notes that are to be sold pursuant to such agreement and deposit and other bank obligations issued and sold directly by the Bank in the ordinary course of its business).

#### SECTION 5. Payment of Expenses.

Whether or not the transactions contemplated hereunder are consummated or this Agreement or any agreement by an Agent to purchase Bank Notes as principal is terminated, the Bank will pay all expenses incident to the performance of the Bank's obligations under this Agreement including: (a) the preparation, printing and delivery of the Offering Circular and all amendments and supplements thereto; (b) the preparation of this Agreement; (c) the preparation, issuance and delivery of the Bank Notes, including fees and expenses related to the use of book-entry notes; (d) the fees and disbursements of the Bank's counsel, of the Issuing and Paying Agent and of any calculation agents or

exchange rate agents; (e) the reasonable fees and disbursements of counsel to the Agents incurred in connection with the establishment of the program relating to the Bank Notes and incurred from time to time in connection with the transactions contemplated thereby; (f) any fees charged by rating agencies for rating of the Bank Notes; (g) any advertising and other out-of-pocket expenses of the Agents incurred with the approval of the Bank; (h) the qualification of the Bank Notes under state securities laws in accordance with the provisions of Section 4(g) hereof, including the filing fees and the reasonable fees and disbursements of counsel for the Agents in connection therewith and in connection with the preparation of any Blue Sky Survey and any Legal Investment Survey; and (i) the cost of preparing and providing any CUSIP or other identification numbers for the Bank Notes.

#### SECTION 6. Conditions of Agents' Obligations.

The obligations of the Agents to solicit offers to purchase the Bank Notes as agents of the Bank, the obligations of any purchasers of Bank Notes sold through an Agent as agent, and any obligation of an Agent to purchase Bank Notes pursuant to any agreement by such Agent to purchase Bank Notes as principal (or otherwise), will be subject at all times to the accuracy in all material respects of the representations and warranties on the part of the Bank herein and to the accuracy in all material respects of the statements of the Bank's and the Parent's officers made in any certificate furnished pursuant to the provisions hereof, to the performance and observance in all material respects by the Bank of all covenants and agreements herein contained and to the following additional conditions precedent:

(a) Legal Opinions. On the date hereof, the Agents shall have received the following legal opinions, dated as of the date hereof and in form and substance satisfactory to the Agents:

(i) Opinions of Counsel to the Bank and the Parent. The opinion of John G. Finneran, Jr., Counsel to the Bank and the Parent, substantially in the form of Exhibit C.

(ii) Opinion of Counsel to the Agents. The opinion of Brown & Wood, counsel to the Agents, covering such matters as they may request.

(b) Officers' Certificates. On the date hereof and, if requested by an Agent pursuant to Section 8(b) hereof, on each Settlement Date, the Agents shall have received a certificate of (i) the President, Senior Vice President or Vice President, and the Chief Financial or Chief Accounting Officer of the Bank satisfactory to the Agents, substantially in the form of Exhibit D hereto and (ii) the President or Vice President, and the Chief

Financial Officer, Chief Accounting Officer or Treasurer of the Parent satisfactory to the Agents, substantially in the form of Exhibit E hereto, each dated the date hereof or the Settlement Date, as the case may be.

(c) Representations Certificate. On the date hereof, the Agents shall have received a certificate of the Parent, substantially in the form of Exhibit F hereto.

(d) Accountants' Letter. On the date hereof, the Agents shall have received a letter from Ernst & Young LLP, dated as of the date hereof and in form and substance satisfactory to the Agents.

(e) Other Documents. On the date hereof and on each Settlement Date, counsel to the Agents shall have been furnished with such documents and opinions as such counsel may reasonably request for the purpose of enabling such counsel to pass upon the issuance and sale of the Bank Notes as herein contemplated and related proceedings, or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Bank in connection with the issuance and sale of Bank Notes as herein contemplated shall be satisfactory in form and substance to the Agents and to counsel to the Agents.

If any condition specified in this Section 6 shall not have been fulfilled when and as required to be fulfilled, this Agreement (or, at the option of the Agent, any applicable agreement by such Agent to purchase Bank Notes as principal) may be terminated by the Agents by notice to the Bank at any time at or prior to the Closing Time and any such termination shall be without liability of any party to any other party, except that the provisions of Section 5 hereof, the indemnity and contribution agreement set forth in Sections 9 and 10 hereof, and the provisions of Sections 11, 14 and 15 hereof shall remain in effect.

SECTION 7. Delivery of and Payment for Bank Notes Sold through an Agent.

Delivery of Bank Notes sold through an Agent as agent shall be made by the Bank to such Agent for the account of any purchaser only against payment therefor in immediately available funds. In the event that a purchaser shall fail either to accept delivery of or to make payment for a Bank Note on the date fixed for settlement, the Agent shall promptly notify the Bank and deliver the Bank Note to the Bank, and, if the Agent has theretofore paid the Bank for the Bank Note, the Bank will promptly return such funds to the Agent. If such failure shall have occurred for any reason other than default by the applicable Agent to perform its obligations hereunder, the Bank will

reimburse such Agent on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Bank.

SECTION 8. Additional Covenants of the Bank.

The Bank covenants and agrees with each Agent that:

(a) Reaffirmation of Representations and Warranties. Each acceptance by the Bank of an offer for the purchase of Bank Notes (whether to an Agent as principal or through the Agent as agent), and each delivery of Bank Notes to the Agents, shall be deemed to be an affirmation that the representations and warranties of the Bank contained in this Agreement and in any certificate theretofore delivered to the Agents pursuant hereto are true and correct in all material respects at the time of such acceptance or sale, as the case may be, and an undertaking that such representations and warranties will be true and correct in all material respects at the time of delivery to the purchaser or his agent, or to the applicable Agent, of the Bank Note or Bank Notes relating to such acceptance or sale, as the case may be, as though made at and as of each such time (and it is understood that such representations and warranties shall relate to the Offering Circular as amended and supplemented to each such time, including any amendment resulting from the incorporation by reference of documents filed by the Bank or the Parent).

(b) Subsequent Delivery of Certificates. Each time that (i) the Offering Circular shall be amended or supplemented (other than by an amendment or supplement providing solely for a change in the interest rates or other variable terms of Bank Notes), (ii) there is filed with the Commission or any bank regulatory agency any document incorporated by reference into the Offering Circular, (iii) (if required in connection with the purchase of Bank Notes by an Agent as principal) the Bank sells Bank Notes to such Agent as principal or (iv) the Bank issues and sells Bank Notes in a form not previously certified to the Agents by the Bank, the Bank shall furnish or cause to be furnished forthwith to the Agents certificates from the Bank and the Parent dated the date of such amendment or supplement, the date of such filing, or the Settlement Date, as the case may be, to the effect that the statements contained in the certificates which were last furnished to the Agents by the Bank and the Parent pursuant to Section 6(b) hereof are true and correct in all material respects at the time of such amendment, supplement or sale, as the case may be, as though made at and as of such time (except that such statements shall be deemed to relate to the Offering Circular as amended and supplemented to such time, including any amendment resulting from incorporation by reference of documents filed by the Bank and the Parent) or, in lieu of such certificates, certificates of the same form as the certificates referred to in said Section 6(b), modified as necessary to relate to the

Offering Circular as amended and supplemented to the time of delivery of such certificates.

(c) Subsequent Delivery of Legal Opinions. Each time that (i) the Offering Circular shall be amended or supplemented with respect to the Bank Notes (other than by an amendment or supplement (x) providing solely for a change in interest rates or other variable terms of the Bank Notes or similar changes, or (y) setting forth financial statements or other information as of and for a fiscal period (unless, in the reasonable judgment of the Agents, an opinion of counsel should be furnished in light of such an amendment)), (ii) there is filed with the Commission any document incorporated by reference into the Offering Circular, (iii) (if required in connection with the purchase of Bank Notes by an Agent as principal) the Bank sells Bank Notes to such agent as principal or (iv) the Bank issues and sells Bank Notes in a form not previously certified to the Agents by the Bank, the Bank shall furnish or cause to be furnished forthwith to the Agents and the Agents' counsel a letter from each counsel last furnishing an opinion referred to in Section 6(a)(i) hereof (or such other counsel as may be acceptable to the Agents) to the effect that the Agents may rely on such last opinion to the same extent as though it were dated the date of such letter authorizing reliance (except that statements in such last opinion shall be deemed to relate to the Offering Circular as amended and supplemented to the time of delivery of such letter authorizing reliance) or in lieu of such letter, each such counsel (or such other counsel as may be acceptable to the Agents) may deliver a letter in the same form as its letter referred to in Section 6(a)(i) but modified, as necessary to relate to the Offering Circular as amended and supplemented to the time of delivery of such letter.

(d) Subsequent Delivery of Accountants' Letters. Each time that (i) the Offering Circular shall be amended or supplemented with respect to the Bank Notes (other than by an amendment or supplement (x) providing solely for a change in interest rates or other variable terms of the Bank Notes, or (y) setting forth financial statements or other information as of and for a fiscal period (unless, in the reasonable judgment of the Agents, an opinion of counsel should be furnished in light of such an amendment)), (ii) (if required by an Agent) there is filed with the Commission any document incorporated by reference into the Offering Circular, (iii) (if required in connection with the purchase of Bank Notes by an Agent as principal) the Bank sells Bank Notes to such agent as principal or (iv) (if required by an Agent) the Bank issues and sells Bank Notes in a form not previously certified to the Agents by the Bank, the Bank shall furnish or cause to be furnished forthwith to the Agents and the Agents' counsel a letter from Ernst & Young LLP reaffirming the statements made in its letter delivered pursuant to Section 6(d), or in lieu of such letter, Ernst & Young LLP may deliver a letter in the same form as its letter referred to in Section 6(d) but

modified as necessary to relate to the Offering Circular as amended and supplemented to the time of delivery of such letter.

SECTION 9. Indemnification.

(a) Indemnification of Agents. The Bank agrees to indemnify and hold harmless each Agent and each person, if any, who controls each Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Offering Circular (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Bank;

(iii) against any and all expense whatsoever (including the reasonable fees and disbursements of counsel chosen by the Agents), as reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above; and

(iv) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of the breach by the Bank of any agreement or representation made or deemed to be made pursuant to this Agreement.

(b) Indemnification of Bank. Each Agent agrees, severally and not jointly, to indemnify and hold harmless the Bank and each person, if any, who controls the Bank within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Offering Circular (or any amendment or supplement thereto) in

reliance upon and in conformity with written information furnished to the Bank by such Agent expressly for use in the Offering Circular (or any amendment or supplement thereto).

(c) General. Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action. In no event shall the indemnifying parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

#### SECTION 10. Contribution.

In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 9 hereof is for any reason held to be unavailable to or insufficient to hold harmless the indemnified parties although applicable in accordance with its terms, the Bank, on the one hand, and the Agents, on the other hand, shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement incurred by the Bank, on the one hand, and the Agents, on the other hand, as incurred, in such proportions that each Agent is responsible for that portion represented by the percentage that the total commissions and underwriting discounts received by such Agent to the date of such liability bears to the total sales price received by the Bank from the sale of Bank Notes to the date of such liability, and the Bank is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls the Agents within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Agents, and each person, if any, who controls the Bank within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Bank. The obligations of each of the Agents and the Bank under this Section to contribute are several in proportion to the respective purchases or sales made by or through it to which such loss, claim, damage or liability (or action in respect thereof) relates and are not joint.

SECTION 11. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements contained in this Agreement or contained in certificates of officers of the Bank pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Agents or any controlling person of an Agent, or by or on behalf of the Bank, and shall survive each delivery of and payment for any of the Bank Notes.

SECTION 12. Termination.

(a) Termination of this Agreement. This Agreement (excluding any agreement hereunder by an Agent to purchase Bank Notes as principal) may be terminated for any reason, at any time by either the Bank or any of the Agents as to itself, immediately upon the giving of 30 days written notice of such termination to the other party hereto in accordance with the provisions of Section 13 hereof.

(b) Termination of an Agreement to Purchase Bank Notes as Principal. An Agent may terminate an agreement hereunder by such Agent to purchase Bank Notes as principal, immediately upon notice to the Bank, at any time prior to the Settlement Date relating thereto (i) if there has been, since the date of such agreement or since the respective dates as of which information is given in the Offering Circular, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank and its subsidiaries, or of the Parent and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there shall have occurred any material adverse change in the financial markets in the United States or any outbreak or escalation of hostilities or other national or international calamity or crisis the effect of which is such as to make it, in the judgment of such Agent, impracticable to market the Bank Notes or enforce contracts for the sale of the Bank Notes, or (iii) if trading in any securities of the Bank or the Parent shall have been suspended by the Commission or a national securities exchange, or if trading generally on either the American Stock Exchange, the New York Stock Exchange or the Chicago Board of Trade shall have been suspended, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, by either of said exchanges or by order of the Commission or any other governmental authority, or if a banking moratorium shall have been declared by either federal, New York State or the Commonwealth of Virginia authorities, as the case may be, or (iv) if the rating assigned by any nationally recognized securities rating agency to any debt securities of the Bank as of the date of any agreement by an Agent to purchase the

Bank Notes as principal shall have been lowered since that date or if any such rating agency shall have publicly announced that it has placed under surveillance or review, other than with positive implications, its rating of any debt securities or deposits of the Bank, or (v) if there shall have come to such Agent's attention any facts that would cause such Agent to believe that the Offering Circular or any amendments thereto or supplements thereof, at the time it was required to be delivered to a purchaser of Bank Notes, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time of such delivery, not misleading.

(c) General.

In the event of any such termination, none of the parties will have any liability to the other parties hereto, except that (i) the Agents shall be entitled to any commissions earned in accordance with the third paragraph of Section 3(b) hereof, (ii) if at the time of termination (a) an Agent shall own any Bank Notes purchased with the intention of reselling them or (b) an offer to purchase any of the Bank Notes has been accepted by the Bank but the time of delivery to the purchaser or his agent of the Bank Note or Bank Notes relating thereto has not occurred, the covenants set forth in Sections 4 and 8 hereof shall remain in effect until such Bank Notes are so resold or delivered, as the case may be, and (iii) the provisions of Section 5 hereof, the indemnity and contribution agreements set forth in Sections 9 and 10 hereof, and the provisions of Section 11, 14 and 15 hereof shall remain in effect.

SECTION 13. Notices.

Unless otherwise provided herein, all notices required under the terms and provisions hereof shall be in writing, either delivered by hand, by mail or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified below.

If to the Bank:

Capital One Bank  
2980 Fairview Park Drive  
Falls Church, Virginia 22042-4525  
Attention: Treasurer  
Facsimile Number: (703) 205-1093

If to the Parent:

Capital One Financial Corporation  
2980 Fairview Park Drive  
Falls Church, Virginia 22042-4525  
Attention: Chief Financial Officer  
Facsimile Number: (703) 205-1093

If to Merrill, Lynch & Co.:

Merrill Lynch & Co.  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
North Tower, 10th Floor  
World Financial Center  
New York, New York 10281-1310  
Attention: Product Management-Bank Notes  
Facsimile Number: (212) 449-2234

If to CS First Boston Corporation:

CS First Boston Corporation  
55 East 52nd Street  
New York, New York 10055  
Attention: Short and Medium-Term Finance Department  
Facsimile Number: (212) 318-1498

If to Donaldson, Lufkin & Jenrette Securities:

Donaldson, Lufkin & Jenrette  
Securities Corporation  
140 Broadway, 40th Floor  
New York, New York 10005  
Attention: Roger Thomson  
Facsimile Number: (212) 504-8244

If to Goldman, Sachs & Co.:

Goldman, Sachs & Co.  
85 Broad Street  
New York, New York 10004  
Attention: Medium-Term Note Desk  
Facsimile Number: (212) 902-0658

If to J.P. Morgan Securities Inc.:

J.P. Morgan Securities Inc.  
60 Wall Street  
New York, New York 10260  
Attention: Medium-Term Note Desk

Facsimile Number: (212) 648-5909

If to Lehman Brothers Inc.:

Lehman Brothers  
Lehman Brothers Inc.  
3 World Financial Center, 12th Floor  
New York, New York 10285-1200  
Attention: Medium-Term Note Department  
Facsimile Number: (212) 528-1718

If to Salomon Brothers Inc:

Salomon Brothers Inc  
7 World Trade Center, 31st Floor  
New York, New York 10048  
Attention: Medium-Term Note Department  
Facsimile Number: (212) 783-2274

If to Smith Barney Inc.:

Smith Barney Inc.  
390 Greenwich Street  
New York, New York 10013  
Attention: Continuously Offered Products Group  
Facsimile Number: (212) 723-8854

or at such other address as such party may designate from time to time by notice duly given in accordance with the terms of this Section 13.

#### SECTION 14. Parties.

This Agreement shall inure to the benefit of and be binding upon the Agents, the Bank and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons and officers and directors referred to in Sections 9 and 10 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein or therein contained. This Agreement and all conditions and provisions hereof and thereof are intended to be for the sole and exclusive benefit of the parties hereto and respective successors and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or

corporation. No purchaser of Bank Notes shall be deemed to be a successor by reason merely of such purchase.

SECTION 15. Governing Law.

This Agreement and all the rights and obligations of the parties shall be governed by and construed in accordance with the laws of New York applicable to agreements made and to be performed in such state. Any suit, action or proceeding brought by the Bank or the Parent in connection with or arising under this Agreement shall be brought solely in the state or federal court of appropriate jurisdiction located in the Borough of Manhattan, The City of New York.

SECTION 16. Counterparts.

This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with the your understanding of our agreement, please sign and return to the Bank a counterpart hereof, whereupon this instrument along with all counterparts will become a binding agreement between each of the Agents and the Bank in accordance with its terms.

Very truly yours,

CAPITAL ONE BANK

By: /s/ DAVID M. WILLEY

-----

Name: David M. Willey  
Title: Vice President  
Cashier, Treasurer  
and Assistant Secretary

CONFIRMED AND ACCEPTED,  
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By: /s/ MARION NEUSTADTER

-----

Name:  
Title:

CS FIRST BOSTON CORPORATION

By: /s/ MARTHA D. BAILEY

-----  
Name: Martha D. Bailey  
Title: Vice President

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION

By: [sig]

-----  
Name:  
Title:

GOLDMAN, SACHS & CO.

By: /s/ GOLDMAN, SACHS & CO.

-----  
Name:  
Title:

J.P. MORGAN SECURITIES INC.

By: /s/ GEOFFREY B. FITZGERALD

-----  
Name:  
Title:

LEHMAN BROTHERS INC.

By: [sig]

-----  
Name:  
Title:

SALOMON BROTHERS INC

By: [sig]

-----  
Name:  
Title:

SMITH BARNEY INC.

By: [sig]

-----  
Name:  
Title:

The following terms, if applicable, shall be agreed to by the Agent and the Bank in connection with each sale of Bank Notes to the Agent as principal:

Principal Amount: \$\_\_\_\_\_

Choose One:

- / / Short-Term Senior Bank Note
- / / Medium-Term Senior Bank Note
- / / Subordinated Bank Note

Interest Rate:

If Fixed Rate Note:

Interest Rate:  
Record Date(s):  
Interest Payment Date(s):

If Floating Rate Note:

Interest Rate Basis:  
Initial Interest Rate:  
Spread or Spread Multiplier, if any:  
Interest Rate Reset Month(s):  
Interest Reset Date(s):  
Interest Payment Date(s):  
Index Maturity:  
Maximum Interest Rate, if any:  
Minimum Interest Rate, if any:  
Interest Reset Period:  
Interest Payment Period:  
Calculation Agent:

If Redeemable:

Initial Redemption Date:  
Additional Redemption Dates:  
Initial Redemption Percentage:  
Annual Redemption Percentage Reduction:

If Repayable:

Optional Repayment Date(s):

Date of Maturity:  
Purchase Price: \_\_\_\_\_%

Settlement Date and Time:  
Additional Terms:

Also, in connection with the purchase of Bank Notes by the Agent as principal, agreement as to whether the following will be required:

- (a) Officers' Certificates pursuant to Section 8(b) of the Distribution Agreement.
- (b) Legal Opinion pursuant to Section 8(c) of the Distribution Agreement.
- (c) Accountants' Letter pursuant to Section 8(d) of the Distribution Agreement.

As compensation for the services of the Agents hereunder, the Bank shall pay the applicable Agent, on a discount basis, a commission for the sale of each Bank Note equal to the principal amount of the Bank Note multiplied by the appropriate percentage set forth below:

| MATURITY RANGES<br>-----                 | PERCENT OF<br>PRINCIPAL AMOUNT<br>----- |
|--|---|
| From 30 days to less than 9 months.....  | .050%                                   |
| From 9 months to less than 1 year.....   | .125                                    |
| From 1 year to less than 18 months.....  | .150                                    |
| From 18 months to less than 2 years..... | .200                                    |
| From 2 years to less than 3 years.....   | .250                                    |
| From 3 years to less than 4 years.....   | .350                                    |
| From 4 years to less than 5 years.....   | .450                                    |
| From 5 years to less than 6 years.....   | .500                                    |
| From 6 years to less than 7 years.....   | .550                                    |
| From 7 years to less than 10 years.....  | .600                                    |
| From 10 years to less than 15 years..... | .625                                    |
| From 15 years to less than 20 years..... | .700                                    |
| From 20 years to 30 years.....           | .750                                    |

April 30, 1996

MERRILL LYNCH & CO.  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
CS FIRST BOSTON CORPORATION  
DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
GOLDMAN, SACHS & CO.  
J.P. MORGAN SECURITIES INC.  
LEHMAN BROTHERS  
LEHMAN BROTHERS INC.  
SALOMON BROTHERS INC  
SMITH BARNEY INC.

c/o Merrill Lynch & Co.  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
World Financial Center  
North Tower  
New York, New York 10281

Ladies and Gentlemen:

I have acted as counsel for Capital One Bank (the "Bank") and Capital One Financial Corporation (the "Parent"), in connection with the execution today (i) by you and the Bank of the Amended and Restated Distribution Agreement (the "Distribution Agreement"), (ii) by the Parent of the Representations Certificate pursuant to Section 6(c) of the Distribution Agreement (the "Representations Certificate"), and (iii) by the Bank and Chemical Bank (the "Issuing and Paying Agent") of the Amended and Restated Issuing and Paying Agency Agreement (the "IPA Agreement") and the Amended and Restated Interest Calculation Agreement (the "Interest Calculation Agreement") and (iv) by the Bank and the Issuing and Paying Agent and The Depository Trust Company of the Short-Term and Medium-Term Letters of Representations (the "Letters of Representations"), all of which are dated April 30, 1996, relating to the issuance and sale by the Bank of its Senior Bank Notes due from 30 days to 30 years from the date of issue (the "Senior Bank Notes") and Subordinated Bank Notes due from five years to 30 years from the date of issue (the "Subordinated Bank Notes," and together with the Senior Bank Notes, the "Bank

Notes"). This opinion letter is furnished pursuant to Section 6(a)(i) of the Distribution Agreement. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Distribution Agreement.

