Forward Looking Statements

Certain information included in this presentation and other statements or materials published or to be published by the Company are not historical facts but are forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new and existing products, expectations for market segment and growth, and similar matters. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary remarks regarding important factors which, among others, could cause the Company’s actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company’s forward-looking statements. The risks and uncertainties that may affect the operations, performance, development, results of the Company’s business, and the other matters referred to above include, but are not limited to: (i) changes in the business environment in which the Company operates, including inflation and interest rates; (ii) changes in taxes, governmental laws, and regulations; (iii) competitive product and pricing activity; (iv) difficulties of managing growth profitably; and (v) the loss of one or more members of the Company’s management team. More detailed information about these factors is contained in CapitalSource’s filings with the SEC, including the sections captioned “Risk Factors” and “Business” in our Form 10-K. CapitalSource is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.
Who We Are

- The Leading Lender to Small to Medium-Sized Businesses that Require Highly Customized and Sophisticated Debt Financing

- Formed September 2000 by John Delaney and Jason Fish, Initial Capitalization of Over $500M (Largest Private Capitalization at the Time)
  - John Delaney was the Founder and CEO of HealthCare Financial Partners (NYSE: HCF); Sold to Heller Financial in 1999 (46% IRR to Original IPO Investors)
  - Jason Fish was a Partner at Farallon Capital Responsible for Real Estate and Credit Investing

- Original Investors Still Own Approximately 60% of the Company, with Approx. 45% Held by Management and Affiliates of the Board of Directors

- In Four+ Years, CapitalSource has Grown to Approximately 425 Employees in 20 Offices and $4.7B in Loans, as of March 31, 2005

- CapitalSource and HCF Met or Exceeded Street Estimates Every Quarter as Public Companies
Business Profile

Portfolio by Lending Groups

- Corporate Finance: 38%
- Healthcare & Specialty Finance: 28%
- Structured Finance: 34%

Portfolio by Product Mix

- Senior Secured Asset Based: 33%
- Senior Secured Cash Flow: 27%
- First Mortgage: 34%
- Mezzanine: 6%

Note: Portfolio data as of March 31, 2005
CapitalSource Value Creation

Where We Focus

- Financing Value Added Situations
- Along Industry Lines
- Underserved Niches
- Non-Commodity Lending

What We Can Deliver

- Top Tier Financial Performance
- ROA*: 3.3% (2005 Guidance)
- ROE*: 16.5% (2005 Guidance)
- ROE*: Growing to 17% - 19%
  * After tax

What We Bring to Investors

- Deep Credit Experience
- Disciplined Pricing
- A Leading Brand
- A Growth Platform

What We Bring to Clients

- Focus
- Speed
- Flexibility
- Expertise
- Service

Source: 2005 Financial Performance Per Annual Investor Conference Presentation and Press Releases
Large, Underserved Market

CapitalSource’s target market: 500,000 companies with revenues between $5MM and $250MM

- Served by local banks
- Commodity pricing
- Underserved
- Specialization required
- Non-commodity pricing
- Served by major banks
- Commodity pricing

Number of Companies

< $1 MM

$1 MM – $75 MM

$75 MM+

Borrowing Needs
Our Strategy – Attractive, Defensible, High Margin Niches

The Area of Highest Risk-Adjusted Returns...

The CapitalSource Zone

- Small Structured Real Estate
- Large Structured Real Estate
- Large Sponsor Cash Flow
- Small Sponsor Cash Flow
- Rediscount
- HealthCare Working Capital
- HealthCare Real Estate
- Mezzanine Loans
- Small Structured Real Estate
- Large Sponsor Cash Flow

EXPERTISE

- Equipment Leasing
- Conduit Real Estate
- Large Sponsor Cash Flow

LIQUIDITY

High

Low

Higher Risk Adjusted Returns
**Corporate Finance – $1,766 MM / 38% Of Portfolio**

**Customers**
- Small to Medium-Sized Private Equity Firms (Approx. 500 Primary Sponsors and 1,000 Secondary Sponsors)
- Industries:
  - Business Services
  - Consumer Products & Services
  - Retail, Media
  - Value Added Manufacturing

**Products**
- Senior Secured Cash Flow Loans
- Term B, Second Lien and Mezzanine Loans; Limited Equity
- Asset-Based Revolvers