In arriving at the opinions expressed below, I have examined and relied on the following documents:

- (a) an executed copy of the Distribution Agreement, the Representations Certificate, the IPA Agreement and the Interest Calculation Agreement;
- (b) the Offering Circular;
- (c) specimens of the Bank Notes; and
- (d) the documents delivered to you by the Bank and the Parent at the closing pursuant to the Distribution Agreement.

In addition, I have examined and relied on the originals or copies certified or otherwise identified to my satisfaction of all such corporate records of the Bank and the Parent and such other instruments and other certificates of public officials, officers and representatives of the Bank and the Parent and such other persons, and I have made such investigations of law, as I have deemed appropriate as a basis for the opinions expressed below. In rendering the opinions expressed below, I have assumed and have not verified that the signatures on all documents that I have examined are genuine, that all copies of documents that I have examined conform to the originals thereof, and that the Bank Notes conform to the specimen thereof that I have examined.

Based on the foregoing, it is my opinion that:

1. The Bank is a banking corporation validly existing and in good standing under the laws of the Commonwealth of Virginia. The Parent is a corporation validly existing and in good standing under the laws of the State of Delaware and is qualified to do business as a foreign corporation in the Commonwealth of Virginia. The Bank is a wholly-owned subsidiary of the Parent, which has securities registered under the Securities Exchange Act of 1934, as amended.

2. The Distribution Agreement, the IPA Agreement, the Interest Calculation Agreement and the Letters of Representations have been duly authorized, executed and delivered by the Bank and, assuming due authorization, execution and delivery by all parties thereto other than the Bank, are legal, valid, binding and enforceable agreements of the Bank, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership, and similar laws of general applicability relating to, or affecting, creditors' rights and subject, as to enforceability, to general principles of

equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and subject, as to any indemnification or contribution obligation, to public policies which might affect such obligations.

3. The Representations Certificate has been duly authorized, executed and delivered by a duly authorized officer of the Parent and, assuming due authorization, execution and delivery of the Distribution Agreement, the IPA Agreement and the Interest Calculation Agreement by all parties thereto other than the Bank, is a legal, valid, binding and enforceable agreement of the Parent, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership and similar laws of general applicability relating to, or affecting, creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and subject, as to any indemnification or contribution obligation, to public policies which might affect such obligations.

4. The Bank Notes have been duly authorized for issuance and sale pursuant to the Distribution Agreement and, when issued and authenticated against payment of the consideration therefor, the Bank Notes will be legal, valid, binding and enforceable obligations of the Bank, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership, and similar laws of general applicability relating to, or affecting creditors rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

5. The execution, issuance and delivery by the Bank of the Bank Notes, the execution, delivery and performance by the Bank of the Distribution Agreement, the IPA Agreement, the Interest Calculation Agreement, the Letters of Representation and any agreement by an agent party to the Distribution Agreement to purchase the Bank Notes as principal, and the execution, delivery and performance by the Parent of the Representations Certificate, do not violate any law, rule, regulation, order, judgment or decree applicable to the Parent and its subsidiaries or the Bank and its subsidiaries, if any, or violate any provision of each of the Bank's or the Parent's Charter, Bylaws, or Articles of Incorporation or Articles of Association, as the case may be, or conflict with or result in a material breach of or constitute a material default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Parent and

its subsidiaries or the Bank and its subsidiaries, if any, pursuant to any contract, indenture, mortgage, loan agreement, note, lease or other instrument known to me to which the Parent or any of its subsidiaries or the Bank and its subsidiaries if any, or the property of any of them, is bound or subject.

6. The Bank Notes are exempt from registration under Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act"), and neither registration of the Bank Notes under the 1933 Act, nor qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the offer, sale, issuance or delivery of the Bank Notes pursuant to the Distribution Agreement or any applicable agreement by an agent party to the Distribution Agreement to purchase the Bank Notes as principal.

7. The Bank is not required to register under the provisions of the Investment Company Act of 1940, as amended (the "Investment Company Act").

8. No consent, approval or authorization of or filing with any Federal or Virginia governmental body or agency is required for the performance by the Bank of its obligations under the Distribution Agreement, the IPA Agreement, the Interest Calculation Agreement and any applicable agreement by an agent party to the Distribution Agreement to purchase the Bank Notes as principal or the Bank Notes, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Bank Notes.

9. The Bank Notes conform in all material respects to the description thereof contained in the Offering Circular under the caption "Description of Notes."

10. The Senior Bank Notes are unsecured and unsubordinated debt obligations of the Bank, and rank pari passu with all other unsecured and unsubordinated debt obligations of the Bank except, (A) pursuant to Section 11(d)(11) of the Federal Deposit Insurance Act, the Bank's unsecured deposit obligations and (B) pursuant to Section 6.1 - 110.9 of the Code of Virginia, the Bank's deposit obligations. The Subordinated Notes are unsecured and subordinated debt obligations of the Bank, rank pari passu among themselves, and are subordinate and junior in right of payment to the Bank's obligations to the depositors and general creditors, other than obligations which, by their express terms, rank on a parity with or junior to such Subordinated Bank Notes. Upon issuance, the Subordinated

Bank Notes will qualify as Tier 2 capital of the Bank (within the meaning of Appendix A to 12 C.F.R. Part 208).

11. Except as may be set forth in the Offering Circular, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to my knowledge, threatened against or affecting, the Parent or any of its subsidiaries or the Bank and its subsidiaries, if any, which if determined adversely to the Parent or any of its subsidiaries or the Bank and its subsidiaries, as the case may be, could reasonably be expected to result in any material adverse change in the financial condition, or in the earnings or business affairs of the Parent and its subsidiaries, taken as a whole, or the Bank and its subsidiaries, taken as a whole, or could reasonably be expected to materially and adversely affect the consummation of the Distribution Agreement, the IPA Agreement, the Interest Calculation Agreement or the Bank Notes or any transaction contemplated hereby or thereby.

Because the primary purpose of my role in the transaction was not to establish or confirm factual matters or financial, accounting or statistical matters and because of the wholly or partially non-legal character of many of the statements contained in the Offering Circular, I am not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Offering Circular and I make no representation that I have independently verified the accuracy, completeness or fairness of such statements. Without limiting the foregoing, I assume no responsibility for, and have not independently verified, the accuracy, completeness or fairness of the financial statements and schedules and other financial and statistical data included in the Offering Circular, and I have not examined the accounting, financial or statistical records from which such financial statements, schedules and data are derived. I note that, while certain portions of the Offering Circular (including financial statements and schedules) have been included therein on the authority of "experts" within the meaning of the Securities Act of 1933, as amended, I am not such an expert with respect to any portion of the Offering Circular, including without limitation such financial statements or schedules or the other financial or statistical data included therein.

However, in the course of my acting as counsel to the Bank in connection with its preparation of the Offering Circular and the offering of the Bank Notes, prior to the date of the Offering Circular, I participated in conferences and in telephone conversations with representatives of the Bank, Ernst & Young, accountants for the Bank, your representatives and your counsel,

during which conferences and conversations the contents of the Offering Circular and related matters were discussed. In addition, I reviewed certain corporate documents furnished to me by the Bank or otherwise in my possession, including the minutes of the stockholders and the Board of Directors of the Bank, which minutes are all such minutes with respect to the Bank since the date of its incorporation.

Based on my participation in the above-mentioned conferences and conversations, my review of the documents described above, my understanding of applicable law and the experience I have gained in my practice thereunder, I advise you that no information has come to my attention that causes me to believe that the Offering Circular (other than the financial statements and schedules and other financial and statistical data included therein and the information included therein in the last paragraph of the cover page of the offering circular and under the caption "Certain United States Federal Income Tax Considerations" and "Plan of Distribution", as to which I express no view) as of the date thereof or hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

For purposes of the opinion contained in paragraph 11 above, I have not regarded any action, suit or proceeding to be "threatened" unless the potential litigant or governmental authority has manifested to the management of the Bank or the Parent or to me a present intention to initiate such action, suit or proceeding.

I express no opinion other than as to the federal law of the United States of America, the law of the Commonwealth of Virginia and the general corporation law of the State of Delaware.

I am furnishing this opinion letter to you solely for your benefit. This opinion letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that Brown & Wood may rely upon this opinion letter to the same extent as if it were addressed to it for purposes of rendering its opinion to you on the date hereof.

Very truly yours,

## [THE BANK]

## OFFICERS' CERTIFICATE

We, [Officers' Names], [Officers' Titles], respectively, of Capital One Bank, a banking association duly organized and validly existing in good standing under the laws of the Commonwealth of Virginia (the "Bank"), pursuant to Section 6(b)(i) of the Amended and Restated Distribution Agreement, dated April 30, 1996 (the "Distribution Agreement"), among each of the Bank, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, CS First Boston Corporation, Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliate Lehman Commercial Paper Inc.), Salomon Brothers Inc and Smith Barney Inc., hereby certify that:

(i) Since [ ], 1996, there has been no material adverse change in the condition, financial or otherwise, of the Bank and its subsidiaries considered as one enterprise, or in the business affairs, earnings or business prospects of the Bank and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business other than as set forth or contemplated in the Offering Circular, dated April 30, 1996, as amended or supplemented to the date hereof, relating to the Bank's Bank Notes;

(ii) The other representations and warranties of the Bank contained in Section 2 of the Distribution Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of the date hereof; and

(iii) The Bank has performed or complied with the Distribution Agreement and with all agreements and documentation executed in connection therewith and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the date hereof.

IN WITNESS WHEREOF, we have hereunto signed our names and affixed the seal of the Bank this 30, day of April, 1996.

By: \_\_\_\_\_  
 Name:  
 Title:

[SEAL]

By: \_\_\_\_\_  
 Name:  
 Title:

[PARENT]

Officers' Certificate

We, [Officers' Names], [Officers' Titles], respectively, of Capital One Financial Corporation, a corporation organized under the laws of the State of Delaware (the "Parent"), pursuant to Section 6(b)(ii) of the Amended and Restated Distribution Agreement, dated April 30, 1996, (the "Distribution Agreement"), among each of Capital One Bank, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, CS First Boston Corporation, Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliate Lehman Commercial Paper Inc.), Salomon Brothers Inc and Smith Barney Inc. (collectively, the "Agents") hereby certify that:

1. Since [ ], 1996, there has been no material adverse change in the condition, financial or otherwise, of the Bank and its subsidiaries or the Parent and its subsidiaries, as the case may be, considered as one enterprise, or in the business affairs, earnings or business prospects of the Bank and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business other than as set forth or contemplated in the Offering Circular, dated April 30, 1996, as amended or supplemented to the date hereof, relating to the Banks' Bank Notes;

2. The representations and warranties of the Parent contained in the Representation Certificate dated April 30, 1996, furnished by the Parent to the Agents pursuant to Section 6(c) of the Distribution Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of the date hereof; and

3. The Parent has performed or complied in all material respects with the Distribution Agreement and with all agreements and documentation executed in connection therewith and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the date hereof.

IN WITNESS WHEREOF, we have hereunto signed our names and affixed the seal of the Parent the 30th day of April, 1996.

By: -----  
Name:  
Title:

[SEAL]

By: -----  
Name:  
Title:

## REPRESENTATIONS CERTIFICATE OF CAPITAL ONE FINANCIAL CORPORATION

To induce Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, CS First Boston Corporation, Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliate Lehman Commercial Paper Inc.), Salomon Brothers Inc and Smith Barney Inc. (each referred to as an "Agent" and collectively referred to as the "Agents") to enter into the Amended and Restated Distribution Agreement of even date herewith (the "Distribution Agreement") among each of Capital One Bank (the "Bank"), and the Agents and to induce Chemical Bank to enter into the Amended and Restated Issuing and Paying Agency Agreement (the "IPA Agreement") between the Bank and Chemical Bank with respect to the issue and sale by the Bank of its Bank Notes (the "Bank Notes"), the undersigned, [Officers' Names], [Officers' Titles in accordance with Section 6(c) of the Distribution Agreement] of Capital One Financial Corporation (the "Parent"), hereby represent and warrant on behalf of the Parent to each Agent and to Chemical Bank as of the date hereof, as of each time that there is filed with the Securities and Exchange Commission (the "Commission") any document relating to the Parent incorporated by reference in the Offering Circular, as of the date of each acceptance by the Bank of an offer for the purchase of Bank Notes (whether by an Agent as principal or through such Agent as agent), as of each applicable Settlement Date and as of each applicable Representation Date, as follows:

(i) Authorization to Incorporate by Reference. The Parent has authorized the Bank to incorporate by reference in the Offering Circular its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and each other document filed by the Corporation pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act") filed by the Parent with the Commission pursuant to the Exchange Act and the rules and regulations thereunder (the "Incorporated Documents").

(ii) Incorporated Documents. The Incorporated Documents, at the time they were or hereafter are filed with the applicable federal regulatory authorities, complied or when so filed will comply, as the case may be, in all material respects with the requirements of the 1934 Act and the rules and regulations promulgated thereunder or the rules and regulations otherwise applicable thereto, as the case may be, and, when read together with the other information in the

Offering Circular, did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(iii) Due Organization, Valid Existence and Good Standing. The Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is licensed, registered or qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such license, registration or qualification, except to the extent that the failure to be so licensed, registered or qualified or to be in good standing would not have a material adverse effect on the Parent and its subsidiaries taken as a whole.

(iv) No Material Adverse Change. Since the respective dates as of which information is given in the Offering Circular, there has not been any material adverse change, or any development which could be expected to result in a material adverse change, in the condition, financial or otherwise, or in the business affairs, earnings or business prospects of the Bank and its subsidiaries, considered as one enterprise, or the Parent and its subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular.

In addition, to induce the Agents to enter into the Distribution Agreement, the Parent agrees to indemnify and hold harmless each Agent and each person, if any, who controls each Agent within the meaning of Section 15 of the Securities Act of 1933, as amended (the "1933 Act") or Section 20 of the 1934 Act (each, a "Controlling Person") to the same extent and upon the same terms that the Bank agree to indemnify and hold harmless each Agent and each such Controlling Person in Section 9(a) of the Distribution Agreement and each such person and to contribute to the payment of any losses, liabilities, claims, damages or expenses incurred by each Agent or each such Controlling Person to the same extent and upon the same terms that the Bank agrees to contribute in Section 10 of the Distribution Agreement.

All representations and warranties contained in this certificate shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Agents or any Controlling Person of the Agents, or by or on behalf of the Parent and shall survive each delivery of and payment for any of the Bank Notes.

All terms used herein but not otherwise defined shall have the meanings assigned to such terms in the Distribution Agreement.

IN WITNESS WHEREOF, I have hereunto signed my name on behalf of the Parent  
this 30th day of April, 1996.

By:

-----

Name:

Title:

ADMINISTRATIVE PROCEDURES

G-1

AMENDED AND RESTATED ADMINISTRATIVE PROCEDURES  
FOR FIXED RATE AND FLOATING RATE BANK NOTES  
With maturities from 30 days to 30 years  
(Dated as of April 30, 1996)

Short-Term Senior Bank Notes ("Short-Term Senior Notes"), Medium-Term Senior Bank Notes ("Medium-Term Senior Notes," and together with the Short-Term Senior Notes, the "Senior Notes") and Subordinated Bank Notes (the "Subordinated Notes," and together with the Senior Notes, the "Notes") are to be offered on a continuous basis for sale by Capital One Bank (the "Bank") through each of Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, CS First Boston Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliates Lehman Commercial Paper Inc. and Lehman Government Securities Inc.), Salomon Brothers Inc and Smith Barney Inc. who, as agents (each, an "Agent" and, collectively, the "Agents"), will utilize its reasonable efforts on an agency basis to solicit offers to purchase the Notes at 100% of the principal amount thereof. If agreed to by the Bank and the applicable Agent, such Agent will purchase the Notes, as principal from the Bank for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by the applicable Agent or, if so specified in the applicable Pricing Supplement, for resale at a fixed public offering price. Only those provisions in these Administrative Procedures that are applicable to the particular role that an Agent will perform shall apply.

The Notes are being sold pursuant to a distribution agreement (the "Distribution Agreement"), dated April 30, 1996, between the Bank and the Agents. The Distribution Agreement provides both for the sale of Notes by the Bank to the Agents as principal for resale to investors and other purchasers and for the sale of Notes by the Bank through the Agents as agents and not as principal in which case the Agents will act as agents of the Bank in soliciting Note purchases. The Notes will be issued pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement"), dated as of April 30, 1996, between the Bank and Chemical Bank as issuing and paying agent (the "Issuing and Paying Agent"). As used herein, the term "Offering Circular" refers to the most recent offering circular, as such document may be amended or supplemented, which has been prepared by the Bank for use by the Agents in connection with the offering of the Notes.

The Notes will be issued in book-entry form (each beneficial interest in a global Note, a "Book-Entry Note" and collectively,

the "Book-Entry Notes") and represented by one or more fully registered global Notes (each, a "Global Note" and collectively, the "Global Notes") delivered to the Issuing and Paying Agent, as agent for The Depository Trust Company, as depository ("DTC," which term includes any successor thereof), and recorded in the book-entry system maintained by DTC. Book-Entry Notes represented by a Global Note are exchangeable for definitive Notes in registered form, of like tenor and of an equal aggregate principal amount, by the owners of such Book-Entry Notes only upon certain limited circumstances described in the Offering Circular and the applicable Global Note.

In connection with the qualification of Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Issuing and Paying Agent will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under the Letters of Representations from the Bank and the Issuing and Paying Agent to DTC, dated April 30, 1996, and a Certificate Agreement, dated December 2, 1988, between the Issuing and Paying Agent and DTC (the "Certificate Agreement"), and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System ("SFDS").

Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Notes.

Date of Issuance/  
Authentication:

Each Note will be dated as of the date of its authentication by the Issuing and Paying Agent. Each Note shall also bear an original issue date (the "Original Issue Date") which shall be the settlement date for such Note. The Original Issue Date shall remain the same for all Notes subsequently issued upon transfer, exchange or substitution of an original Note regardless of their dates of authentication.

Maturities:

Each Short-Term Senior Note will mature on a date (the "Maturity Date") selected by the purchaser and agreed to by the Bank which is not less than 30 days and not more than one year from its Original Issue Date, as selected by the initial purchaser and agreed to by the Issuing Bank; each Medium-Term Senior Note will have a Maturity Date selected by the purchaser and agreed to by the Bank which is from more than one year to not more than 30 years from its Original

Issue Date; and each Subordinated Note will have a Maturity Date selected by the purchaser and agreed to by the Issuing Bank which is from five years to 30 years from its Original Issue Date; provided, however, that Floating Rate Notes will mature on an Interest Payment Date.

Registration:

Notes will be issued only in fully registered form.

Calculation of Interest:

Unless otherwise specified therein and in the applicable Pricing Supplement, interest (including payments for partial periods) on Fixed Rate Notes will be computed and paid on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified therein and in the applicable Pricing Supplement, interest on Fixed Rate Notes having maturities of one year or less will be computed on the basis of the actual number of days of the year divided by 360 and will be payable only at maturity. Unless otherwise specified therein and in the applicable Pricing Supplement, interest on Floating Rate Notes will be calculated and paid on the basis of the actual number of days in the year divided by 360 in the case of Commercial Paper Rate Notes, LIBOR Notes, Federal Funds Rate Notes, Prime Rate Notes and 11th District Cost of Funds Rate Notes, and by the actual number of days in the year divided by 365 or 366, as the case may be, in the case of Treasury Rate Notes.

Redemption/Repayment:

The Notes will be subject to redemption by the Bank on and after their respective Initial Redemption Dates, if any. Initial Redemption Dates, if any, will be fixed at the time of sale and set forth in the applicable Pricing Supplement and in the applicable Note. If no Initial Redemption Dates are indicated with respect to a Note, such Note will not be redeemable prior to its Maturity Date.

The Notes will be subject to repayment at the option of the holders thereof in accordance with the terms of the Notes on their respective Holder's Optional Repayment Dates, if any. Holder's Optional Repayment Dates, if any, will be fixed at the time of sale and set forth in the applicable Pricing Supplement and in the applicable Note. If no Holder's Optional Repayment Dates are indicated with respect to a Note, such Note will not be repayable at the option of the holder prior to its Maturity Date.

Acceptance and  
Rejection of Offers:

When the Agent is soliciting offers to purchase the Notes, the Bank shall have the sole right to accept offers to purchase Notes and may reject any such offer, in whole or in part. Each Agent shall promptly communicate to the Bank, orally, each offer to purchase Notes solicited by such Agent on an agency basis, other than those offers rejected by the Agent. Each Agent shall have the right, without notice to the Bank, to reject any proposed purchase of Notes through it, in whole or in part.

Preparation of  
Pricing Supplement:

If any offer to purchase a Note is accepted by the Bank, the Bank, with the approval of the Agent which presented such offer (the "Presenting Agent"), will prepare a Pricing Supplement reflecting the terms of such Note.

Procedure for Changing  
Rates or Other  
Variable Terms:

When the Agents are soliciting offers to purchase the Notes from the Bank and a decision has been reached to change the interest rate or any other variable term on any Notes being sold by the Bank, the Bank will promptly advise the Agents and the Agents will forthwith suspend solicitation of offers to purchase such Notes. The Agents will telephone the Bank with recommendations as to the changed interest rates or other variable terms. At such time as the Bank advises

the Agents of the new interest rates or other variable terms, the Agents may resume solicitation of offers to purchase such Notes. Until such time, only "indications of interest" may be recorded. Immediately after acceptance by the Bank of an offer to purchase at a new interest rate or new variable term, the Bank and the Presenting Agent shall follow the procedures set forth under the applicable "Settlement Procedures."

Suspension of Solicitation; Amendment or Supplement:

While the Agents are soliciting offers to purchase Notes from the Bank, the Bank may instruct the Agents to suspend solicitation of offers to purchase Notes at any time. Upon receipt of such instructions, the Agents will forthwith suspend solicitation of offers to purchase from the Bank until such time as the Bank has advised them that solicitation of offers to purchase may be resumed. If the Bank decides to amend the Offering Circular (including incorporating any documents by reference therein) or supplement any of such documents (other than to change rates or other variable terms), it will immediately notify, with confirmation in writing to follow, the Agents and will furnish the Agents and their counsel with copies of the proposed amendment (including any document proposed to be incorporated by reference therein) or supplement; provided, however, that the Bank shall be required to provide such notice and copies only to the extent that it is required to do so pursuant to the terms of the Distribution Agreement. One copy of such proposed amendment or supplement will be delivered or mailed to the Agents at the following respective addresses:  
 Merrill Lynch & Co., World Financial Center, North Tower, 10th Floor, New York, New York 10281-1310, (212) 449-0393, telecopier: (212) 449-2234, Attention: Product Management - Notes; CS First Boston Corporation, 55 East 52nd Street, New York, New York 10055, (212) 909-2107,

telecopier: (212) 318-0532,  
 Attention: Joseph D. Fashano;  
 Goldman, Sachs & Co., 85 Broad  
 Street, New York, New York 10004,  
 (212) 902-1482, telecopier: (212)  
 902-0658, Attention: Medium-Term  
 Note Desk; J.P. Morgan Securities  
 Inc., 60 Wall Street, New York, New  
 York 10260, (212) 648-0591,  
 telecopier (212) 649-5909,  
 Attention: Medium-Term Note Desk;  
 Lehman Brothers Inc., 3 World  
 Financial Center, 12th Floor, New  
 York, New York 10285, (212)  
 526-2040, telecopier: (212)  
 528-1718, Attention: Medium-Term  
 Note Department; Salomon Brothers  
 Inc, 7 World Trade Center, 31st  
 Floor, New York, New York 10048,  
 (212) 783-5889, telecopier: (212)  
 783-2274, Attention: Medium-Term  
 Note Group; Smith Barney Inc., 1345  
 Avenue of the Americas, New York,  
 New York 10105, (212) 698-3889,  
 telecopier: (212) 698-5873,  
 Attention: Frank Hamilton.

In the event that at the time the solicitation of offers to purchase from the Bank is suspended (other than to change interest rates, maturities, prices or other similar variable terms with respect to the Notes) there shall be any offers to purchase Notes that have been accepted by the Bank which have not been settled, the Bank will promptly advise the Agents whether such offers may be settled and whether copies of the Offering Circular, as theretofore amended and/or supplemented, as in effect at the time of such suspension may be delivered in connection with the settlement of such orders. The Bank will have the sole responsibility for such decision and for any arrangements which may be made in the event that the Bank determines that such orders may not be settled or that copies of such Offering Circular may not be so delivered.

Delivery of  
 Offering Circular:

A copy of the most recent Offering Circular and Pricing Supplement must accompany or precede the earlier of (a) the written confirmation of a sale sent

to a customer or his agent and (b) the delivery of Notes to a customer or his agent.

Authenticity of Signatures:

The Agents will have no obligations or liability to the Bank or the Issuing and Paying Agent in respect of the authenticity of the signature of any officer, employee or agent of the Bank or the Issuing and Paying Agent on any Note.

Documents Incorporated by Reference:

The Bank shall supply the Agents with an adequate supply of all documents incorporated by reference in the Offering Circular.

Business Day:

"Business Day" means, with respect to any Note, any day that is not a Saturday or Sunday and that is not a day on which banking institutions in The City of New York or in the city in which the Bank is headquartered are authorized or required by law, regulation or executive order to close, and with respect to LIBOR Notes only, any day that is a London Business Day. "London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Issuance:

All Fixed Rate Notes issued in book-entry form having the same Original Issue Date, Interest Rate, Interest Payment Dates, Regular Record Dates, Default Rate, Maturity Date, redemption and/or repayment terms, if any, original issue discount terms, if any, and otherwise having identical terms and provisions (collectively, the "Fixed Rate Terms") will be represented initially by a single Global Note in fully registered form; and all Floating Rate Notes issued in book-entry form having the same Original Issue Date, interest rate basis upon which interest may be determined (each, an "Interest Rate Basis"), which may be the Commercial Paper Rate, LIBOR, the Treasury Rate, the Federal Funds Rate,

the Prime Rate, the 11th District Cost of Funds Rate and any other rate set forth by the Bank in a Floating Rate Note, Initial Interest Rate, Index Maturity, Spread and/or Spread Multiplier, if any, Regular Record Dates, Maximum Interest Rate, if any, Minimum Interest Rate, if any, Interest Payment Dates, Interest Payment Period, Interest Reset Dates, Interest Reset Period, Alternate Rate Event Spread, LIBOR Screen, if any, Calculation Agent, Default Rate, Maturity Date, redemption or repayment terms, if any, original issue discount terms, if any, and otherwise having identical terms and provisions, (collectively, the "Floating Rate Terms") will be represented initially by a single Global Note.

Identification:

The Bank has arranged with the CUSIP Service Bureau of the Standard & Poor's Ratings Group (the "CUSIP Service Bureau") for the reservation of one series of CUSIP numbers assignable to the Notes, which series consists of approximately 900 CUSIP numbers that have been reserved for and relating to Global Notes, and the Issuing and Paying Agent has delivered to DTC such list of such CUSIP numbers. The Issuing and Paying Agent will assign CUSIP numbers to Global Notes as described below under Settlement Procedure B. DTC will notify the CUSIP Service Bureau periodically of the CUSIP numbers that the Issuing and Paying Agent has assigned to the Global Notes. The Issuing and Paying Agent will notify the Bank at any time when fewer than 100 of the reserved CUSIP numbers of any series remain unassigned to Global Notes and, if it deems it necessary, the Bank will reserve additional CUSIP numbers of such series for assignment to Global Notes. Upon obtaining such additional CUSIP numbers, the Bank will deliver a list of such additional numbers to the Issuing and Paying Agent and DTC. Book-Entry Notes having an aggregate principal amount in excess of \$200,000,000 and otherwise required to be represented by the same

Global Note will instead be represented by two or more Global Notes which shall all be assigned the same CUSIP number.

Registration:

Unless otherwise specified by DTC, each Global Note will be registered in the name of Cede & Co., as nominee for DTC, on the register maintained by the Issuing and Paying Agent. The owner of a Book-Entry Note (i.e., an owner of a beneficial interest in a Global Note) (or one or more indirect participants in DTC designated by such owner) will designate one or more participants in DTC (with respect to such Book-Entry Note, the "Participants") to act as agent for such beneficial owner in connection with the book-entry system maintained by DTC, and DTC will record in book-entry form, in accordance with instructions provided by such Participants, a credit balance with respect to such Book-Entry Notes in the account of such Participants. The ownership interest of such beneficial owner in such Global Note will be recorded through the records of such Participants or through the separate records of such Participants and one or more indirect participants in DTC.

Transfers:

Transfers of a beneficial interest in a Global Note will be accomplished by book entries made by DTC and, in turn, by Participants (and in certain cases, one or more indirect participants in DTC) acting on behalf of beneficial transferors and transferees of such Global Note.

Exchanges:

The Issuing and Paying Agent may deliver to DTC and the CUSIP Service Bureau at any time a written notice specifying (a) the CUSIP numbers of two or more Global Notes outstanding on such date that represent Notes having the same Fixed Rate Terms or Floating Rate Terms, as the case may be (other than Original Issue Dates), and for which interest has been paid to the same date; (b) a date, occurring at least 30 days after such written notice is delivered and at least

30 days before the next Interest Payment Date for the related Book-Entry Notes, on which such Global Notes shall be exchanged for one or more replacement Global Notes; and (c) a new CUSIP number, obtained from the Issuing and Paying Agent, to be assigned to such replacement Global Note. Upon receipt of such notice, DTC will send to its Participants a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, the Issuing and Paying Agent will deliver to the CUSIP Service Bureau written notice setting forth such exchange date and the new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Notes to be exchanged will no longer be valid. On the specified exchange date, the Issuing and Paying Agent will exchange such Global Notes for a single Global Note bearing the new CUSIP number, and the CUSIP numbers of the exchanged Global Notes will, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned. Notwithstanding the foregoing, if the Global Notes to be exchanged exceed \$200,000,000 in aggregate principal amount, one replacement Global Note will be authenticated and issued to represent each \$200,000,000 of principal amount of the exchanged Global Notes and an additional Global Note or Global Notes will be authenticated and issued in exchange for any remaining principal amount of such exchanged Global Notes representing such Book-Entry Notes (see "Denominations" below).

Denominations:

All Book-Entry Notes will be denominated in U.S. dollars. Book-Entry Notes will be issued in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. Global Notes representing Book-Entry Notes will be denominated in principal amounts not in excess of \$200,000,000. If one or more Book-Entry Notes having an aggregate principal amount in excess of

\$200,000,000 would, but for the preceding sentence, be represented by a single Global Note, then one Global Note will be issued to represent each \$200,000,000 principal amount of such Book-Entry Note or Notes and an additional Global Note or Global Notes will be issued to represent any remaining principal amount of such Book-Entry Notes. In such case, each of the Global Notes representing such Book-Entry Notes shall be assigned the same CUSIP number.

Interest:

General. Interest on each Book-Entry Note will accrue from the Original Issue Date or the most recent Interest Payment Date for which interest has been paid. Each payment of interest on a Book-Entry Note shall include interest accrued through the day preceding, as the case may be, the Interest Payment Date, Maturity Date or date of earlier redemption or repayment. Interest payable on the Maturity Date or date of earlier redemption or repayment of a Book-Entry Note will be payable to the holder to whom the principal of such Book-Entry Note is payable. DTC will arrange for each pending deposit message described under Settlement Procedure C below to be transmitted to the Standard & Poor's Ratings Group, which will use the information in the message to include certain terms of the related Book-Entry Note in the appropriate daily bond report published by the Standard & Poor's Ratings Group.

Regular Record Dates. Unless otherwise specified in the applicable Pricing Supplement, the Regular Record Date with respect to any Interest Payment Date for a Fixed Rate Book-Entry Note shall be the May 1 or November 1 next preceding the applicable Interest Payment Date. Unless otherwise specified in the applicable Note, interest on a Fixed Rate Book-Entry Note with a maturity of one year or less will be payable only at maturity to the person to whom principal shall be payable. The Regular Record

Date with respect to any Interest Payment Date for a Floating Rate Book-Entry Note shall be the date 15 calendar days (whether or not a Business Day) prior to such Interest Payment Date.

Interest Payment Dates. Interest payments will be made on each Interest Payment Date commencing with the first Interest Payment Date following the Original Issue Date; provided, however, that the first payment of interest on any Note originally issued between a Regular Record Date and an Interest Payment Date will be made on the second Interest Payment Date following the Original Issue Date. If any Interest Payment Date of a Fixed Rate Book-Entry Note falls on a day which is not a Business Day, the related payment of interest on such Fixed Rate Book-Entry Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date. If any Interest Payment Date with respect to any Floating Rate Book-Entry Note would otherwise be a day that is not a Business Day, such Interest Payment Date will be the next succeeding Business Day, except that in the case of a LIBOR Book-Entry Note, if such Business Day is in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day.

Fixed Rate Book-Entry Notes. Unless otherwise specified in the applicable Pricing Supplement, interest payments on Fixed Rate Book-Entry Notes will be payable semi-annually on May 15 and November 15 of each year and on the Maturity Date. Unless otherwise specified in the applicable Note, interest on Fixed Rate Book-Entry Notes having maturities of one year or less will be payable only at maturity.

Floating Rate Notes. Unless otherwise specified in the applicable Pricing

Supplement, interest payments on Floating Rate Book-Entry Notes will be made as specified in the Floating Rate Book-Entry Note.

Notice of Interest Payments and Regular Record Dates. On the first Business Day after any Regular Record Date, the Issuing and Paying Agent will deliver to DTC a written list of Regular Record Dates and Interest Payment Dates that will occur during the six-month period beginning on such first Business Day with respect to Floating Rate Book-Entry Notes. Promptly after each Interest Determination Date for Floating Rate Book-Entry Notes, the Issuing and Paying Agent will notify the Standard & Poor's Ratings Group of the interest rates determined on such Interest Determination Date.

Payments of Principal and Interest:

Payments of Interest Only. Promptly after each Regular Record Date, the Issuing and Paying Agent will deliver to the Bank and DTC a written notice specifying by CUSIP number the amount of interest to be paid on each Book-Entry Note on the following Interest Payment Date (other than an Interest Payment Date coinciding with the Maturity Date) and the total of such amounts. DTC will confirm the amount payable on each Book-Entry Note on such Interest Payment Date by reference to the daily bond reports published by the Standard & Poor's Ratings Group. On such Interest Payment Date, the Bank will pay to the Issuing and Paying Agent, and the Issuing and Paying Agent in turn will pay to DTC, an amount sufficient to pay the total amount of interest then due and owing (other than on the Maturity Date), at the times and in the manner set forth below under "Manner of Payment."

Payments on the Maturity Date. On or about the first Business Day of each month, the Issuing and Paying Agent will deliver to DTC a written list of principal of, premium, if any, and

interest on, each Book-Entry Note maturing on any Maturity Date or date of earlier redemption or repayment in the following month. The Issuing and Paying Agent and DTC will confirm the amounts of such principal of, premium, if any, and interest on, a Book-Entry Note on or about the fifth Business Day preceding the Maturity Date or date of earlier redemption or repayment of such Book-Entry Note. On such Maturity Date, the Bank will pay to the Issuing and Paying Agent, and the Issuing and Paying Agent in turn will pay to DTC, the principal amount of such Book-Entry Note, together with interest and premium, if any, due on such Maturity Date or date of earlier redemption or repayment, at the times and in the manner set forth below under "Manner of Payment." If any Maturity Date or date of earlier redemption or repayment of a Book-Entry Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, or interest on, such Book-Entry Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment were due, and no interest shall accrue on the amount so payable for the period from and after such Maturity Date or date of earlier redemption or repayment, as the case may be. Promptly after payment to DTC of the principal of, premium, if any, and interest due on, the Maturity Date or date of earlier redemption or repayment of all Book-Entry Notes represented by a Global Note, the Issuing and Paying Agent will cancel such Global Note and deliver such Global Note to the Bank with an appropriate debit advice. On the first Business Day of each month, the Issuing and Paying Agent will deliver to the Bank a written statement indicating the total principal amount of outstanding Global Notes as of the close of business on the immediately preceding Business Day.

Manner of Payment. The total amount of any principal of, premium, if any, and

interest on, Book-Entry Notes due on any Interest Payment Date or Maturity Date shall be paid by the Bank to the Issuing and Paying Agent in immediately available funds available for use by the Issuing and Paying Agent no later than 1:00 p.m., New York City time, on such date. The Bank will make such payment on such Book-Entry Notes by instructing the Issuing and Paying Agent to withdraw funds from an account maintained by the Bank at the Issuing and Paying Agent. The Bank will confirm such instructions in writing to the Issuing and Paying Agent. Upon receipt of such funds, the Issuing and Paying Agent will pay by separate wire transfer (using Fedwire message entry instructions in a form previously specified by DTC) to an account at the Federal Reserve Bank of New York previously specified by DTC, in funds available for immediate use by DTC, each payment of principal of, premium, if any, and interest on, a Book-Entry Note on such date. Thereafter on such date, DTC will pay, in accordance with its SDFS operating procedures then in effect, such amounts in funds available for immediate use to the respective Participants in whose names Book-Entry Notes are recorded in the book-entry system maintained by DTC. Neither the Bank nor the Issuing and Paying Agent will have any responsibility or liability for the payment by DTC of the principal of, premium, if any, or interest on, the Book-Entry Notes to such Participants.

**Withholding Taxes.** The amount of any taxes required under applicable law to be withheld from any interest payment on a Book-Entry Note will be determined and withheld by the Participant, indirect participant in DTC or other person responsible for forwarding payments and materials directly to the beneficial owner of such Book-Entry Note.

Settlement  
Procedures:

Settlement Procedures with regard to Book-Entry Notes purchased by each Agent as principal or sold by each Agent, as agent of the Bank, will be as follows:

- A. The Presenting Agent will advise the Bank by telephone, confirmed by facsimile, of the following settlement information:
1. Taxpayer identification number of the purchaser.
  2. Principal amount of such Book-Entry Notes.
  3. (a) Fixed Rate Book-Entry Notes:
    - (i) Interest Rate;
    - (ii) Interest Payment Dates for Fixed Rate Book-Entry Notes; and
    - (iii) Regular Record Dates for Fixed Rate Book-Entry Notes with maturities of greater than one year (if other than the May 1 or November 1 prior to each Interest Payment Date).
  - (b) Floating Rate Book-Entry Notes:
    - (i) Initial Interest Rate;
    - (ii) Interest Rate Basis;
    - (iii) Index Maturity;
    - (iv) Spread and/or Spread Multiplier, if any;
    - (v) Regular Record Dates (if other than the 15th day prior to each Interest Payment Date);
    - (vi) Maximum Interest Rate, if any;
    - (vii) Minimum Interest Rate, if any;

- (viii) Interest Payment Dates;
  - (ix) Interest Payment Period;
  - (x) Interest Reset Dates;
  - (xi) Calculation Agent;
  - (xii) Interest Reset Period;
  - (xiii) Alternate Rate Event Spread;
  - (xiv) LIBOR Screen, if any;
4. Price to public, if any, of such Book-Entry Notes (if such Book-Entry Notes are not being offered "at the market").
  5. Trade Date.
  6. Settlement Date (Original Issue Date).
  7. Maturity Date.
  8. Redemption provisions, if any, including: Initial Redemption Date, Initial Redemption Percentage and Annual Redemption Percentage Reduction.  
  
Repayment provisions, if any, including: Holder's Optional Repayment Date(s).
  9. Net proceeds to the Bank.
  10. Whether such Book-Entry Notes are being sold to the Presenting Agent acting as agent for the Bank or as principal or to an investor or other purchaser through the Presenting Agent.
  11. The Presenting Agent's commission or discount, as applicable.
  12. Whether such Book-Entry Notes are being issued with Original Issue Discount and the terms thereof.
  13. Default Rate.

14. Such other information specified with respect to such Book-Entry Notes.
- B. If any offer to purchase a Note is accepted by the Bank, the Bank, with the approval of the Presenting Agent, will prepare a Pricing Supplement reflecting the information set forth in Settlement Procedure A above, and will transmit the Pricing Supplement to the Presenting Agent by electronic or facsimile transmission.
- C. The Bank will advise the Issuing and Paying Agent by electronic means, telephone (confirmed in writing at any time on the same date) or facsimile transmission of the information set forth in Settlement Procedure "A" above, and the name of the Presenting Agent. The Issuing and Paying Agent, on behalf of the Bank, will assign a CUSIP number of the appropriate series to the Global Note representing such Book-Entry Notes and will notify the Bank by facsimile transmission or other electronic transmission of such CUSIP number as soon as practicable, and as soon thereafter as practicable, the Bank will notify the Presenting Agent by telephone of such CUSIP number. Each such instruction given by the Bank to the Issuing and Paying Agent will constitute a representation and warranty by the Bank to the Issuing and Paying Agent and the Agents that (i) the issuance and delivery of such Global Note has been duly and validly authorized by the Bank and (ii) that such Global Note, when completed, authenticated and delivered pursuant to the Issuing and Paying Agency Agreement, will constitute the valid and legally binding obligation of the Bank.
- D. The Issuing and Paying Agent will communicate to DTC and the

Presenting Agent through DTC's Participant Terminal System, a pending deposit message specifying the following settlement information:

1. The information set forth in Settlement Procedure A.
  2. The identification numbers of the participant accounts maintained by DTC on behalf of the Issuing and Paying Agent and the Presenting Agent.
  3. Identification as a Senior Note or a Subordinated Note.
  4. Identification as a Fixed Rate Book-Entry Note or Floating Rate Book-Entry Note.
  5. The initial Interest Payment Date for each Global Note representing such Book-Entry Notes, the number of days by which such date succeeds the related Regular Record Date for DTC purposes and, if then calculable, the amount of interest payable on such Interest Payment Date (which amount shall have been confirmed by the Issuing and Paying Agent).
  6. The CUSIP number of each Global Note representing such Book-Entry Notes.
  7. Whether such Global Note represents any other Notes issued or to be issued in book-entry form.
- E. The Issuing and Paying Agent will complete, authenticate and deliver to DTC the Global Note representing such Book-Entry Notes in a form that has been approved by the Bank, the Issuing and Paying Agent and the Agents.

- F. DTC will credit the Book-Entry Notes represented by such Global Note to the participant account of the Issuing and Paying Agent maintained by DTC.
- G. The Issuing and Paying Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Book-Entry Notes to the Issuing and Paying Agent's participant account and credit such Book-Entry Notes to the participant account of the Presenting Agent maintained by DTC and (ii) to debit the settlement account of the Presenting Agent and credit the settlement account of the Issuing and Paying Agent maintained by DTC, in an amount equal to the price of such Book-Entry Notes less such Agent's commission. Any entry of such deliver order shall be deemed to constitute a representation and warranty by the Issuing and Paying Agent to DTC that (i) the Global Note representing such Book-Entry Notes has been issued and authenticated and (ii) the Issuing and Paying Agent is holding such Global Note pursuant to the Certificate Agreement.
- H. In the case of Book-Entry Notes sold through an Agent acting as agent, the Presenting Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Book-Entry Notes to the Presenting Agent's participant account and credit such Book-Entry Notes to the participant account of the Participants maintained by DTC and (ii) to debit the settlement accounts of such Participants and credit the settlement account of the Presenting Agent maintained by DTC, in an amount equal to the initial public offering price of such Book-Entry Notes.

- I. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures G and H will be settled in accordance with SDFS operating procedures in effect on the Settlement Date.
- J. The Issuing and Paying Agent will credit to an account of the Bank maintained at the Issuing and Paying Agent funds available for immediate use in the amount transferred to the Issuing and Paying Agent in accordance with Settlement Procedure G.
- K. In the case of Book-Entry Notes sold through an Agent acting as agent, the Presenting Agent will confirm the purchase of such Book-Entry Notes to the purchaser either by transmitting to the Participant with respect to such Book-Entry Notes a confirmation order through DTC's Participant Terminal System or by mailing a written confirmation to such purchaser.

Settlement Procedures  
Timetable:

For offers to purchase Book-Entry Notes accepted by the Bank, Settlement Procedures A through K set forth above shall be completed as soon as possible. However, all information on sales settling one day or more after the Trade Date will be transmitted to DTC no later than 10:00 a.m. on the Settlement Date.

If a sale is to be settled on the same Business Day as the Trade Date, Settlement Procedure A shall be completed no later than 11:00 a.m. on such Business Day, Settlement Procedure C shall be completed no later than 12:00 p.m. on such Business Day and Settlement Procedure D shall be completed no later than 1:00 p.m. on such Business Day.

If a sale is to be settled more than one Business Day after the Trade Date, Settlement Procedures A and B must be completed no later than 4:00 p.m. on the

Trade Date and Settlement Procedures C and D may, if necessary, be completed at any time on the first Business Day after such Trade Date. Settlement Procedure I is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the Settlement Date.

If settlement of a Book-Entry Note is rescheduled or cancelled, the Issuing and Paying Agent will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 2:00 p.m., New York City time, on the Business Day immediately preceding the scheduled Settlement Date.

Failure to Settle:

If the Issuing and Paying Agent fails to enter an SDFS deliver order with respect to a Book-Entry Note pursuant to Settlement Procedure G, then the Issuing and Paying Agent may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable a withdrawal message instructing DTC to debit such Book-Entry Note to the participant account of the Issuing and Paying Agent maintained at DTC. DTC will process the withdrawal message, provided that such participant account contains a principal amount of the Global Note representing such Book-Entry Note that is at least equal to the principal amount to be debited. If withdrawal messages are processed with respect to all Book-Entry Notes represented by a Global Note, the Issuing and Paying Agent will mark such Global Note "cancelled," make appropriate entries in its records and return such Global Note to the Bank. The CUSIP number assigned to such Global Note shall, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned. If withdrawal messages are processed with respect to some of the Book-Entry Notes represented by a Global Note, the Issuing and Paying Agent will exchange such Global Note for two Global Notes, one of which shall

represent the Book-Entry Notes for which such withdrawal messages are processed and shall be cancelled immediately after issuance, and the other of which shall represent the other Book-Entry Notes previously represented by the surrendered Global Note and shall bear the CUSIP number of the surrendered Global Note.

In the case of any Book-Entry Note sold through an Agent, acting as agent, if the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Book-Entry Note by the beneficial purchaser thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the applicable Agent may enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures G and H, respectively. Thereafter, the Issuing and Paying Agent will deliver the withdrawal message and take the related actions described in the preceding paragraph. If such failure shall have occurred for any reason other than default by the applicable Agent to perform its obligations hereunder or under the Distribution Agreement, the Bank will reimburse such Agent on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Bank.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to a Book-Entry Note that was to have been represented by a Global Note also representing other Book-Entry Notes, the Issuing and Paying Agent will provide, in accordance with Settlement Procedure E, for the authentication and issuance of a Global Note representing

such remaining Book-Entry Notes and will make appropriate entries in its records.

Capital One Bank  
Deposit Notes Due From  
30 Days to 30 Years from Date of Issue

DISTRIBUTION AGREEMENT

April 30, 1996

MERRILL LYNCH & CO.  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
CS FIRST BOSTON CORPORATION  
DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
GOLDMAN, SACHS & CO.  
J.P. MORGAN SECURITIES INC.  
LEHMAN BROTHERS  
LEHMAN BROTHERS INC.  
SALOMON BROTHERS INC  
SMITH BARNEY INC.

c/o Merrill Lynch & Co.  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
World Financial Center  
North Tower, 10th Floor  
New York, New York 10281-1310

Ladies and Gentlemen:

Capital One Bank, a banking association chartered under the laws of the Commonwealth of Virginia (the "Bank"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, CS First Boston Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliate Lehman Commercial Paper Inc.), Salomon Brothers Inc and Smith Barney Inc. (each referred to as an "Agent" and collectively referred to as the "Agents") with respect to the issue and sale by the Bank of its deposit liabilities called Deposit Notes (the "Deposit Notes"). The Deposit Notes are to be issued pursuant to an Issuing and Paying Agency Agreement, dated as of April 30, 1996 (the "Issuing and

Paying Agency Agreement"), between the Bank and Chemical Bank, as the Issuing and Paying Agent ("Issuing and Paying Agent"). As of the date hereof, the Bank has authorized the issuance of up to \$2,000,000,000 aggregate principal amount at any time outstanding of its Deposit Notes. It is understood, however, that the Bank may from time to time authorize the issuance of an additional outstanding amount of Deposit Notes and that the Deposit Notes may be distributed through or sold to one or more of the Agents pursuant to the terms of this Agreement, all as though the issuance of the Deposit Notes were authorized as of the date hereof. The Bank is a subsidiary of Capital One Financial Corporation (the "Parent").

This Agreement provides both for the sale of Deposit Notes by the Bank to the Agents as principal for resale to investors and other purchasers and for the sale of Deposit Notes by the Bank directly to investors through the Agents (as may from time to time be agreed to by the Bank and the Agents), in which case the Agents will act as agents of the Bank in soliciting Deposit Note purchasers.

#### SECTION 1. Appointment as Agents.

(a) Appointment of Agents. Subject to the terms and conditions stated herein and subject to the reservation by the Bank of the right to sell Deposit Notes directly to investors on its own behalf in those jurisdictions where it is authorized to do so, the Bank hereby agrees that Deposit Notes will be sold exclusively to or through the Agents. The Agents are authorized to engage the services of any other broker or dealer in connection with the offer or sale of the Deposit Notes purchased by an Agent as principal for resale to others but are not authorized to appoint sub-agents. In connection with sales by the Agents of Deposit Notes purchased by an Agent as principal to other brokers or dealers, an Agent may allow any portion of the discount it has received in connection with such purchase from the Bank to such brokers or dealers.

(b) Sale of Deposit Notes. The Bank shall not approve the solicitation of purchases of Deposit Notes in excess of the amount which shall be authorized to be outstanding by the Bank from time to time or in excess of the aggregate principal amount of Deposit Notes specified in the Offering Circular. The Agents will have no responsibility for maintaining records with respect to the aggregate principal amount of Deposit Notes sold or outstanding, or of otherwise monitoring the availability of Deposit Notes for sale.

(c) Purchases as Principal. The Agents shall not have any obligation to purchase Deposit Notes from the Bank as principal, but the Agents may agree from time to time to purchase Deposit Notes as principal. Any such purchase of Deposit Notes by an

Agent as principal shall be made in accordance with Section 3(a) hereof.

(d) Solicitations as Agent. If agreed upon by an Agent and the Bank, the Agent acting solely as agent for the Bank and not as principal, will solicit purchases of the Deposit Notes. The Agent will communicate to the Bank, orally or in writing, each offer to purchase Deposit Notes solicited by such Agent on an agency basis, other than those offers rejected by the Agent. The Agent shall have the right, in its discretion reasonably exercised, to reject any proposed purchase of Deposit Notes, as a whole or in part, and any such rejection shall not be deemed a breach of any Agent's agreement contained herein. The Bank may accept or reject any proposed purchase of the Deposit Notes, in whole or in part. The Agent shall make reasonable efforts to assist the Bank in obtaining performance by each purchaser whose offer to purchase Deposit Notes has been solicited by the Agent and accepted by the Bank. The Agent shall not have any liability to the Bank in the event any such agency purchase is not consummated for any reason. If the Bank shall default on its obligation to deliver Deposit Notes to a purchaser whose offer it has accepted, the Bank shall (i) hold the Agent harmless against any loss, claim or damage arising from or as a result of such default by the Bank and (ii) notwithstanding such default, pay to the Agent any commission to which it would be entitled in connection with such sale.

(e) Additional Agents. The Bank may, from time to time, engage additional agents either as principal or as an agent for the sale of the Deposit Notes. In the event that the Bank elects to engage such additional agents, the Bank shall provide notice to the Agents then parties to this Agreement. Any additional agents shall be required, as a condition to their engagement, either to enter into this Agreement (amended to include such additional agents as signatories) or into an agreement with the Bank substantially similar to this Agreement.

(f) Reliance. The Bank and the Agents agree that the Deposit Notes purchased by the Agents shall be purchased, and the Deposit Notes the placement of which an Agent arranges shall be placed by such Agent, in reliance on the representations, warranties, covenants and agreements of the Bank contained herein and on the terms and conditions and in the manner provided herein.

## SECTION 2. Representations and Warranties.

(a) The Bank represents and warrants to each Agent as of the date hereof, as of the date of each acceptance by the Bank of an offer for the purchase of Deposit Notes (whether to the Agent as principal or through the Agent as agent), as of the date of each delivery of Deposit Notes (whether to such Agent as

principal or through such Agent as agent) (the date of each such delivery to an Agent as principal being hereafter referred to as a "Settlement Date"), and as of the times referred to in Section 8(b) hereof (each of the times referenced above being referred to hereafter as a "Representation Date"), as follows:

(i) Offering Circular. The Bank has prepared an offering circular, dated April 30, 1996 (as such document may hereafter be amended or supplemented by the Bank, including the material incorporated therein by reference, the "Offering Circular"), to be used by the Agents in connection with the Agents' solicitation of purchasers of or offering of the Deposit Notes. The Bank has been authorized by the Parent to incorporate by reference in the Offering Circular the Parent's annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K filed by the Parent with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations thereunder. The Offering Circular, as of the date hereof, does not and, as of the applicable Representation Date, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Offering Circular made in reliance upon and in conformity with information furnished to the Bank in writing by the Agents expressly for use therein.

The Bank has incorporated by reference in the Offering Circular the publicly available portions of each of its Consolidated Reports of Condition and Income (each, a "Call Report"), and any amendments or supplements thereto, beginning with and including the Call Report for the period ended December 31, 1994 to and including the most recent Call Report filed or published prior to the offering of Deposit Notes. The publicly available portions of any Call Reports filed by the Bank subsequent to the date of the Offering Circular and prior to the termination of the offering of the Deposit Notes will be incorporated therein by reference.

The documents incorporated by reference into the Offering Circular, at the time they were or hereafter are filed with the applicable federal regulatory authorities, complied or when so filed will comply in all material respects with the 1934 Act or the rules and regulations otherwise applicable thereto, as the case may be and, when read together with the other information in the Offering Circular, did not and will not include an untrue statement of a material fact or omit to state a material fact required

to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were or are made, not misleading.

(ii) Due Organization, Valid Existence and Good Standing.

The Bank is a banking corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia, and is licensed, registered or qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such license, registration or qualification, except to the extent that the failure to be so licensed, registered or qualified or to be in good standing would not have a material adverse effect on the Bank and its subsidiaries taken as a whole. The Bank is a subsidiary of the Parent, a Delaware corporation which has securities registered under the 1934 Act.

(iii) Due Authorization, Execution and Delivery of this Agreement, the Issuing and Paying Agency Agreement, the Interest Calculation Agreement and the Letters of Representations. This Agreement, the Issuing and Paying Agency Agreement and the Interest Calculation Agreement dated as of April 30, 1996 between the Bank and Chemical Bank (the "Interest Calculation Agreement") and the Short-Term and Medium-Term Letters of Representations dated April 30, 1996 (the "Letters of Representations") have been duly authorized, executed and delivered by the Bank and are valid and legally binding agreements of the Bank, enforceable against the Bank in accordance with their respective terms, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership and similar laws of general applicability relating to, or affecting, creditors' rights, to general equity principles and, with respect to any indemnification or contribution obligation, to public policies which might affect such obligations.

(iv) Due Authorization, Execution and Delivery of the Deposit Notes. The Deposit Notes have been duly authorized for issuance and sale pursuant to this Agreement and, when issued and authenticated against payment of the consideration therefor, the Deposit Notes will be valid and legally binding obligations of the Bank, enforceable against the Bank in accordance with their respective terms, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership and similar laws of general applicability relating to, or affecting, creditors' rights to general equity principles and, with respect to any indemnification or contribution obligation, to public policies which might affect such obligations.

(v) Exemption from Registration. The Deposit Notes are exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"), and neither registration of the Deposit Notes under the 1933 Act, nor qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the offer, sale, issuance or delivery of the Deposit Notes pursuant to this Agreement or any applicable Terms Agreement (as defined in Section 3(a) hereof).

(vi) Exemption from Investment Company Act. The Bank is not required to register under the provisions of the Investment Company Act of 1940, as amended (the "Investment Company Act"), or to take any other action with respect to or under the Investment Company Act.

(vii) No Other Approvals Required. No consent, approval or authorization of or filing with any governmental body or agency is required for the performance by the Bank of its obligations under this Agreement, the Deposit Notes, the Issuing and Paying Agency Agreement and any applicable Terms Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Deposit Notes.

(viii) Description of Deposit Notes. The Deposit Notes are substantially in the form heretofore delivered to the Agents and conform in all material respects to the description thereof contained in the Offering Circular under the caption "Description of Notes."

(ix) No Violation. Neither the Bank or any of its subsidiaries nor the Parent or any of its subsidiaries is in violation of its charter or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage loan agreement, note, lease or other instrument to which it is a party or by which it or any of them or their properties may be bound which might result in a material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank and its subsidiaries, considered as one enterprise, or might materially and adversely affect the properties or assets thereof or might materially and adversely affect the consummation of this Agreement, the Issuing and Paying Agency Agreement, the Interest Calculation Agreement, the Letters of

Representations or the Notes or any transaction contemplated hereby or thereby. The execution, issuance and delivery by the Bank of the Deposit Notes, and the execution, delivery and performance by the Bank of this Agreement, the Issuing and Paying Agency Agreement, the Interest Calculation Agreement, the Letters of Representations and any applicable Terms Agreement, will not violate any law, rule, regulation, order, judgment or decree applicable to the Parent and its subsidiaries or to the Bank and any of its subsidiaries or violate any provision of the Bank's charter or by-laws, or conflict with or result in a material breach of or constitute a material default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Parent and its subsidiaries or the Bank and any of its subsidiaries pursuant to any contract, indenture, mortgage loan agreement, note, lease or other instrument to which the Parent or any of its subsidiaries or the Bank or any of its subsidiaries, or the property of any of them, is bound or subject.

(x) No Material Adverse Change. Since the respective dates as of which information is given or incorporated by reference in the Offering Circular (a) there has not been any material adverse change in the condition, financial or otherwise, or business affairs or business prospects of the Bank and its subsidiaries or the Parent and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular (including the material incorporated by reference therein), and (b) there have been no material transactions entered into by the Bank or any of its subsidiaries or the Parent and any of its subsidiaries other than those in the ordinary course of business.

(xi) Rating. The Deposit Notes of the Bank have been rated by a "nationally recognized statistical rating agency" (as that term is defined by the Commission for purposes of Rule 436(g)(2) under the 1933 Act), in one of its four highest categories.

(xii) Financial Statements and Financial Information. The financial statements and other financial information of the Parent and its consolidated subsidiaries and the Bank and its consolidated subsidiaries included or incorporated by reference in the Offering Circular present fairly the consolidated financial position of the Parent and its consolidated subsidiaries and the Bank and its consolidated subsidiaries, the case may be, as of the date indicated therein and the consolidated results of their operations for the periods specified therein; and except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis; financial information of certain financial institutions, if any, proposed to be acquired by the Parent and the Bank included or incorporated by reference in the Offering Circular present fairly the

financial position of such financial institutions as of the dates indicated therein and the results of their operations for the periods specified therein.

(xiii) Legal Proceedings. Except as may be set forth in the Offering Circular, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Bank, threatened against or affecting, the Parent or any of its subsidiaries or the Bank or any of its subsidiaries, which might, in the opinion of the Bank, result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank and its subsidiaries considered as one enterprise, or might materially and adversely affect the properties or assets thereof or might materially and adversely affect the consummation of this Agreement, the Issuing and Paying Agency Agreement, the Interest Calculation Agreement or the Notes or any transaction contemplated hereby or thereby.

(xiv) Commodity Exchange Act. The Deposit Notes, when issued, authenticated and delivered pursuant to the provisions of this Agreement and the Issuing and Paying Agency Agreement, will be excluded or exempted under the provisions of the Commodity Exchange Act.

(xv) Insured Bank. The Bank is an insured bank under the provisions of the Federal Deposit Insurance Act, as amended (the "FDI Act").

(xvi) Status of Deposit Notes. The Deposit Notes are deposit liabilities of the Bank, insured up to applicable limits by the Federal Deposit Insurance Act (the "FDI Act"), and are entitled to the priority provided to "deposit liabilities" by Section 11(d)(11) of the FDI Act.

(xvii) Brokered Deposits. The Bank is a "well capitalized insured depository institution" within the meaning of 12 C.F.R. 337.6 (the "Brokered Deposit Regulation").

(xviii) Regulation DD. The deposits evidenced by the Deposit Notes are not "accounts" within the meaning of Regulation DD of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 230).

(xix) Pass Through Deposit Insurance. The Bank is not limited by the Brokered Deposit Regulation or any other provision of applicable law in its ability to solicit and accept, and renew or rollover, brokered deposits. Consequently, deposit insurance on a "pass through" basis

will be available pursuant to 12 C.F.R. 330.12 for certain employee benefit plans purchasing the Deposit Notes, subject to the limitations and restrictions (including any applicable aggregation rules and recordkeeping requirements) as set forth under 12 C.F.R. Part 330.

(b) Additional Certifications. Any certificate signed by any officer of the Bank and delivered to the Agents or to counsel for the Agents in connection with an offering of Deposit Notes, or the sale of Deposit Notes to an Agent as principal, contemplated by this Agreement shall be deemed a representation and warranty by the Bank to the Agents as to the matters covered thereby on the date of such certificate and at each Representation Date referred to in Section 2(a) hereof subsequent thereto.

### SECTION 3. Purchases as Principal; Solicitations as Agents.

(a) Purchases as Principal. Unless otherwise agreed by an Agent and the Bank, Deposit Notes shall be purchased by the Agent as principal. Such purchases shall be made in accordance with terms agreed upon by the Agent and the Bank with respect to such information (as applicable) as is specified in Exhibit A hereto (a "Terms Agreement") (which terms shall be agreed upon orally, and which may or may not be confirmed in writing in the form of Exhibit A, prepared by the Agent and mailed or sent via facsimile transmission to the Bank). The Agent's commitment to purchase Deposit Notes as principal shall be deemed to have been made on the basis of the representations and warranties of the Bank herein contained and shall be subject to the terms and conditions herein set forth. Each purchase of Deposit Notes, unless otherwise agreed, shall be at a discount from the principal amount of each such Deposit Note equivalent to the applicable commission set forth in Exhibit B hereto. The Agent may engage the services of any other broker or dealer in connection with the resale of the Deposit Notes purchased as principal and may allow any portion of the discount received in connection with such purchases from the Bank to such brokers and dealers. At the time of each purchase of Deposit Notes by an Agent as principal, the Agent shall specify the requirements for the opinions of counsel and officers' certificates pursuant to Sections 6(a) and 6(b) hereof.

(b) Solicitations as Agents. On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, when agreed upon by the Bank and an Agent, such Agent, as an agent of the Bank, will use its reasonable efforts to solicit offers to purchase the Deposit Notes upon the terms and conditions set forth herein and in the Offering Circular. All Deposit Notes sold through an Agent as agent will be sold at 100% of their principal amount unless otherwise agreed to by the Bank and the Agent.

The Bank reserves the right, in its sole discretion, to suspend solicitation of purchases of the Deposit Notes through the Agents, as agents, commencing at any time for any period of time or permanently. Upon receipt of instructions from the Bank, the Agents will forthwith suspend solicitation of purchases from the Bank until such time as the Bank has advised the Agents that such solicitation may be resumed.

The Bank agrees to pay each Agent a commission, in the form of a discount, equal to the applicable percentage of the principal amount of each Deposit Note sold by the Bank as a result of a solicitation made by such Agent as set forth in Exhibit B hereto, or as otherwise agreed to by the Bank and such Agent. The Agents may reallocate any portion of the commission payable pursuant hereto to dealers in connection with the offer and sale of the Deposit Notes.

(c) Administrative Procedures. The purchase price, interest rate or formula, maturity date and other terms of the Deposit Notes (as applicable) specified in Exhibit A hereto shall be agreed upon by the Bank and the applicable Agent and set forth in a pricing supplement to the Offering Circular to be prepared in connection with each sale of Deposit Notes. Administrative procedures with respect to the sale of Deposit Notes shall be agreed upon from time to time by the Agents and the Bank (the "Procedures"). The initial Administrative Procedures, as agreed upon by the Agents and the Bank, are attached hereto as Exhibit G. The Agents and the Bank agree to perform the respective duties and obligations specifically provided to be performed by the Agents and the Bank herein and in the Procedures.

(d) Delivery. The documents required to be delivered by Section 6 hereof shall be delivered at the office of Brown & Wood, on the date hereof, or at such other time as the Agents and the Bank may agree upon in writing (the "Closing Time").

#### SECTION 4. Covenants of the Bank.

The Bank covenants with the Agents as follows:

(a) Amending Offering Circular. The Bank will give the Agents notice of its intention to prepare any additional offering circular supplement with respect to the sale of the Deposit Notes or any amendment or supplement to the Offering Circular and will furnish the Agents with copies of any such amendment or supplement or other documents proposed to be distributed a reasonable time in advance of such proposed distribution and will not distribute any such amendment or supplement or other documents in a form to which the Agents or counsel for the Agents shall reasonably object.

(b) Copies of Offering Circular. The Bank will deliver to the Agents as many copies of the Offering Circular (as amended or supplemented, including documents incorporated by reference therein) as the Agents shall reasonably request in connection with sales or solicitations of offers to purchase the Deposit Notes.

(c) Revisions of Offering Circular -- Material Changes. Except as otherwise provided in Subsection (d) of this Section 4, if any event shall occur or condition exist as a result of which it is necessary, in the reasonable opinion of counsel for the Agents or counsel for the Bank, to amend or supplement the Offering Circular in order that the Offering Circular will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, immediate notice shall be given, and confirmed in writing, to the Agents to cease the solicitation of offers to purchase the Deposit Notes in their capacity as agents and to cease sales of the Deposit Notes the Agents may then own as principal, and the Bank will promptly prepare such amendment or supplement as may be necessary to correct such untrue statement or omission. The Agents shall, at such time as the Bank shall have furnished to the Agents an amended or supplemented Offering Circular in form satisfactory to the Agents and their counsel, resume solicitation of offers to purchase Deposit Notes using the Offering Circular so amended and supplemented. The Bank agrees to update the Offering Circular no less than annually within 120 days after its fiscal year-end.

(d) Suspension of Certain Obligations. The Bank shall not be required to comply with the provisions of subsection (c) of this Section 4 during any period from the later of the time (i) the Agents shall have suspended solicitation of purchases of the Deposit Notes in their capacity as agents pursuant to a request from the Bank and (ii) no Agent shall then hold any Deposit Notes purchased as principal pursuant hereto, until the time the Bank shall determine that solicitation of purchases of the Deposit Notes should be resumed or the Agent shall subsequently purchase Deposit Notes from the Bank as principal.

(e) Regulatory Reports. The Bank shall provide the Agents with copies of the publicly available portion of any reports required to be filed by the Bank or the Parent with any United States or state supervisory or regulatory authority as promptly as reasonably practicable after such reports become publicly available.

(f) Preparation of Pricing Supplements. The Bank will prepare, with respect to the Deposit Notes to be sold through or to the Agents pursuant to this Agreement, a pricing supplement

with respect to the Deposit Notes in a form previously approved by the Agents.

(g) Blue Sky Qualifications. The Bank will endeavor, in cooperation with the Agents, to qualify the Deposit Notes for offering and sale under the applicable securities laws of such states and other jurisdictions of the United States as the Agents may designate, and will maintain such qualifications in effect for as long as may be required for the distribution of the Deposit Notes; provided, however, that the Bank shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified. The Bank will file such statements and reports as may be required by the laws of each jurisdiction in which the Deposit Notes have been qualified as above provided. The Bank will promptly advise the Agents of the receipt by the Bank of any notification with respect to the suspension of the qualification of the Deposit Notes for sale in any such state or jurisdiction or the initiating or threatening of any proceeding for such purpose.

(h) Stand-Off Agreement. In connection with a purchase by an Agent of Deposit Notes as principal, between the date of the agreement to purchase such Deposit Notes and the Settlement Date with respect to such purchase, the Bank will not, without the prior consent of the Agent who is party to such agreement, offer or sell in the United States, or enter into any agreement to sell in the United States, any debt securities or deposit obligations of the Bank (other than the Deposit Notes that are to be sold pursuant to such agreement and deposit and other bank obligations issued and sold directly by the Bank in the ordinary course of its business).

#### SECTION 5. Payment of Expenses.

Whether or not the transactions contemplated hereunder are consummated or this Agreement or any agreement by an Agent to purchase Deposit Notes as principal is terminated, the Bank will pay all expenses incident to the performance of the Bank's obligations under this Agreement including: (a) the preparation, printing and delivery of the Offering Circular and all amendments and supplements thereto; (b) the preparation of this Agreement; (c) the preparation, issuance and delivery of the Deposit Notes, including fees and expenses related to the use of book-entry notes; (d) the fees and disbursements of the Bank's counsel, of the Issuing and Paying Agent and of any calculation agents or exchange rate agents; (e) the reasonable fees and disbursements of counsel to the Agents incurred in connection with the establishment of the program relating to the Deposit Notes and incurred from time to time in connection with the transactions contemplated thereby; (f) any fees charged by rating agencies for rating of the Deposit Notes; (g) any advertising and other out-

of-pocket expenses of the Agents incurred with the approval of the Bank; (h) the qualification of the Deposit Notes under state securities laws in accordance with the provisions of Section 4(g) hereof, including the filing fees and the reasonable fees and disbursements of counsel for the Agents in connection therewith and in connection with the preparation of any Blue Sky Survey and any Legal Investment Survey; and (i) the cost of preparing and providing any CUSIP or other identification numbers for the Deposit Notes.

SECTION 6. Conditions of Agents' Obligations.

The obligations of the Agents to solicit offers to purchase the Deposit Notes as agents of the Bank, the obligations of any purchasers of Deposit Notes sold through an Agent as agent, and any obligation of an Agent to purchase Deposit Notes pursuant to any agreement by such Agent to purchase Deposit Notes as principal (or otherwise), will be subject at all times to the accuracy in all material respects of the representations and warranties on the part of the Bank herein and to the accuracy in all material respects of the statements of the Bank's and the Parent's officers made in any certificate furnished pursuant to the provisions hereof, to the performance and observance in all material respects by the Bank of all covenants and agreements herein contained and to the following additional conditions precedent:

(a) Legal Opinions. On the date hereof, the Agents shall have received the following legal opinions, dated as of the date hereof and in form and substance satisfactory to the Agents:

(i) Opinions of Counsel to the Bank and the Parent. The opinion of John G. Finneran, Jr., Counsel to the Bank and the Parent, substantially in the form of Exhibit C hereto.

(ii) Opinion of Counsel to the Agents. The opinion of Brown & Wood, counsel to the Agents, covering such matters as they may request.

(b) Officers' Certificates. On the date hereof and, if requested by an Agent pursuant to Section 8(b) hereof, on each Settlement Date, the Agents shall have received a certificate of (i) the President, Senior Vice President or Vice President, and the Chief Financial or Chief Accounting Officer of the Bank satisfactory to the Agents, substantially in the form of Exhibit D hereto and (ii) the President or Vice President, and the Chief Financial Officer, Chief Accounting Officer or Treasurer of the Parent satisfactory to the Agents, substantially in the form of Exhibit E hereto, each dated the date hereof or the Settlement Date, as the case may be.

(c) Representations Certificate. On the date hereof, the Agents shall have received a certificate of the Parent, substantially in the form of Exhibit F hereto.

(d) Other Documents. On the date hereof and on each Settlement Date, counsel to the Agents shall have been furnished with such documents and opinions as such counsel may reasonably request for the purpose of enabling such counsel to pass upon the issuance and sale of the Deposit Notes as herein contemplated and related proceedings, or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Bank in connection with the issuance and sale of Deposit Notes as herein contemplated shall be satisfactory in form and substance to the Agents and to counsel to the Agents.

If any condition specified in this Section 6 shall not have been fulfilled when and as required to be fulfilled, this Agreement (or, at the option of the Agent, any applicable agreement by such Agent to purchase Deposit Notes as principal) may be terminated by the Agents by notice to the Bank at any time at or prior to the Closing Time and any such termination shall be without liability of any party to any other party, except that the provisions of Section 5 hereof, the indemnity and contribution agreement set forth in Sections 9 and 10 hereof, and the provisions of Sections 11, 14 and 15 hereof shall remain in effect.

SECTION 7. Delivery of and Payment for Deposit Notes Sold through an Agent.

Delivery of Deposit Notes sold through an Agent as agent shall be made by the Bank to such Agent for the account of any purchaser only against payment therefor in immediately available funds. In the event that a purchaser shall fail either to accept delivery of or to make payment for a Deposit Note on the date fixed for settlement, the Agent shall promptly notify the Bank and deliver the Deposit Note to the Bank, and, if the Agent has theretofore paid the Bank for the Deposit Note, the Bank will promptly return such funds to the Agent. If such failure shall have occurred for any reason other than default by the applicable Agent to perform its obligations hereunder, the Bank will reimburse such Agent on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Bank.

## SECTION 8. Additional Covenants of the Bank.

The Bank covenants and agrees with each Agent that:

(a) Reaffirmation of Representations and Warranties. Each acceptance by the Bank of an offer for the purchase of Deposit Notes (whether to an Agent as principal or through the Agent as agent), and each delivery of Deposit Notes to the Agents, shall be deemed to be an affirmation that the representations and warranties of the Bank contained in this Agreement and in any certificate theretofore delivered to the Agents pursuant hereto are true and correct in all material respects at the time of such acceptance or sale, as the case may be, and an undertaking that such representations and warranties will be true and correct in all material respects at the time of delivery to the purchaser or his agent, or to the applicable Agent, of the Deposit Note or Deposit Notes relating to such acceptance or sale, as the case may be, as though made at and as of each such time (and it is understood that such representations and warranties shall relate to the Offering Circular as amended and supplemented to each such time, including any amendment resulting from the incorporation by reference of documents filed by the Bank or the Parent).

(b) Subsequent Delivery of Certificates. Each time that (i) the Offering Circular shall be amended or supplemented (other than by an amendment or supplement providing solely for a change in the interest rates or other variable terms of Deposit Notes), (ii) there is filed with the Commission or any bank regulatory agency any document incorporated by reference into the Offering Circular, (iii) (if required in connection with the purchase of Deposit Notes by an Agent as principal) the Bank sells Deposit Notes to such Agent as principal or (iv) the Bank issues and sells Deposit Notes in a form not previously certified to the Agents by the Bank, the Bank shall furnish or cause to be furnished forthwith to the Agents certificates from the Bank and the Parent dated the date of such amendment or supplement, the date of such filing, or the Settlement Date, as the case may be, to the effect that the statements contained in the certificates which were last furnished to the Agents by the Bank and the Parent pursuant to Section 6(b) hereof are true and correct in all material respects at the time of such amendment, supplement or sale, as the case may be, as though made at and as of such time (except that such statements shall be deemed to relate to the Offering Circular as amended and supplemented to such time, including any amendment resulting from incorporation by reference of documents filed by the Bank and the Parent) or, in lieu of such certificates, certificates of the same form as the certificates referred to in said Section 6(b), modified as necessary to relate to the Offering Circular as amended and supplemented to the time of delivery of such certificates.

(c) Subsequent Delivery of Legal Opinions. Each time that (i) the Offering Circular shall be amended or supplemented with respect to the Deposit Notes (other than by an amendment or supplement (x) providing solely for a change in interest rates or other variable terms of the Deposit Notes or similar changes, or (y) setting forth financial statements or other information as of and for a fiscal period (unless, in the reasonable judgment of the Agents, an opinion of counsel should be furnished in light of such an amendment)), (ii) there is filed with the Commission any document incorporated by reference into the Offering Circular, (iii) (if required in connection with the purchase of Deposit Notes by an Agent as principal) the Bank sells Deposit Notes to such agent as principal or (iv) the Bank issues and sells Deposit Notes in a form not previously certified to the Agents by the Bank, the Bank shall furnish or cause to be furnished forthwith to the Agents and the Agents' counsel a letter from each counsel last furnishing an opinion referred to in Section 6(a)(i) hereof (or such other counsel as may be acceptable to the Agents) to the effect that the Agents may rely on such last opinion to the same extent as though it were dated the date of such letter authorizing reliance (except that statements in such last opinion shall be deemed to relate to the Offering Circular as amended and supplemented to the time of delivery of such letter authorizing reliance) or in lieu of such letter, each such counsel (or such other counsel as may be acceptable to the Agents) may deliver a letter in the same form as its letter referred to in Section 6(a)(i) but modified, as necessary to relate to the Offering Circular as amended and supplemented to the time of delivery of such letter.

#### SECTION 9. Indemnification.

(a) Indemnification of Agents. The Bank agrees to indemnify and hold harmless each Agent and each person, if any, who controls each Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Offering Circular (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any

such alleged untrue statement or omission, if such settlement is effected with the written consent of the Bank;

(iii) against any and all expense whatsoever (including the reasonable fees and disbursements of counsel chosen by the Agents), as reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above; and

(iv) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of the breach by the Bank of any agreement or representation made or deemed to be made pursuant to this Agreement.

(b) Indemnification of Bank. Each Agent agrees, severally and not jointly, to indemnify and hold harmless the Bank and each person, if any, who controls the Bank within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Offering Circular (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Bank by such Agent expressly for use in the Offering Circular (or any amendment or supplement thereto).

(c) General. Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action. In no event shall the indemnifying parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

#### SECTION 10. Contribution.

In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 9 hereof is for any reason held to be unavailable to or insufficient to hold harmless the indemnified parties although applicable in accordance with its terms, the Bank, on the one

hand, and the Agents, on the other hand, shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement incurred by the Bank, on the one hand, and the Agents, on the other hand, as incurred, in such proportions that each Agent is responsible for that portion represented by the percentage that the total commissions and underwriting discounts received by such Agent to the date of such liability bears to the total sales price received by the Bank from the sale of Deposit Notes to the date of such liability, and the Bank is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls the Agents within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Agents, and each person, if any, who controls the Bank within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Bank. The obligations of each of the Agents and the Bank under this Section to contribute are several in proportion to the respective purchases or sales made by or through it to which such loss, claim, damage or liability (or action in respect thereof) relates and are not joint.

SECTION 11. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements contained in this Agreement or contained in certificates of officers of the Bank pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Agents or any controlling person of an Agent, or by or on behalf of the Bank, and shall survive each delivery of and payment for any of the Deposit Notes.

SECTION 12. Termination.

(a) Termination of this Agreement. This Agreement (excluding any agreement hereunder by an Agent to purchase Deposit Notes as principal) may be terminated for any reason, at any time by either the Bank or any of the Agents as to itself, immediately upon the giving of 30 days written notice of such termination to the other party hereto in accordance with the provisions of Section 13 hereof.

(b) Termination of an Agreement to Purchase Deposit Notes as Principal. An Agent may terminate an agreement hereunder by such Agent to purchase Deposit Notes as principal, immediately upon notice to the Bank, at any time prior to the Settlement Date relating thereto (i) if there has been, since the date of such

agreement or since the respective dates as of which information is given in the Offering Circular, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank and its subsidiaries, or of the Parent and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there shall have occurred any material adverse change in the financial markets in the United States or any outbreak or escalation of hostilities or other national or international calamity or crisis the effect of which is such as to make it, in the judgment of such Agent, impracticable to market the Deposit Notes or enforce contracts for the sale of the Deposit Notes, or (iii) if trading in any securities of the Bank or the Parent shall have been suspended by the Commission or a national securities exchange, or if trading generally on either the American Stock Exchange, the New York Stock Exchange or the Chicago Board of Trade shall have been suspended, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, by either of said exchanges or by order of the Commission or any other governmental authority, or if a banking moratorium shall have been declared by either federal, New York State or the Commonwealth of Virginia authorities, as the case may be, or (iv) if the rating assigned by any nationally recognized securities rating agency to any debt securities of the Bank as of the date of any agreement by an Agent to purchase the Deposit Notes as principal shall have been lowered since that date or if any such rating agency shall have publicly announced that it has placed under surveillance or review, other than with positive implications, its rating of any debt securities or deposits of the Bank, or (v) if there shall have come to such Agent's attention any facts that would cause such Agent to believe that the Offering Circular or any amendments thereto or supplements thereof, at the time it was required to be delivered to a purchaser of Deposit Notes, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time of such delivery, not misleading.

(c) General.

In the event of any such termination, none of the parties will have any liability to the other parties hereto, except that (i) the Agents shall be entitled to any commissions earned in accordance with the third paragraph of Section 3(b) hereof, (ii) if at the time of termination (a) an Agent shall own any Deposit Notes purchased with the intention of reselling them or (b) an offer to purchase any of the Deposit Notes has been accepted by the Bank but the time of delivery to the purchaser or his agent of the Deposit Note or Deposit Notes relating thereto has not occurred, the covenants set forth in Sections 4 and 8 hereof shall remain in effect until such Deposit Notes are so

resold or delivered, as the case may be, and (iii) the provisions of Section 5 hereof, the indemnity and contribution agreements set forth in Sections 9 and 10 hereof, and the provisions of Section 11, 14 and 15 hereof shall remain in effect.

SECTION 13. Notices.

Unless otherwise provided herein, all notices required under the terms and provisions hereof shall be in writing, either delivered by hand, by mail or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified below.

If to the Bank:

Capital One Bank  
2980 Fairview Park Drive  
Falls Church, Virginia 22042-4525  
Attention: Treasurer  
Facsimile Number: (703) 205-1093

If to the Parent:

Capital One Financial Corporation  
2980 Fairview Park Drive  
Falls Church, Virginia 22042-4525  
Attention: Chief Financial Officer  
Facsimile Number: (703) 205-1093

If to Merrill, Lynch & Co.:

Merrill Lynch & Co.  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
North Tower, 10th Floor  
World Financial Center  
New York, New York 10281-1310  
Attention: Product Management-Bank Notes  
Facsimile Number: (212) 449-2234

If to CS First Boston Corporation:

CS First Boston Corporation  
55 East 52nd Street  
New York, New York 10055  
Attention: Short & Medium-Term Finance Department  
Facsimile Number: (212) 318-1498

If to Donaldson, Lufkin & Jenrette Securities Corporation:

Donaldson, Lufkins & Jenrette  
Securities Corporation  
140 Broadway, 40th Floor  
New York, New York 10005  
Attention: Roger Thomson  
Facsimile Number: (212) 504-8244

If to Goldman, Sachs & Co.:

Goldman, Sachs & Co.  
85 Broad Street  
New York, New York 10004  
Attention: Medium-Term Note Desk  
Facsimile Number: (212) 902-0658

If to J.P. Morgan Securities Inc.:

J.P. Morgan Securities Inc.  
60 Wall Street  
New York, New York 10260  
Attention: Medium-Term Note Desk  
Facsimile Number: (212) 648-5909

If to Lehman Brothers Inc.:

Lehman Brothers  
Lehman Brothers Inc.  
3 World Financial Center, 12th Floor  
New York, New York 10285-1200  
Attention: Medium-Term Note Department  
Facsimile Number: (212) 528-1718

If to Salomon Brothers Inc:

Salomon Brothers Inc  
7 World Trade Center, 31st Floor  
New York, New York 10048  
Attention: Medium-Term Note Department  
Facsimile Number: (212) 783-2274

If to Smith Barney Inc.:

Smith Barney Inc.  
390 Greenwich Street  
New York, New York 10013  
Attention: Continuously Offered Products Group  
Facsimile Number: (212) 723-8854

or at such other address as such party may designate from time to time by notice duly given in accordance with the terms of this Section 13.

SECTION 14. Parties.

This Agreement shall inure to the benefit of and be binding upon the Agents, the Bank and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons and officers and directors referred to in Sections 9 and 10 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein or therein contained. This Agreement and all conditions and provisions hereof and thereof are intended to be for the sole and exclusive benefit of the parties hereto and respective successors and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Deposit Notes shall be deemed to be a successor by reason merely of such purchase.

SECTION 15. Governing Law.

This Agreement and all the rights and obligations of the parties shall be governed by and construed in accordance with the laws of New York applicable to agreements made and to be performed in such state. Any suit, action or proceeding brought by the Bank or the Parent in connection with or arising under this Agreement shall be brought solely in the state or federal court of appropriate jurisdiction located in the Borough of Manhattan, The City of New York.

SECTION 16. Counterparts.

This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with the your understanding of our agreement, please sign and return to the Bank a counterpart hereof, whereupon this instrument along with all counterparts will become a binding agreement between each of the Agents and the Bank in accordance with its terms.

Very truly yours,

CAPITAL ONE BANK

By: /s/ DAVID M. WILLEY

-----  
Name: David M. Willey  
Title: Vice President,  
Cashier, Treasurer  
and Assistant Secretary

CONFIRMED AND ACCEPTED,  
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By: [SIG]

-----  
Name:  
Title:

CS FIRST BOSTON CORPORATION

By: /S/ MARTHA D. BAILEY

-----  
Name: MARTHA D. BAILEY  
Title: VICE PRESIDENT

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION

By: [SIG]  
-----  
Name:  
Title:

GOLDMAN, SACHS & CO.

By: /s/ GOLDMAN, SACHS & CO.  
-----  
Name:  
Title:

J.P. MORGAN SECURITIES INC.

By: /s/ GEOFFREY B. FITZGERALD  
-----  
Name:  
Title:

LEHMAN BROTHERS INC.

By: /s/ BART MCDALE  
-----  
Name: Bart McDale  
Title:

SALOMON BROTHERS INC

By: [SIG]  
-----  
Name:  
Title:

SMITH BARNEY INC.

By: [SIG]  
-----  
Name:  
Title:

The following terms, if applicable, shall be agreed to by the Agent and the Bank in connection with each sale of Deposit Notes to the Agent as principal:

Principal Amount: \$\_\_\_\_\_

Interest Rate:

If Fixed Rate Note, Interest Rate:

If Floating Rate Note:

Interest Rate Basis:  
 Initial Interest Rate:  
 Spread or Spread Multiplier, if any:  
 Interest Rate Reset Month(s):  
 Interest Reset Date(s):  
 Interest Payment Date(s):  
 Index Maturity:  
 Maximum Interest Rate, if any:  
 Minimum Interest Rate, if any:  
 Interest Reset Period:  
 Interest Payment Period:  
 Calculation Agent:

If Redeemable:

Initial Redemption Date:  
 Additional Redemption Dates:  
 Initial Redemption Percentage:  
 Annual Redemption Percentage Reduction:

If Repayable:

Optional Repayment Date(s):

Date of Maturity:  
 Purchase Price: \_\_\_\_\_%  
 Settlement Date and Time:  
 Additional Terms:

Also, in connection with the purchase of Deposit Notes by the Agent as principal, agreement as to whether the following will be required:

- (a) Officers' Certificates pursuant to Section 8(b) of the Distribution Agreement.

(b) Legal Opinion pursuant to Section 8(c) of the Distribution Agreement.

As compensation for the services of the Agents hereunder, the Bank shall pay the applicable Agent, on a discount basis, a commission for the sale of each Deposit Note equal to the principal amount of the Deposit Note multiplied by the appropriate percentage set forth below:

| MATURITY RANGES<br>-----                 | PERCENT OF<br>PRINCIPAL AMOUNT<br>----- |
|--|---|
| From 30 days to less than 9 months.....  | .050%                                   |
| From 9 months to less than 1 year.....   | .125                                    |
| From 1 year to less than 18 months.....  | .150                                    |
| From 18 months to less than 2 years..... | .200                                    |
| From 2 years to less than 3 years.....   | .250                                    |
| From 3 years to less than 4 years.....   | .350                                    |
| From 4 years to less than 5 years.....   | .450                                    |
| From 5 years to less than 6 years.....   | .500                                    |
| From 6 years to less than 7 years.....   | .550                                    |
| From 7 years to less than 10 years.....  | .600                                    |
| From 10 years to less than 15 years..... | .625                                    |
| From 15 years to less than 20 years..... | .700                                    |
| From 20 years to 30 years.....           | .750                                    |

April 30, 1996

MERRILL LYNCH & CO.  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
CS FIRST BOSTON CORPORATION  
DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
GOLDMAN, SACHS & CO.  
J.P. MORGAN SECURITIES INC.  
LEHMAN BROTHERS  
LEHMAN BROTHERS INC.  
SALOMON BROTHERS INC  
SMITH BARNEY INC.

c/o Merrill Lynch & Co.  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
World Financial Center  
North Tower  
New York, New York 10281

Ladies and Gentlemen:

I have acted as counsel for Capital One Bank (the "Bank") and Capital One Financial Corporation (the "Parent"), in connection with the execution today (i) by you and the Bank of the Distribution Agreement (the "Distribution Agreement"), (ii) by Parent of the Representations Certificate pursuant to Section 6(c) of the Distribution Agreement (the "Representations Certificate"), and (iii) by the Bank and Chemical Bank (the "Issuing and Paying Agent") of the Issuing and Paying Agency Agreement (the "IPA Agreement") and the Interest Calculation Agreement (the "Interest Calculation Agreement"), and (iv) by the Bank, the Issuing and Paying Agent and The Depository Trust Company of the Short-Term and Medium-Term Letters of Representations (the "Letters of Representations") all of which are dated April 30, 1996, relating to the issuance and sale by the Bank of its Deposit Notes due from 30 days to 30 years from the date of issue (the "Deposit Notes"). This opinion letter is furnished pursuant to Section 6(a)(i) of the Distribution Agreement. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Distribution Agreement.

In arriving at the opinions expressed below, I have examined and relied on the following documents:

- (a) an executed copy of the Distribution Agreement, the Representations Certificate, the IPA Agreement and the Interest Calculation Agreement;
- (b) the Offering Circular;
- (c) specimens of the Deposit Notes; and
- (d) the documents delivered to you by the Bank and the Parent at the closing pursuant to the Distribution Agreement.

In addition, I have examined and relied on the originals or copies certified or otherwise identified to my satisfaction of all such corporate records of the Bank and the Parent and such other instruments and other certificates of public officials, officers and representatives of the Bank and the Parent and such other persons, and I have made such investigations of law, as I have deemed appropriate as a basis for the opinions expressed below. In rendering the opinions expressed below, I have assumed and have not verified that the signatures on all documents that I have examined are genuine, that all copies of documents that I have examined conform to the originals thereof, and that the Deposit Notes conform to the specimen thereof that I have examined.

Based on the foregoing, it is my opinion that:

1. The Bank is a banking corporation validly existing and in good standing under the laws of the Commonwealth of Virginia. The Parent is a corporation validly existing and in good standing under the laws of the State of Delaware and is qualified to do business as a foreign corporation in the Commonwealth of Virginia. The Bank is a wholly-owned subsidiary of the Parent, which has securities registered under the Securities Exchange Act of 1934, as amended.

2. The Distribution Agreement, the IPA Agreement, the Interest Calculation Agreement and the Letters of Representations have been duly authorized, executed and delivered by the Bank and, assuming due authorization, execution and delivery by all parties thereto other than the Bank, are legal, valid, binding and enforceable agreements of the Bank, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership, and similar laws of general applicability relating to, or affecting, creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and subject, as to any indemnification or contribution obligation, to public policies which might affect such obligations.

3. The Representations Certificate has been duly authorized, executed and delivered by a duly authorized officer of the Parent and, assuming due authorization,

execution and delivery of the Distribution Agreement, the IPA Agreement and the Interest Calculation Agreement by all parties thereto other than the Bank, is a legal, valid, binding and enforceable agreement of the Parent, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership and similar laws of general applicability relating to, or affecting, creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and subject, as to any indemnification or contribution obligation, to public policies which might affect such obligations.

4. The Deposit Notes have been duly authorized for issuance and sale pursuant to the Distribution Agreement and, when issued and authenticated against payment of the consideration therefor, the Deposit Notes will be legal, valid, binding and enforceable obligations of the Bank, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership, and similar laws of general applicability relating to, or affecting creditors rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

5. The execution, issuance and delivery by the Bank of the Deposit Notes, the execution, delivery and performance by the Bank of the Distribution Agreement, the IPA Agreement, the Interest Calculation Agreement, the Letters of Representations and any agreement by an agent party to the Distribution Agreement to purchase the Deposit Notes as principal, and the execution, delivery and performance by the Parent of the Representations Certificate, do not violate any law, rule, regulation, order, judgment or decree applicable to the Parent and its subsidiaries or the Bank and its subsidiaries, if any, or violate any provision of each of the Bank's or the Parent's Charter, Bylaws, or Articles of Incorporation or Articles of Association, as the case may be, or, conflict with or result in a material breach of or constitute a material default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Parent and its subsidiaries or the Bank and its subsidiaries, if any, pursuant to any contract, indenture, mortgage, loan agreement, note, lease or other instrument known to me to which the Parent or any of its subsidiaries or the Bank and its subsidiaries if any, or the property of any of them, is bound or subject.

6. The Deposit Notes are exempt from registration under the Securities Act of 1933, as amended (the "1933

Act"), and neither registration of the Deposit Notes under the 1933 Act, nor qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the offer, sale, issuance or delivery of the Deposit Notes pursuant to the Distribution Agreement or any applicable agreement by an agent party to the Distribution Agreement to purchase the Deposit Notes as principal.

7. The Bank is not required to register under the provisions of the Investment Company Act of 1940, as amended (the "Investment Company Act").

8. No consent, approval or authorization of or filing with any Federal or Virginia governmental body or agency is required for the performance by the Bank of its obligations under the Distribution Agreement, the IPA Agreement, the Interest Calculation Agreement and any applicable agreement by an agent party to the Distribution Agreement to purchase the Deposit Notes as principal or the Deposit Notes, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Deposit Notes.

9. The Deposit Notes conform in all material respects to the description thereof contained in the Offering Circular under the caption "Description of Notes."

10. Except as may be set forth in the Offering Circular, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to my knowledge, threatened against or affecting, the Parent or any of its subsidiaries or the Bank and its subsidiaries, if any, which if determined adversely to the Parent or any of its subsidiaries or the Bank and its subsidiaries, as the case may be, could reasonably be expected to result in any material adverse change in the financial condition, or in the earnings or business affairs of the Parent and its subsidiaries, taken as a whole, or the Bank and its subsidiaries, taken as a whole or could reasonably be expected to materially and adversely affect the consummation of the Distribution Agreement, the IPA Agreement, the Interest Calculation Agreement or the Deposit Notes or any transaction contemplated hereby or thereby.

11. The Deposit Notes are deposit liabilities of the Bank, insured up to applicable limits by the Federal Deposit Insurance Act (the "FDI Act"), and are entitled to the priority provided to "deposit liabilities" by Section 11(d)(11) of the FDI Act.

12. The Bank is an insured bank under the provisions of the FDI Act.

13. Assuming the accuracy of the financial statements and other financial data included in the Offering Circular, as of April \_\_, 1996 the Bank was a "well capitalized insured depository institution" within the meaning of 12 C.F.R. 337.6 (the "Brokered Deposit Regulation"). The Bank is not limited by the Brokered Deposit Regulation in its ability to solicit and accept, and renew or rollover, brokered deposits.

14. The deposits evidenced by the Deposit Notes are not "accounts" within the meaning of Regulation DD of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 230).

15. Assuming the accuracy of the financial statements and other financial data included in the Offering Circular, about which I express no opinion, the Bank meets each applicable capital standard referred to under 12 C.F.R. 330.12(b)(1), and deposit insurance on a "pass through" basis will be available pursuant to 12 C.F.R. 330.12 for certain employee benefits plans purchasing the Deposit Notes, subject to the requirements, limitations, and restrictions (including any applicable aggregation rules) as set forth under 12 C.F.R. Part 330.

Because the primary purpose of my role in the transaction was not to establish or confirm factual matters or financial, accounting or statistical matters and because of the wholly or partially non-legal character of many of the statements contained in the Offering Circular, I am not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Offering Circular and I make no representation that I have independently verified the accuracy, completeness or fairness of such statements. Without limiting the foregoing, I assume no responsibility for, and have not independently verified, the accuracy, completeness or fairness of the financial statements and schedules and other financial and statistical data included in the Offering Circular, and I have not examined the accounting, financial or statistical records from which such financial statements, schedules and data are derived. I note that, while certain portions of the Offering Circular (including financial statements and schedules) have been included therein on the authority of "experts" within the meaning of the Securities Act of 1933, as amended, I am not such an expert with respect to any portion of the Offering Circular, including without limitation such financial statements or schedules or the other financial or statistical data included therein.

However, in the course of my acting as counsel to the Bank in connection with its preparation of the Offering Circular and the offering of the Deposit Notes, prior to the date of the Offering Circular, I participated in conferences and in telephone

conversations with representatives of the Bank, Ernst & Young, accountants for the Bank, your representatives and your counsel, during which conferences and conversations the contents of the Offering Circular and related matters were discussed. In addition, I reviewed certain corporate documents furnished to me by the Bank or otherwise in my possession, including the minutes of the stockholders and the Board of Directors of the Bank, which minutes are all such minutes with respect to the Bank since the date of its incorporation.

Based on my participation in the above-mentioned conferences and conversations, my review of the documents described above, my understanding of applicable law and the experience I have gained in my practice thereunder, I advise you that no information has come to my attention that causes me to believe that the Offering Circular (other than the financial statements and schedules and other financial and statistical data included therein and the information included therein in the last paragraph of the cover page of the offering circular and under the caption "Certain United States Federal Income Tax Considerations" and "Plan of Distribution", as to which I express no view) as of the date thereof or hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

For purposes of the opinion contained in paragraph 10 above, I have not regarded any action, suit or proceeding to be "threatened" unless the potential litigant or governmental authority has manifested to the management of the Bank or the Parent or to me a present intention to initiate such action, suit or proceeding.

I express no opinion other than as to the federal law of the United States of America, the law of the Commonwealth of Virginia and the general corporation law of the State of Delaware.

I am furnishing this opinion letter to you solely for your benefit. This opinion letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that Brown & Wood may rely upon this opinion letter to the same extent as if it were addressed to it for purposes of rendering its opinion to you on the date hereof.

Very truly yours,

[THE BANK]

OFFICERS' CERTIFICATE

We, [Officers' Names], [Officers' Titles], respectively, of Capital One Bank, a banking association duly organized and validly existing in good standing under the laws of the Commonwealth of Virginia (the "Bank"), pursuant to Section 6(b)(i) of the Distribution Agreement, dated April 30, 1996 (the "Distribution Agreement"), among each of the Bank, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, CS First Boston Corporation, Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliate Lehman Commercial Paper Inc.), Salomon Brothers Inc and Smith Barney Inc., hereby certify that:

(i) Since [ ], 1996, there has been no material adverse change in the condition, financial or otherwise, of the Bank and its subsidiaries considered as one enterprise, or in the business affairs, earnings or business prospects of the Bank and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business other than as set forth or contemplated in the Offering Circular, dated April 30, 1996, as amended or supplemented to the date hereof, relating to the Bank's Deposit Notes;

(ii) The other representations and warranties of the Bank contained in Section 2 of the Distribution Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of the date hereof; and

(iii) The Bank has performed or complied with the Distribution Agreement and with all agreements and documentation executed in connection therewith and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the date hereof.

IN WITNESS WHEREOF, we have hereunto signed our names and affixed the seal of the Bank this 30th day of April, 1996.

By: \_\_\_\_\_  
Name:  
Title:

[SEAL]

By: \_\_\_\_\_  
Name:  
Title:

[PARENT]

Officers' Certificate

We, [Officers' Names], [Officers' Titles], respectively, of Capital One Financial Corporation, a corporation organized under the laws of the State of Delaware (the "Parent"), pursuant to Section 6(b)(ii) of the Distribution Agreement, dated April 30, 1996, (the "Distribution Agreement"), among each of Capital One Bank, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, CS First Boston Corporation, Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliate Lehman Commercial Paper Inc.), Salomon Brothers Inc and Smith Barney Inc. (collectively, the "Agents") hereby certify that:

1. Since [ ], 1996, there has been no material adverse change in the condition, financial or otherwise, of the Bank and its subsidiaries or the Parent and its subsidiaries, as the case may be, considered as one enterprise, or in the business affairs, earnings or business prospects of the Bank and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business other than as set forth or contemplated in the Offering Circular, dated April \_\_, 1996, as amended or supplemented to the date hereof, relating to the Banks' Deposit Notes;

2. The representations and warranties of the Parent contained in the Representation Certificate dated April 30, 1996, furnished by the Parent to the Agents pursuant to Section 6(c) of the Distribution Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of the date hereof; and

3. The Parent has performed or complied in all material respects with the Distribution Agreement and with all agreements and documentation executed in connection therewith and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the date hereof.

IN WITNESS WHEREOF, we have hereunto signed our names and affixed the seal of the Parent the 30th day of April, 1996.

By: -----  
Name:  
Title:

[SEAL]

By: -----  
Name:  
Title:

## REPRESENTATIONS CERTIFICATE OF CAPITAL ONE FINANCIAL CORPORATION

To induce Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, CS First Boston Corporation, Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliate Lehman Commercial Paper Inc.), Salomon Brothers Inc and Smith Barney Inc. (each referred to as an "Agent" and collectively referred to as the "Agents") to enter into the Distribution Agreement of even date herewith (the "Distribution Agreement") among each of Capital One Bank (the "Bank"), and the Agents and to induce Chemical Bank to enter into the Issuing and Paying Agency Agreement (the "IPA Agreement") between the Bank and Chemical Bank with respect to the issue and sale by the Bank of its Deposit Notes (the "Deposit Notes"), the undersigned, [Officers' Names], [Officers' Titles in accordance with Section 6(c) of the Distribution Agreement] of Capital One Financial Corporation (the "Parent"), hereby represent and warrant on behalf of the Parent to each Agent and to Chemical Bank as of the date hereof, as of each time that there is filed with the Securities and Exchange Commission (the "Commission") any document relating to the Parent incorporated by reference in the Offering Circular, as of the date of each acceptance by the Bank of an offer for the purchase of Deposit Notes (whether by an Agent as principal or through such Agent as agent), as of each applicable Settlement Date and as of each applicable Representation Date, as follows:

(i) Authorization to Incorporate by Reference. The Parent has authorized the Bank to incorporate by reference in the Offering Circular its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and each other document filed by the Corporation pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act") filed by the Parent with the Commission pursuant to the Exchange Act and the rules and regulations thereunder (the "Incorporated Documents").

(ii) Incorporated Documents. The Incorporated Documents, at the time they were or hereafter are filed with the applicable federal regulatory authorities, complied or when so filed will comply, as the case may be, in all material respects with the requirements of the 1934 Act and the rules and regulations promulgated thereunder or the rules and regulations otherwise applicable thereto, as the case may be, and, when read together with the other information in the Offering Circular, did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in

order to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(iii) Due Organization, Valid Existence and Good Standing. The Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is licensed, registered or qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such license, registration or qualification, except to the extent that the failure to be so licensed, registered or qualified or to be in good standing would not have a material adverse effect on the Parent and its subsidiaries taken as a whole.

(iv) No Material Adverse Change. Since the respective dates as of which information is given in the Offering Circular, there has not been any material adverse change, or any development which could be expected to result in a material adverse change, in the condition, financial or otherwise, or in the business affairs, earnings or business prospects of the Bank and its subsidiaries, considered as one enterprise, or the Parent and its subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular.

In addition, to induce the Agents to enter into the Distribution Agreement, the Parent agrees to indemnify and hold harmless each Agent and each person, if any, who controls each Agent within the meaning of Section 15 of the Securities Act of 1933, as amended (the "1933 Act") or Section 20 of the 1934 Act (each, a "Controlling Person") to the same extent and upon the same terms that the Bank agree to indemnify and hold harmless each Agent and each such Controlling Person in Section 9(a) of the Distribution Agreement and each such person and to contribute to the payment of any losses, liabilities, claims, damages or expenses incurred by each Agent or each such Controlling Person to the same extent and upon the same terms that the Bank agrees to contribute in Section 10 of the Distribution Agreement.

All representations and warranties contained in this certificate shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Agents or any Controlling Person of the Agents, or by or on behalf of the Parent and shall survive each delivery of and payment for any of the Deposit Notes.

All terms used herein but not otherwise defined shall have the meanings assigned to such terms in the Distribution Agreement.

IN WITNESS WHEREOF, I have hereunto signed my name on behalf of the Parent this 30th day of April, 1996.

By: -----  
Name:  
Title:

ADMINISTRATIVE PROCEDURES

G-1

ADMINISTRATIVE PROCEDURES  
FOR FIXED RATE AND FLOATING RATE DEPOSIT NOTES  
With maturities from 30 days to 30 years  
(Dated as of April 30, 1996)

The Deposit Notes (the "Notes") are to be offered on a continuous basis for sale by Capital One Bank (the "Bank") through each of Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, CS First Boston Corporation, Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers, Lehman Brothers Inc. (including its affiliates Lehman Commercial Paper Inc. and Lehman Government Securities Inc.), Salomon Brothers Inc and Smith Barney Inc. who, as agents (each, an "Agent" and, collectively, the "Agents"), will utilize its reasonable efforts on an agency basis to solicit offers to purchase the Notes at 100% of the principal amount thereof. If agreed to by the Bank and the applicable Agent, such Agent will purchase the Notes, as principal from the Bank for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by the applicable Agent or, if so specified in the applicable Pricing Supplement, for resale at a fixed public offering price. Only those provisions in these Administrative Procedures that are applicable to the particular role that an Agent will perform shall apply.

The Notes are being sold pursuant to a distribution agreement (the "Distribution Agreement"), dated April 30, 1996, between the Bank and the Agents. The Distribution Agreement provides both for the sale of Notes by the Bank to the Agents as principal for resale to investors and other purchasers and for the sale of Notes by the Bank through the Agents as agents and not as principal in which case the Agents will act as agents of the Bank in soliciting Note purchases. The Notes will be issued pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement"), dated as of April 30, 1996, between the Bank and Chemical Bank as issuing and paying agent (the "Issuing and Paying Agent"). As used herein, the term "Offering Circular" refers to the most recent offering circular, as such document may be amended or supplemented, which has been prepared by the Bank for use by the Agents in connection with the offering of the Notes.

The Notes will be issued in book-entry form (each beneficial interest in a global Note, a "Book-Entry Note" and collectively, the "Book-Entry Notes") and represented by one or more fully registered global Notes (each, a "Global Note" and collectively, the "Global Notes") delivered to the Issuing and Paying Agent, as agent for The Depository Trust Company, as depository ("DTC,"

which term includes any successor thereof), and recorded in the book-entry system maintained by DTC. Book-Entry Notes represented by a Global Note are exchangeable for definitive Notes in registered form, of like tenor and of an equal aggregate principal amount, by the owners of such Book-Entry Notes only upon certain limited circumstances described in the Offering Circular and the applicable Global Note.

In connection with the qualification of Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Issuing and Paying Agent will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under the Letters of Representations from the Bank and the Issuing and Paying Agent to DTC, dated April 30, 1996, and a Certificate Agreement, dated \_\_\_\_\_, between the Issuing and Paying Agent and DTC (the "Certificate Agreement"), and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System ("SFDS").

Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Notes.

|                                  |   |
|----------------------------------|---|
| Date of Issuance/Authentication: | Each Note will be dated as of the date of its authentication by the Issuing and Paying Agent. Each Note shall also bear an original issue date (the "Original Issue Date") which shall be the settlement date for such Note. The Original Issue Date shall remain the same for all Notes subsequently issued upon transfer, exchange or substitution of an original Note regardless of their dates of authentication. |
| Maturities:                      | Each Note will mature on a date (the "Maturity Date") selected by the purchaser and agreed to by the Bank which is not less than 30 days nor more than 30 years from its Original Issue Date, as selected by the initial purchaser and agreed to by the Bank; provided, however, that Floating Rate Notes will mature on an Interest Payment Date.  |
| Registration:                    | Notes will be issued only in fully registered form.   |

## Calculation of Interest:

Unless otherwise specified therein and in the applicable Pricing Supplement, interest (including payments for partial periods) on Fixed Rate Notes will be computed and paid on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified therein and in the applicable Pricing Supplement, interest on Fixed Rate Notes having maturities of one year or less will be computed on the basis of the actual number of days of the year divided by 360 and will be payable only at maturity. Unless otherwise specified therein and in the applicable Pricing Supplement, interest on Floating Rate Notes will be calculated and paid on the basis of the actual number of days in the year divided by 360 in the case of Commercial Paper Rate Notes, LIBOR Notes, Federal Funds Rate Notes, Prime Rate Notes and 11th District Cost of Funds Rate Notes, and by the actual number of days in the year divided by 365 or 366, as the case may be, in the case of Treasury Rate Notes.

## Redemption/Repayment:

The Notes will be subject to redemption by the Bank on and after their respective Initial Redemption Dates, if any. Initial Redemption Dates, if any, will be fixed at the time of sale and set forth in the applicable Pricing Supplement and in the applicable Note. If no Initial Redemption Dates are indicated with respect to a Note, such Note will not be redeemable prior to its Maturity Date.

The Notes will be subject to repayment at the option of the holders thereof in accordance with the terms of the Notes on their respective Holder's Optional Repayment Dates, if any. Holder's Optional Repayment Dates, if any, will be fixed at the time of sale and set forth in the applicable Pricing Supplement and in the applicable Note. If no Holder's Optional Repayment Dates are indicated with respect to a Note, such Note will not be repayable at the

option of the holder prior to its Maturity Date.

Acceptance and Rejection of Offers:

When the Agent is soliciting offers to purchase the Notes, the Bank shall have the sole right to accept offers to purchase Notes and may reject any such offer, in whole or in part. Each Agent shall promptly communicate to the Bank, orally, each offer to purchase Notes solicited by such Agent on an agency basis, other than those offers rejected by the Agent. Each Agent shall have the right, without notice to the Bank, to reject any proposed purchase of Notes through it, in whole or in part.

Preparation of Pricing Supplement:

If any offer to purchase a Note is accepted by the Bank, the Bank, with the approval of the Agent which presented such offer (the "Presenting Agent"), will prepare a Pricing Supplement reflecting the terms of such Note.

Procedure for Changing Rates or Other Variable Terms:

When the Agents are soliciting offers to purchase the Notes from the Bank and a decision has been reached to change the interest rate or any other variable term on any Notes being sold by the Bank, the Bank will promptly advise the Agents and the Agents will forthwith suspend solicitation of offers to purchase such Notes. The Agents will telephone the Bank with recommendations as to the changed interest rates or other variable terms. At such time as the Bank advises the Agents of the new interest rates or other variable terms, the Agents may resume solicitation of offers to purchase such Notes. Until such time, only "indications of interest" may be recorded. Immediately after acceptance by the Bank of an offer to purchase at a new interest rate or new variable term, the Bank and the Presenting Agent shall follow the procedures set forth under the applicable "Settlement Procedures."

Suspension of Solicitation; Amendment or Supplement:

While the Agents are soliciting offers to purchase Notes from the Bank, the Bank may instruct the Agents to suspend solicitation of offers to purchase Notes at any time. Upon receipt of such instructions, the Agents will forthwith suspend solicitation of offers to purchase from the Bank until such time as the Bank has advised them that solicitation of offers to purchase may be resumed. If the Bank decides to amend the Offering Circular (including incorporating any documents by reference therein) or supplement any of such documents (other than to change rates or other variable terms), it will immediately notify, with confirmation in writing to follow, the Agents and will furnish the Agents and their counsel with copies of the proposed amendment (including any document proposed to be incorporated by reference therein) or supplement; provided, however, that the Bank shall be required to provide such notice and copies only to the extent that it is required to do so pursuant to the terms of the Distribution Agreement. One copy of such proposed amendment or supplement will be delivered or mailed to the Agents at the following respective addresses: Merrill Lynch & Co., World Financial Center, North Tower, 10th Floor, New York, New York 10281-1310, (212) 449-0393, telecopier: (212) 449-2234, Attention: Product Management - Notes; CS First Boston Corporation, 55 East 52nd Street, New York, New York 10055, (212) 909-2107, telecopier: (212) 318-0532, Attention: Joseph D. Fashano; Goldman, Sachs & Co., 85 Broad Street, New York, New York 10004, (212) 902-1482, telecopier: (212) 902-0658, Attention: Medium-Term Note Desk; J.P. Morgan Securities Inc., 60 Wall Street, New York, New York 10260, (212) 648-0591, telecopier (212) 649-5909, Attention: Medium-Term Note Desk; Lehman Brothers Inc., 3 World Financial Center, 12th Floor, New York, New York 10285, (212) 526-2040, telecopier: (212)

528-1718, Attention: Medium-Term Note Department; Salomon Brothers Inc, 7 World Trade Center, 31st Floor, New York, New York 10048, (212) 783-5889, telecopier: (212) 783-2274, Attention: Medium-Term Note Group; Smith Barney Inc., 1345 Avenue of the Americas, New York, New York 10105, (212) 698-3889, telecopier: (212) 698-5873, Attention: Frank Hamilton.

In the event that at the time the solicitation of offers to purchase from the Bank is suspended (other than to change interest rates, maturities, prices or other similar variable terms with respect to the Notes) there shall be any offers to purchase Notes that have been accepted by the Bank which have not been settled, the Bank will promptly advise the Agents whether such offers may be settled and whether copies of the Offering Circular, as theretofore amended and/or supplemented, as in effect at the time of such suspension may be delivered in connection with the settlement of such orders. The Bank will have the sole responsibility for such decision and for any arrangements which may be made in the event that the Bank determines that such orders may not be settled or that copies of such Offering Circular may not be so delivered.

Delivery of Offering Circular:

A copy of the most recent Offering Circular and Pricing Supplement must accompany or precede the earlier of (a) the written confirmation of a sale sent to a customer or his agent and (b) the delivery of Notes to a customer or his agent.

Authenticity of Signatures:

The Agents will have no obligations or liability to the Bank or the Issuing and Paying Agent in respect of the authenticity of the signature of any officer, employee or agent of the Bank or the Issuing and Paying Agent on any Note.

Documents Incorporated by Reference:

The Bank shall supply the Agents with an adequate supply of all documents incorporated by reference in the Offering Circular.

Business Day:

"Business Day" means, with respect to any Note, any day that is not a Saturday or Sunday and that is not a day on which banking institutions in The City of New York or in the city in which the Bank is headquartered are authorized or required by law, regulation or executive order to close, and with respect to LIBOR Notes only, any day that is a London Business Day. "London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Issuance:

All Fixed Rate Notes issued in book-entry form having the same Original Issue Date, Interest Rate, Interest Payment Dates, Regular Record Dates, Default Rate, Maturity Date, redemption and/or repayment terms, if any, original issue discount terms, if any, and otherwise having identical terms and provisions (collectively, the "Fixed Rate Terms") will be represented initially by a single Global Note in fully registered form; and all Floating Rate Notes issued in book-entry form having the same Original Issue Date, interest rate basis upon which interest may be determined (each, an "Interest Rate Basis"), which may be the Commercial Paper Rate, LIBOR, the Treasury Rate, the Federal Funds Rate, the Prime Rate, the 11th District Cost of Funds Rate and any other rate set forth by the Bank in a Floating Rate Note, Initial Interest Rate, Index Maturity, Spread and/or Spread Multiplier, if any, Regular Record Dates, Maximum Interest Rate, if any, Minimum Interest Rate, if any, Interest Payment Dates, Interest Payment Period, Interest Reset Dates, Interest Reset Period, Alternate Rate Event Spread, LIBOR Screen, if any, Calculation Agent, Default Rate, Maturity Date, redemption

or repayment terms, if any, original issue discount terms, if any, and otherwise having identical terms and provisions, (collectively, the "Floating Rate Terms") will be represented initially by a single Global Note.

Identification:

The Bank has arranged with the CUSIP Service Bureau of the Standard & Poor's Ratings Group (the "CUSIP Service Bureau") for the reservation of one series of CUSIP numbers assignable to the Notes, which series consists of approximately 900 CUSIP numbers that have been reserved for and relating to Global Notes, and the Issuing and Paying Agent has delivered to DTC such list of such CUSIP numbers. The Issuing and Paying Agent will assign CUSIP numbers to Global Notes as described below under Settlement Procedure B. DTC will notify the CUSIP Service Bureau periodically of the CUSIP numbers that the Issuing and Paying Agent has assigned to the Global Notes. The Issuing and Paying Agent will notify the Bank at any time when fewer than 100 of the reserved CUSIP numbers of any series remain unassigned to Global Notes and, if it deems it necessary, the Bank will reserve additional CUSIP numbers of such series for assignment to Global Notes. Upon obtaining such additional CUSIP numbers, the Bank will deliver a list of such additional numbers to the Issuing and Paying Agent and DTC. Book-Entry Notes having an aggregate principal amount in excess of \$200,000,000 and otherwise required to be represented by the same Global Note will instead be represented by two or more Global Notes which shall all be assigned the same CUSIP number.

Registration:

Unless otherwise specified by DTC, each Global Note will be registered in the name of Cede & Co., as nominee for DTC, on the register maintained by the Issuing and Paying Agent. The owner of a Book-Entry Note (i.e., an owner of a beneficial interest in a Global Note) (or one or more indirect participants in DTC designated by such owner) will

designate one or more participants in DTC (with respect to such Book-Entry Note, the "Participants") to act as agent for such beneficial owner in connection with the book-entry system maintained by DTC, and DTC will record in book-entry form, in accordance with instructions provided by such Participants, a credit balance with respect to such Book-Entry Notes in the account of such Participants. The ownership interest of such beneficial owner in such Global Note will be recorded through the records of such Participants or through the separate records of such Participants and one or more indirect participants in DTC.

Transfers:

Transfers of a beneficial interest in a Global Note will be accomplished by book entries made by DTC and, in turn, by Participants (and in certain cases, one or more indirect participants in DTC) acting on behalf of beneficial transferors and transferees of such Global Note.

Exchanges:

The Issuing and Paying Agent may deliver to DTC and the CUSIP Service Bureau at any time a written notice specifying (a) the CUSIP numbers of two or more Global Notes outstanding on such date that represent Notes having the same Fixed Rate Terms or Floating Rate Terms, as the case may be (other than Original Issue Dates), and for which interest has been paid to the same date; (b) a date, occurring at least 30 days after such written notice is delivered and at least 30 days before the next Interest Payment Date for the related Book-Entry Notes, on which such Global Notes shall be exchanged for one or more replacement Global Notes; and (c) a new CUSIP number, obtained from the Issuing and Paying Agent, to be assigned to such replacement Global Note. Upon receipt of such notice, DTC will send to its Participants a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, the Issuing and Paying Agent will deliver to the CUSIP Service Bureau written notice setting forth such exchange date and the new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Notes to be exchanged will no longer be valid. On the specified exchange date, the Issuing and

Paying Agent will exchange such Global Notes for a single Global Note bearing the new CUSIP number, and the CUSIP numbers of the exchanged Global Notes will, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned.

Notwithstanding the foregoing, if the Global Notes to be exchanged exceed \$200,000,000 in aggregate principal amount, one replacement Global Note will be authenticated and issued to represent each \$200,000,000 of principal amount of the exchanged Global Notes and an additional Global Note or Global Notes will be authenticated and issued in exchange for any remaining principal amount of such exchanged Global Notes representing such Book-Entry Notes (see "Denominations" below).

Denominations:

All Book-Entry Notes will be denominated in U.S. dollars. Book-Entry Notes will be issued in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. Global Notes representing Book-Entry Notes will be denominated in principal amounts not in excess of \$200,000,000. If one or more Book-Entry Notes having an aggregate principal amount in excess of \$200,000,000 would, but for the preceding sentence, be represented by a single Global Note, then one Global Note will be issued to represent each \$200,000,000 principal amount of such Book-Entry Note or Notes and an additional Global Note or Global Notes will be issued to represent any remaining principal amount of such Book-Entry Notes. In such case, each of the Global Notes representing such Book-Entry Notes shall be assigned the same CUSIP number.

## Interest:

General. Interest on each Book-Entry Note will accrue from the Original Issue Date or the most recent Interest Payment Date for which interest has been paid. Each payment of interest on a Book-Entry Note shall include interest accrued through the day preceding, as the case may be, the Interest Payment Date, Maturity Date or date of earlier redemption or repayment. Interest payable on the Maturity Date or date of earlier redemption or repayment of a Book-Entry Note will be payable to the holder to whom the principal of such Book-Entry Note is payable. DTC will arrange for each pending deposit message described under Settlement Procedure C below to be transmitted to the Standard & Poor's Ratings Group, which will use the information in the message to include certain terms of the related Book-Entry Note in the appropriate daily bond report published by the Standard & Poor's Ratings Group.

Regular Record Dates. Unless otherwise specified in the applicable Pricing Supplement, the Regular Record Date with respect to any Interest Payment Date for a Fixed Rate Book-Entry Note shall be the May 1 or November 1 next preceding the applicable Interest Payment Date. Unless otherwise specified in the applicable Note, interest on a Fixed Rate Book-Entry Note with a maturity of one year or less will be payable only at maturity to the person to whom principal shall be payable. The Regular Record Date with respect to any Interest Payment Date for a Floating Rate Book-Entry Note shall be the date 15 calendar days (whether or not a Business Day) prior to such Interest Payment Date.

Interest Payment Dates. Interest payments will be made on each Interest Payment Date commencing with the first Interest Payment Date following the Original Issue Date; provided, however, that the first payment of interest on any Note originally issued between a Regular Record Date and an Interest Payment Date

will be made on the second Interest Payment Date following the Original Issue Date. If any Interest Payment Date of a Fixed Rate Book-Entry Note falls on a day which is not a Business Day, the related payment of interest on such Fixed Rate Book-Entry Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date. If any Interest Payment Date with respect to any Floating Rate Book-Entry Note would otherwise be a day that is not a Business Day, such Interest Payment Date will be the next succeeding Business Day, except that in the case of a LIBOR Book-Entry Note, if such Business Day is in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day.

**Fixed Rate Book-Entry Notes.** Unless otherwise specified in the applicable Pricing Supplement, interest payments on Fixed Rate Book-Entry Notes will be payable semi-annually on May 15 and November 15 of each year and on the Maturity Date. Unless otherwise specified in the applicable Note, interest on Fixed Rate Book-Entry Notes having maturities of one year or less will be payable only at maturity.

**Floating Rate Notes.** Unless otherwise specified in the applicable Pricing Supplement, interest payments on Floating Rate Book-Entry Notes will be made as specified in the Floating Rate Book-Entry Note.

**Notice of Interest Payments and Regular Record Dates.** On the first Business Day after any Regular Record Date, the Issuing and Paying Agent will deliver to DTC a written list of Regular Record Dates and Interest Payment Dates that will occur during the six-month period beginning on such first Business Day with respect to Floating Rate Book-Entry

Notes. Promptly after each Interest Determination Date for Floating Rate Book-Entry Notes, the Issuing and Paying Agent will notify the Standard & Poor's Ratings Group of the interest rates determined on such Interest Determination Date.

Payments of Principal and Interest:

Payments of Interest Only. Promptly after each Regular Record Date, the Issuing and Paying Agent will deliver to the Bank and DTC a written notice specifying by CUSIP number the amount of interest to be paid on each Book-Entry Note on the following Interest Payment Date (other than an Interest Payment Date coinciding with the Maturity Date) and the total of such amounts. DTC will confirm the amount payable on each Book-Entry Note on such Interest Payment Date by reference to the daily bond reports published by the Standard & Poor's Ratings Group. On such Interest Payment Date, the Bank will pay to the Issuing and Paying Agent, and the Issuing and Paying Agent in turn will pay to DTC, an amount sufficient to pay the total amount of interest then due and owing (other than on the Maturity Date), at the times and in the manner set forth below under "Manner of Payment."

Payments on the Maturity Date. On or about the first Business Day of each month, the Issuing and Paying Agent will deliver to DTC a written list of principal of, premium, if any, and interest on, each Book-Entry Note maturing on any Maturity Date or date of earlier redemption or repayment in the following month. The Issuing and Paying Agent and DTC will confirm the amounts of such principal of, premium, if any, and interest on, a Book-Entry Note on or about the fifth Business Day preceding the Maturity Date or date of earlier redemption or repayment of such Book-Entry Note. On such Maturity Date, the Bank will pay to the Issuing and Paying Agent, and the Issuing and Paying Agent in turn will pay to DTC, the principal

amount of such Book-Entry Note, together with interest and premium, if any, due on such Maturity Date or date of earlier redemption or repayment, at the times and in the manner set forth below under "Manner of Payment." If any Maturity Date or date of earlier redemption or repayment of a Book-Entry Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, or interest on, such Book-Entry Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment were due, and no interest shall accrue on the amount so payable for the period from and after such Maturity Date or date of earlier redemption or repayment, as the case may be. Promptly after payment to DTC of the principal of, premium, if any, and interest due on, the Maturity Date or date of earlier redemption or repayment of all Book-Entry Notes represented by a Global Note, the Issuing and Paying Agent will cancel such Global Note and deliver such Global Note to the Bank with an appropriate debit advice. On the first Business Day of each month, the Issuing and Paying Agent will deliver to the Bank a written statement indicating the total principal amount of outstanding Global Notes as of the close of business on the immediately preceding Business Day.

Manner of Payment. The total amount of any principal of, premium, if any, and interest on, Book-Entry Notes due on any Interest Payment Date or Maturity Date shall be paid by the Bank to the Issuing and Paying Agent in immediately available funds available for use by the Issuing and Paying Agent no later than 1:00 p.m., New York City time, on such date. The Bank will make such payment on such Book-Entry Notes by instructing the Issuing and Paying Agent to withdraw funds from an account maintained by the Bank at the Issuing and Paying Agent. The Bank will confirm such instructions in writing to the Issuing and Paying

Agent. Upon receipt of such funds, the Issuing and Paying Agent will pay by separate wire transfer (using Fedwire message entry instructions in a form previously specified by DTC) to an account at the Federal Reserve Bank of New York previously specified by DTC, in funds available for immediate use by DTC, each payment of principal of, premium, if any, and interest on, a Book-Entry Note on such date. Thereafter on such date, DTC will pay, in accordance with its SDFS operating procedures then in effect, such amounts in funds available for immediate use to the respective Participants in whose names Book-Entry Notes are recorded in the book-entry system maintained by DTC. Neither the Bank nor the Issuing and Paying Agent will have any responsibility or liability for the payment by DTC of the principal of, premium, if any, or interest on, the Book-Entry Notes to such Participants.

Withholding Taxes. The amount of any taxes required under applicable law to be withheld from any interest payment on a Book-Entry Note will be determined and withheld by the Participant, indirect participant in DTC or other person responsible for forwarding payments and materials directly to the beneficial owner of such Book-Entry Note.

Settlement Procedures:

Settlement Procedures with regard to Book-Entry Notes purchased by each Agent as principal or sold by each Agent, as agent of the Bank, will be as follows:

- A. The Presenting Agent will advise the Bank by telephone, confirmed by facsimile, of the following settlement information:
  1. Taxpayer identification number of the purchaser.
  2. Principal amount of such Book-Entry Notes.

3. (a) Fixed Rate Book-Entry Notes:
  - (i) Interest Rate;
  - (ii) Interest Payment Dates for Fixed Rate Book-Entry Notes; and
  - (iii) Regular Record Dates for Fixed Rate Book-Entry Notes with maturities of greater than one year (if other than the May 1 or November 1 prior to each Interest Payment Date).
- (b) Floating Rate Book-Entry Notes:
  - (i) Initial Interest Rate;
  - (ii) Interest Rate Basis;
  - (iii) Index Maturity;
  - (iv) Spread and/or Spread Multiplier, if any;
  - (v) Regular Record Dates (if other than the 15th day prior to each Interest Payment Date);
  - (vi) Maximum Interest Rate, if any;
  - (vii) Minimum Interest Rate, if any;
  - (viii) Interest Payment Dates;
  - (ix) Interest Payment Period;
  - (x) Interest Reset Dates;
  - (xi) Calculation Agent;
  - (xii) Interest Reset Period;
  - (xiii) Alternate Rate Event Spread;
  - (xiv) LIBOR Screen, if any;
4. Price to public, if any, of such Book-Entry Notes (if such Book-Entry Notes are not being offered "at the market").
5. Trade Date.

6. Settlement Date (Original Issue Date).
  7. Maturity Date.
  8. Redemption provisions, if any, including: Initial Redemption Date, Initial Redemption Percentage and Annual Redemption Percentage Reduction.  
  
Repayment provisions, if any, including: Holder's Optional Repayment Date(s).
  9. Net proceeds to the Bank.
  10. Whether such Book-Entry Notes are being sold to the Presenting Agent acting as agent for the Bank or as principal or to an investor or other purchaser through the Presenting Agent .
  11. The Presenting Agent's commission or discount, as applicable.
  12. Whether such Book-Entry Notes are being issued with Original Issue Discount and the terms thereof.
  13. Default Rate.
  14. Such other information specified with respect to such Book-Entry Notes.
- B. If any offer to purchase a Note is accepted by the Bank, the Bank, with the approval of the Presenting Agent, will prepare a Pricing Supplement reflecting the information set forth in Settlement Procedure A above, and will transmit the Pricing Supplement to the Presenting Agent by electronic or facsimile transmission.
- C. The Bank will advise the Issuing and Paying Agent by electronic means,

telephone (confirmed in writing at any time on the same date) or facsimile transmission of the information set forth in Settlement Procedure "A" above, and the name of the Presenting Agent. The Issuing and Paying Agent, on behalf of the Bank, will assign a CUSIP number of the appropriate series to the Global Note representing such Book-Entry Notes and will notify the Bank by facsimile transmission or other electronic transmission of such CUSIP number as soon as practicable, and as soon thereafter as practicable, the Bank will notify the Presenting Agent by telephone of such CUSIP number. Each such instruction given by the Bank to the Issuing and Paying Agent will constitute a representation and warranty by the Bank to the Issuing and Paying Agent and the Agents that (i) the issuance and delivery of such Global Note has been duly and validly authorized by the Bank and (ii) that such Global Note, when completed, authenticated and delivered pursuant to the Issuing and Paying Agency Agreement, will constitute the valid and legally binding obligation of the Bank.

- D. The Issuing and Paying Agent will communicate to DTC and the Presenting Agent through DTC's Participant Terminal System, a pending deposit message specifying the following settlement information:
  - 1. The information set forth in Settlement Procedure A.
  - 2. The identification numbers of the participant accounts maintained by DTC on behalf of the Issuing and Paying Agent and the Presenting Agent.

3. Identification as a Fixed Rate Book-Entry Note or Floating Rate Book-Entry Note.
  4. The initial Interest Payment Date for each Global Note representing such Book-Entry Notes, the number of days by which such date succeeds the related Regular Record Date for DTC purposes and, if then calculable, the amount of interest payable on such Interest Payment Date (which amount shall have been confirmed by the Issuing and Paying Agent).
  5. The CUSIP number of each Global Note representing such Book-Entry Notes.
  6. Whether such Global Note represents any other Notes issued or to be issued in book-entry form.
- E. The Issuing and Paying Agent will complete, authenticate and deliver to DTC the Global Note representing such Book-Entry Notes in a form that has been approved by the Bank, the Issuing and Paying Agent and the Agents.
- F. DTC will credit the Book-Entry Notes represented by such Global Note to the participant account of the Issuing and Paying Agent maintained by DTC.
- G. The Issuing and Paying Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Book-Entry Notes to the Issuing and Paying Agent's participant account and credit such Book-Entry Notes to the participant account of the Presenting Agent maintained by DTC and (ii) to debit the settlement account of the Presenting Agent and

credit the settlement account of the Issuing and Paying Agent maintained by DTC, in an amount equal to the price of such Book-Entry Notes less such Agent's commission. Any entry of such deliver order shall be deemed to constitute a representation and warranty by the Issuing and Paying Agent to DTC that (i) the Global Note representing such Book-Entry Notes has been issued and authenticated and (ii) the Issuing and Paying Agent is holding such Global Note pursuant to the Certificate Agreement.

- H. In the case of Book-Entry Notes sold through an Agent acting as agent, the Presenting Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Book-Entry Notes to the Presenting Agent's participant account and credit such Book-Entry Notes to the participant account of the Participants maintained by DTC and (ii) to debit the settlement accounts of such Participants and credit the settlement account of the Presenting Agent maintained by DTC, in an amount equal to the initial public offering price of such Book-Entry Notes.
- I. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures G and H will be settled in accordance with SDFS operating procedures in effect on the Settlement Date.
- J. The Issuing and Paying Agent will credit to an account of the Bank maintained at the Issuing and Paying Agent funds available for immediate use in the amount transferred to the Issuing and Paying Agent in accordance with Settlement Procedure G.

- K. In the case of Book-Entry Notes sold through an Agent acting as agent, the Presenting Agent will confirm the purchase of such Book-Entry Notes to the purchaser either by transmitting to the Participant with respect to such Book-Entry Notes a confirmation order through DTC's Participant Terminal System or by mailing a written confirmation to such purchaser.

Settlement Procedures Timetable:

For offers to purchase Book-Entry Notes accepted by the Bank, Settlement Procedures A through K set forth above shall be completed as soon as possible. However, all information on sales settling one day or more after the Trade Date will be transmitted to DTC no later than 10:00 a.m. on the Settlement Date.

If a sale is to be settled on the same Business Day as the Trade Date, Settlement Procedure A shall be completed no later than 11:00 a.m. on such Business Day, Settlement Procedure C shall be completed no later than 12:00 p.m. on such Business Day and Settlement Procedure D shall be completed no later than 1:00 p.m. on such Business Day.

If a sale is to be settled more than one Business Day after the Trade Date, Settlement Procedures A and B must be completed no later than 4:00 p.m. on the Trade Date and Settlement Procedures C and D may, if necessary, be completed at any time on the first Business Day after such Trade Date. Settlement Procedure I is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the Settlement Date.

If settlement of a Book-Entry Note is rescheduled or cancelled, the Issuing and Paying Agent will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 2:00 p.m., New

York City time, on the Business Day immediately preceding the scheduled Settlement Date.

Failure to Settle:

If the Issuing and Paying Agent fails to enter an SDFS deliver order with respect to a Book-Entry Note pursuant to Settlement Procedure G, then the Issuing and Paying Agent may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable a withdrawal message instructing DTC to debit such Book-Entry Note to the participant account of the Issuing and Paying Agent maintained at DTC. DTC will process the withdrawal message, provided that such participant account contains a principal amount of the Global Note representing such Book-Entry Note that is at least equal to the principal amount to be debited. If withdrawal messages are processed with respect to all Book-Entry Notes represented by a Global Note, the Issuing and Paying Agent will mark such Global Note "cancelled," make appropriate entries in its records and return such Global Note to the Bank. The CUSIP number assigned to such Global Note shall, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned. If withdrawal messages are processed with respect to some of the Book-Entry Notes represented by a Global Note, the Issuing and Paying Agent will exchange such Global Note for two Global Notes, one of which shall represent the Book-Entry Notes for which such withdrawal messages are processed and shall be cancelled immediately after issuance, and the other of which shall represent the other Book-Entry Notes previously represented by the surrendered Global Note and shall bear the CUSIP number of the surrendered Global Note.

In the case of any Book-Entry Note sold through an Agent, acting as agent, if the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Book-Entry Note by the beneficial purchaser

thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the applicable Agent may enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures G and H, respectively. Thereafter, the Issuing and Paying Agent will deliver the withdrawal message and take the related actions described in the preceding paragraph. If such failure shall have occurred for any reason other than default by the applicable Agent to perform its obligations hereunder or under the Distribution Agreement, the Bank will reimburse such Agent on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Bank.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to a Book-Entry Note that was to have been represented by a Global Note also representing other Book-Entry Notes, the Issuing and Paying Agent will provide, in accordance with Settlement Procedure E, for the authentication and issuance of a Global Note representing such remaining Book-Entry Notes and will make appropriate entries in its records.

## FIRST AMENDMENT TO OPERATIVE AGREEMENTS

THIS FIRST AMENDMENT TO OPERATIVE AGREEMENTS dated as of June 21, 1996 (the "First Amendment") is among CAPITAL ONE BANK, a Virginia banking corporation (the "Lessee" or the "Construction Agent", as appropriate), FIRST SECURITY BANK OF UTAH, N.A., a national banking association, not individually but solely as Owner Trustee under the COB Real Estate Trust 1995-1 (the "Owner Trustee", the "Borrower" or the "Lessor", as appropriate), NATIONSBANK OF TEXAS, N.A., a national banking association, as a Lender (in such capacity, the "Lender"), NATIONSBANK OF TEXAS, N.A., a national banking association, as Administrative Agent for the Lenders (in such capacity, the "Agent") and NATIONSBANK OF TEXAS, N.A., a national banking association, as Holder of the Certificates issued with respect to the COB Real Estate Trust 1995-1 (in such capacity, the "Holder") and is a first amendment to: (a) that certain Participation Agreement dated as of January 5, 1996 (the "Participation Agreement") among the Construction Agent, the Lessee, the Owner Trustee, the Agent, the Lender and the Holder; (b) that certain Lease Agreement (Tax Retention Operating Lease) dated as of January 5, 1996 (the "Lease") between the Lessor and the Lessee; (c) that certain Credit Agreement dated as of January 5, 1996 (the "Credit Agreement") among the Borrower, the Lender and the Agent; and (d) that certain Amended and Restated Trust Agreement dated as of January 5, 1996 (the "Trust Agreement") between the Owner Trustee and the Holder.

## W I T N E S S E T H:

WHEREAS, the Lessee has requested that certain amendments and modifications be made to the Participation Agreement and the Lease; and

WHEREAS, the Lessor, the Lender, the Agent and the Holder have agreed to the modifications requested by the Lessee.

NOW, THEREFORE, in consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A. Capitalized terms used but not otherwise defined in this First Amendment shall have the meanings set forth in the Participation Agreement.

B. The Participation Agreement is amended in the following respects:

1. The terms set forth below and defined in Appendix A to the Participation Agreement shall be amended to read as follows:

"Applicable Percentage" shall mean with respect to the applicable Level Status, the applicable rate per annum set forth opposite such Level Status:

| Level Status     | Applicable Percentage<br>for<br>Eurodollar Loans | Applicable Percentage<br>for<br>Unused Fee |
|------------------|--|--|
| Level I Status   | .32%   | .10%                                       |
| Level II Status  | .37%   | .125%                                      |
| Level III Status | .47%   | .15%                                       |
| Level IV Status  | .52%   | .17%                                       |
| Level V Status   | .72%   | .225%                                      |
| Level VI Status  | 1.37%  | .375%                                      |

Changes in the Applicable Percentage resulting from changes in the Debt Rating shall become effective on the date on which such Debt Rating is announced to the public by S&P, Moody's or Fitch, as applicable, and shall remain in effect until the next change in such Debt Rating; provided, that, until the effectiveness of any change in the Applicable Percentage based upon a Debt Rating announced after the Initial Closing, Level IV Status shall apply.

"Commitment Fee Payment Date" shall mean the fifteenth day of each January, April, July and October of each year and the last day of the Commitment Period, or such earlier date as the Commitments shall terminate as provided in the Credit Agreement.

"Completion Date" shall mean, with respect to a Property, the earlier of (a) the date on which Completion for such Property has occurred or (b) June 21, 1998.

"Construction Period Termination Date" shall mean the earlier of (a) the date that the Commitments have been terminated in their entirety in accordance with the terms of Section 5(a) of the Credit Agreement or (b) June 21, 1998.

"Holder Applicable Margin" shall mean 1.52%.

"Holder Commitments" shall mean \$2,700,000, provided, that the Holder Commitment of each Holder shall be as set forth in the Trust Agreement.

"Lender Commitments" shall mean \$87,300,000; provided if there shall be more than one Lender, the Lender Commitment of each Lender shall be as set forth in Schedule

1.1 to the Credit Agreement as such Schedule 1.1 may be amended and replaced from time to time.

"Maturity Date" shall mean June 21, 2001.

"Operative Agreements" shall mean the following: the Participation Agreement, the Agency Agreement, the Trust Agreement, the Certificates, the Credit Agreement, the Notes, the Lease (and a memorandum thereof in a form reasonably acceptable to the Agent), each Lease Supplement (and a memorandum thereof in a form reasonably acceptable to the Agent), the Security Agreement, the Mortgage Instrument and each Ground Lease.

"Permitted Facility" shall mean each of:

(i) The approximately 198,000 square foot operations center to be constructed on the real property comprising a part of the Trust Estate as of the Initial Closing Date and consisting of approximately 18 acres located north of Innsbrook Corporate Park in Henrico County, Virginia;

(ii) The existing office building on the real property consisting of approximately 9.75 acres located in the Innsbrook Corporate Center, which property is currently leased by Capital One Bank; and

(iii) The approximately 155,000 square foot office building to be constructed on the real property subject to the Ground Lease between the Lessee and the Lessor dated June 21, 1996 located in the Innsbrook Corporate Center.

2. Section 5.3(t) is hereby amended to read as follows:

"(t) in their sole and absolute discretion, the Lenders and the Holders shall have agreed to accept, and to fund the respective Loans and Holder Advances regarding, the particular property then under consideration as a Property; provided, however, it is hereby understood and agreed that (i) the real property consisting of approximately 18 acres located north of Innsbrook Corporate Park, in Henrico County, Virginia, which is presently owned by the Trust, (ii) the real property consisting of approximately 9.75 acres located in Innsbrook Corporate Center and (iii) the real property subject to the Ground Lease dated June 21, 1996 located in the Innsbrook Corporate Center and the approximately 155,000 square foot office building to be constructed thereon are acceptable Properties."

3. Subclause (z) of Section 5.5 is hereby amended to read as follows:

", and (z) an Appraisal for each Property which, including the cost of Equipment located at such Property, shall be at least equal to 75% of the Property Cost for such Property."

C. The Lease is amended in the following respects:

1. The reference in Section 2.2 to January 5, 2001 is hereby changed to June 21, 2001.

2. Section 10.1(e) is hereby deleted in its entirety and replaced with the following:

"(e) Intentionally omitted."

3. Section 28.1 is hereby amended by adding the following proviso to the end of the third sentence:

"; provided, however, that for purposes of this Lease the leverage ratio of the Lessee under Section 8.07(c) of the Capital One Credit Agreement shall be calculated as if the defined term "Indebtedness" in the Capital One Credit Agreement included the Termination Value (as defined in Appendix A to the Participation Agreement) and the Lessee shall be in violation of the Incorporated Covenant contained in Section 8.07(c) if the leverage ratio is more than 10 to 1 after including the Termination Value as part of Indebtedness."

D. The Credit Agreement is amended in the following respects:

1. Schedule 1.1 to the Credit Agreement is hereby replaced with Schedule 1.1 attached hereto and made a part of this First Amendment.

2. The Tranche A Note is hereby amended, restated and replaced with the Tranche A Note attached hereto as Exhibit A. The Tranche B Note is hereby amended, restated and replaced with the Tranche B Note attached hereto as Exhibit B.

E. The Trust Agreement is amended in the following respects:

1. The Certificate of the Owner Trustee issued to the Holder in the original amount of \$1,875,000.00 shall be amended, restated and substituted with a new Certificate in the amount of \$2,700,000 in the form attached hereto as Exhibit C.

F. Each of the parties hereto hereby represent and warrant that as of the date hereof (i) the representations and warranties of such party contained in Section 7 and Section 8 of the Participation Agreement are true and correct in all material

respects and (ii) no Default or Event of Default currently exists and is continuing with respect to any such party.

G. The effectiveness of this First Amendment is contingent upon the receipt by the Agent of the following items, each in form and substance satisfactory to the Agent: (i) this First Amendment duly executed by the parties hereto; (ii) the Amended, Restated and Substituted Tranche A Note duly executed by the Borrower; (iii) the Amended, Restated and Substituted Tranche B Note duly executed by the Borrower; (iv) the Amended, Restated and Substituted Holder Certificate duly executed by the Owner Trustee; and (v) such other certificates, resolutions and opinions as deemed necessary or advisable by the Agent.

H. This First Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and it shall not be necessary in making proof of this First Amendment to produce or account for more than one such counterpart.

I. Except as modified hereby, all of the terms and conditions of the Operative Agreements shall remain in full force and effect.

J. This First Amendment shall be governed by, and construed in accordance with, the laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, each of the parties hereto has caused this First Amendment to be duly executed and delivered as of the date first above written.

CAPITAL ONE BANK,  
as Construction Agent and as Lessee

By: /s/ MURRAY P. ABRAMS  
-----  
Name: Murray P. Abrams  
-----  
Title: Assistant Treasurer  
-----

FIRST SECURITY BANK OF UTAH, N.A.,  
not individually, except as expressly stated  
herein, but solely as Owner Trustee under the  
COB Real Estate Trust 1995-1

By: /s/ VAL T. ORTON  
-----  
Name: Val T. Orton  
-----  
Title: Vice President  
-----

NATIONSBANK OF TEXAS, N.A.,  
as Holder, as a Lender and as Administrative  
Agent

By: /s/ GREGORY T. RUSSELL  
-----  
Name: Gregory T. Russell  
-----  
Title: Relationship Manager  
-----

## SCHEDULE 1.1

| Name and Address of Lender   | Tranche A<br>Commitment |            | Tranche B<br>Commitment |            |
|--|-------------------------|------------|-------------------------|------------|
|  | Amount                  | Percentage | Amount                  | Percentage |
| NationsBank of Texas, N.A.<br>901 Main Street, 51st Floor<br>Dallas, Texas 75202 | \$77,400,000            | 100%       | \$9,900,000             | 100%       |

## EXHIBIT A

AMENDED, RESTATED AND SUBSTITUTED  
TRANCHE A NOTE

\$77,400,000

June 21, 1996

FOR VALUE RECEIVED, the undersigned, FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity, but solely as Owner Trustee for the COB Real Estate Trust 1995-1 (the "Borrower"), hereby unconditionally promises to pay to the order of NATIONSBANK OF TEXAS, N.A. (the "Lender") at the office of NationsBank of Texas, N.A. in lawful money of the United States of America and in immediately available funds, on the Maturity Date, the principal amount of (a) SEVENTY-SEVEN MILLION FOUR HUNDRED THOUSAND AND NO/100 DOLLARS (\$77,400,000), or, if less, (b) the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to Section 2.1 of the Credit Agreement (as defined below). The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Section 2.8 of such Credit Agreement.

The holder of this Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of each Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof and each conversion of all or a portion thereof to another Type. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement or any error in such endorsement shall not affect the obligations of the Borrower in respect of such Loan.

This Note (a) amends, restates and is in substitution for the Tranche A Note dated as of January 5, 1996 in the original principal amount of \$53,750,000, (b) is one of the Notes referred to in the Credit Agreement dated January 5, 1996 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lender, the other banks and financial institutions from time to time parties thereto and NationsBank of Texas, N.A., as Administrative Agent, (c) is subject to the provisions of the Credit Agreement (including, without limitation, Section 9.18 thereof) and (d) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. Reference is hereby made to the Credit Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and the guarantees, the terms and conditions upon which the security interests and each guarantee were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence of any one or more of the Events of Default, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE COMMONWEALTH OF VIRGINIA.

FIRST SECURITY BANK OF UTAH, N.A., not individually, but solely as Owner Trustee for COB Real Estate Trust 1995-1

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT B

AMENDED, RESTATED AND SUBSTITUTED  
TRANCHE B NOTE

\$9,900,000

June 21, 1996

FOR VALUE RECEIVED, the undersigned, FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity, but solely as Owner Trustee for the COB Real Estate Trust 1995-1 (the "Borrower"), hereby unconditionally promises to pay to the order of NATIONSBANK OF TEXAS, N.A. (the "Lender") at the office of NationsBank of Texas, N.A. in lawful money of the United States of America and in immediately available funds, on the Maturity Date, the principal amount of (a) NINE MILLION NINE HUNDRED THOUSAND AND NO/100 DOLLARS (\$9,900,000), or, if less, (b) the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to Section 2.1 of the Credit Agreement (as defined below). The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Section 2.8 of such Credit Agreement.

The holder of this Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of each Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof and each conversion of all or a portion thereof to another Type. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement or any error in such endorsement shall not affect the obligations of the Borrower in respect of such Loan.

This Note (a) amends, restates and is in substitution for the Tranche B Note dated as of January 5, 1996 in the original principal amount of \$6,875,000, (b) is one of the Notes referred to in the Credit Agreement dated January 5, 1996 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lender, the other banks and financial institutions from time to time parties thereto and NationsBank of Texas, N.A., as Administrative Agent, (c) is subject to the provisions of the Credit Agreement (including, without limitation, Section 9.18 thereof) and (d) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. Reference is hereby made to the Credit Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and the guarantees, the terms and conditions upon which the security interests and each guarantee were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence of any one or more of the Events of Default, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE COMMONWEALTH OF VIRGINIA.

FIRST SECURITY BANK OF UTAH, N.A., not individually, but solely as Owner Trustee for COB Real Estate Trust 1995-1

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT C

FIRST SECURITY BANK OF UTAH, N.A.

TRUSTEE UNDER

AMENDED AND RESTATED  
TRUST AGREEMENT DATED AS OF JANUARY 5, 1996AMENDED, RESTATED AND SUBSTITUTED  
HOLDER CERTIFICATE

COB REAL ESTATE TRUST 1995-1

\$2,700,000

June 21, 1996

First Security Bank of Utah, N.A., as trustee (herein in such capacity called the "Owner Trustee") under that certain Amended and Restated Trust Agreement dated as of January 5, 1996 (herein called the "Trust Agreement", the defined terms therein not otherwise defined herein being used herein with the same meanings), between NationsBank of Texas, N.A. as the initial Holder and the Owner Trustee, hereby certifies as follows: (i) this Holder Certificate amends, restates and is in substitution for that certain Holder Certificate dated as of January 5, 1996 in the original amount of \$1,875,000 given by the Owner Trustee in favor of NationsBank of Texas, N.A., (ii) this Holder Certificate is the Holder Certificate referred to in the Section 3.1(d) of the Trust Agreement, which Holder Certificate has been issued by the Owner Trustee pursuant to the Trust Agreement and (iii) subject to the prior payment of, and to the assignment, pledge or mortgage of the Trust Estate to secure the Notes as set forth in the applicable Operative Agreements, the holder of this Holder Certificate has an undivided beneficial interest in properties of the Owner Trustee constituting part of the Trust Estate and is entitled to receive as provided in the Trust Agreement, a portion of the Rent received or to be received by the Owner Trustee for the Property, as well as a portion of certain other payments which may be received by the Trustee pursuant to the terms of the Operative Agreements as more particularly set forth therein.

All amounts payable hereunder and under the Trust Agreement shall be paid only from the income and proceeds from the Trust Estate and only to the extent that the Owner Trustee shall have received sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of the Trust Agreement, except as specifically provided in Section 6.1 of the Trust Agreement; and the holder hereof, by its acceptance of this Holder Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for

distribution to the holder hereof as provided in the Trust Agreement and that, except as specifically provided in the Trust Agreement, the Owner Trustee is not personally liable to the holder hereof for any amount payable under this Holder Certificate or the Trust Agreement.

The amounts payable to the holder hereof pursuant to the Trust Agreement shall be paid or caused to be paid by the Owner Trustee to, or for the account of, such Holder, or its nominee, by transferring such amount in immediately available funds to a bank institution or banking institutions with bank wire transfer facilities for the account of such Holder or as otherwise instructed in writing from time to time by such Holder.

This Holder Certificate shall mature, and all amounts payable to the holder hereof pursuant to the Trust Agreement shall be due on, the Maturity Date.

This Holder Certificate shall bear a yield on the unpaid amount hereof from time to time outstanding hereunder and under the Trust Agreement at the Holder Yield as provided in the Trust Agreement. The Holder Yield on this Holder Certificate shall be computed as provided in the Trust Agreement and shall be payable at the rates, at the times and from the dates specified in the Trust Agreement.

From and after the execution of the Participation Agreement, the rights of the holder of this Holder Certificate under the Trust Agreement as well as the beneficial interest of the holder of this Holder Certificate in and to the properties of the Owner Trustee constituting part of the Trust Estate, are subject and subordinate to the rights of the holders of the Notes to the extent provided in the applicable Operative Agreements. The Trust Estate has been or will be assigned, pledged and mortgaged to the Administrative Agent, on behalf of the Lenders, as security for the Notes. Reference is hereby made to the Trust Agreement, the Participation Agreement, the Credit Agreement, the Security Agreement and the Notes for statements of the rights of the holder of this Holder Certificate and of the rights of the holders of, and the nature and extent of the security for, the Notes, as well as for a statement of the terms and conditions of the trusts created by the Trust Agreement, to all of which terms and conditions the holder hereof agrees by its acceptance of this Holder Certificate.

The holder hereof, by its acceptance of this Holder Certificate, agrees not to transfer this Holder Certificate except in accordance with the terms of the Trust Agreement and the other Operative Agreements.

THIS HOLDER CERTIFICATE SHALL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) AND DECISIONS OF THE COMMONWEALTH OF VIRGINIA. WHENEVER POSSIBLE EACH PROVISION OF THIS HOLDER CERTIFICATE SHALL

BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS HOLDER CERTIFICATE SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS HOLDER CERTIFICATE.

IN WITNESS WHEREOF, the undersigned authorized officer of the Owner Trustee has executed this Holder Certificate as of the date first set forth above.

FIRST SECURITY BANK OF UTAH, N.A.,  
as Owner Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CAPITAL ONE FINANCIAL CORPORATION  
 COMPUTATION OF PER SHARE EARNINGS  
 THREE AND SIX MONTHS ENDED JUNE 30, 1996 AND 1995  
 (dollars in thousands, except per share data)

|   | THREE MONTHS ENDED<br>JUNE 30 |                | SIX MONTHS ENDED<br>JUNE 30 |                |
|---|-------------------------------|----------------|-----------------------------|----------------|
|   | 1996                          | 1995           | 1996                        | 1995           |
| <b>PRIMARY</b>  |                               |                |                             |                |
| Net income  | \$ 38,183                     | \$ 29,646      | \$ 76,196                   | \$ 54,755      |
| <b>WEIGHTED AVERAGE COMMON AND COMMON<br/>EQUIVALENT SHARES OUTSTANDING</b> |                               |                |                             |                |
| Average common shares outstanding   | 66,210,275                    | 65,623,332     | 66,185,555                  | 65,615,344     |
| Net effect of dilutive restricted stock (1)                                 | 7,238                         | 323,309        | 11,149                      | 298,874        |
| Net effect of dilutive stock options (1)                                    | 674,354                       | 498,861        | 615,726                     | 326,309        |
| Weighted average common and<br>common equivalent shares                     | 66,891,867                    | 66,445,502     | 66,812,430                  | 66,240,527     |
| <b>EARNINGS PER SHARE</b>   | <b>\$ 0.57</b>                | <b>\$ 0.45</b> | <b>\$ 1.14</b>              | <b>\$ 0.83</b> |
| <b>FULLY DILUTED</b>  |                               |                |                             |                |
| Net income  | \$ 38,183                     | \$ 29,646      | \$ 76,196                   | \$ 54,755      |
| <b>WEIGHTED AVERAGE COMMON AND COMMON<br/>EQUIVALENT SHARES OUTSTANDING</b> |                               |                |                             |                |
| Average common shares outstanding   | 66,210,275                    | 65,623,332     | 66,185,555                  | 65,615,344     |
| Net effect of dilutive restricted stock (2)                                 | 8,273                         | 343,593        | 11,300                      | 333,313        |
| Net effect of dilutive stock options (2)                                    | 674,354                       | 498,861        | 661,600                     | 370,392        |
| Weighted average common and<br>common equivalent shares                     | 66,892,902                    | 66,465,786     | 66,858,455                  | 66,319,049     |
| <b>EARNINGS PER SHARE</b>   | <b>\$ 0.57</b>                | <b>\$ 0.45</b> | <b>\$ 1.14</b>              | <b>\$ 0.83</b> |

(1) Based on the treasury stock method using average market price.

(2) Based on the treasury stock method using the higher of ending or average market price.

The calculations of common and common equivalent earnings per share and fully diluted earnings per share are submitted in accordance with Securities Exchange Act of 1934 Release No. 9083 although both calculations are not required by footnote 2 to paragraph 14 of APB Opinion No. 15 because there is dilution of less than 3%. The Registrant has elected to show fully diluted earnings per share in its financial statements.

5  
1,000

| 6-MOS     |             |
|-----------|-------------|
|           | DEC-31-1996 |
|           | APR-01-1996 |
|           | JUN-30-1996 |
|           | 8,426       |
|           | 642,542     |
|           | 3,569,740   |
|           | (74,000)    |
|           | 0           |
|           | 0           |
|           | 155,569     |
|           | 0           |
|           | 5,676,121   |
|           | 0           |
|           | 0           |
|           | 0           |
|           | 662         |
|           | 663,601     |
| 5,676,121 |             |
|           | 0           |
|           | 612,642     |
|           | 0           |
|           | 315,784     |
|           | 0           |
|           | 50,278      |
|           | 125,634     |
|           | 120,946     |
|           | 44,750      |
|           | 76,196      |
|           | 0           |
|           | 0           |
|           | 0           |
|           | 76,196      |
|           | 1.14        |
|           | 1.14        |

Non-classified balance sheet  
PP&E shown net