**Borrower Characteristics**
- Strong Historical and Prospective Cash Flows
- Experienced Management Teams and Sponsors
- Limited Operating Leverage and Event Risk
- Leadership in Market Niches

**Underwriting & Structuring**
- Cash Flow Loans Underwritten to Enterprise Value
- Senior Loans at 40-60% of Enterprise Value
- Mezzanine Loans at 60-75% of Enterprise Value

**Competitive Advantages**
- Flexibility
- Speed
- Expertise
- “One-Stop” Shop
- Creativity
- Reputation as Reliable Lender/Brand

**Competition**
- “Core”: <$25MM Borrowings (~75% of CFB Loans)
  - Foothill
  - BDC/RICS
  - Regional Banks
- Larger Deals: >$25MM Borrowings (~25% of Loans)
  - Commercial Banks
  - GE Capital
  - Merrill Lynch
  - CIT
  - Antares
  - Foothill
  - Hedge Funds
  - Abelco Finance

Note: Portfolio data as of March 31, 2005
HealthCare & Specialty Finance – $1,620 MM / 34% of Portfolio

**Product Groups**
- HealthCare Credit Group (HealthCare asset-based lending)
- HealthCare Real Estate Group
- Business Credit Services Group (generic asset-based lending)
- Security Alarm Lending Group
- CapitalSource Mortgage Finance (FHA/HUD lending and advisory subsidiary)

**Competitive Advantages**
- Expertise
- Relationship
- Brand
- Speed
- “One-Stop” Shop
- Systems

**Market Opportunity**
- HealthCare is 1/6th of U.S. Economy
- Dominated by small and mid-sized borrowers
- Underserved by traditional lenders
- Unaffected by general economic conditions
- Undergoing rapid growth and change
- Asset-based lending expertise allows broadening to larger asset-based market

**Specialized Credit Skills**
- Intense collateral review; daily borrowing base
- In-house reimbursement and clinical expertise
- Proprietary loan management capabilities

**Competition**
- GE Capital
- Merrill Lynch
- HealthCare Business Credit
- GMAC

Note: Portfolio data as of March 31, 2005
Structured Finance – $1,331 MM / 28% Of Portfolio

Customers
- Specialty Lenders:
  - Mortgage Companies
  - Consumer and Commercial Lenders
- Real Estate Developers/Investors

Products
- Asset-Based Lending Practice
- Lender Finance: Senior Asset-Based Revolvers
- Real Estate: Predominately First Mortgage Debt
- Enhanced Mezzanine Debt

Market Opportunity
- Market Segments that Require Highly Specialized Lending Expertise
- Fragmented and Underserved
- Need for Highly Customized Solutions

Specialized Credit Skills
- Lender Finance: Intense Collateral Analysis
- Real Estate: Property and Market Specific Analysis
- Portfolio Acquisition Experience/Expertise

Competitive Advantages
- Sophisticated Structuring Capabilities
- Flexibility
- Expertise
- Speed
- “One-Stop” Shop

Competition
- Lender Finance: Foothill, Textron, Regional Banks and Hedge Funds
- Real Estate: Conduits, Banks, Finance Companies and Hedge Funds

Note: Portfolio data as of March 31, 2005
Tailored Operating Model

Origination | Underwriting | Approval | Servicing
---|---|---|---
Reports to Group Head | Investment Officer | Credit Committee | Loan Officer

Development Officer | Underwriting Officer (CapitalAnalytics) | Reports to Chief Credit Officer | Loan Analyst (CapitalAnalytics)

Reports to Chief Credit Officer | Reports to Group Head

Specially Designed to Minimize Losses and Optimize Execution
High Degree of Deal Selectivity

<table>
<thead>
<tr>
<th>$ Billions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$183.7</td>
<td></td>
</tr>
<tr>
<td>$43.2</td>
<td>23.5%</td>
</tr>
<tr>
<td>$18.5</td>
<td>10.1%</td>
</tr>
<tr>
<td>$10.0</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

Source: Unaudited, CapitalSource DealTracker from inception to March 31, 2005.
Superior Financial Model

CapitalSource Attributes

- Strong Risk-Adjusted Yields
- Efficient, Scalable Cost Structure
- Stable, Diverse Low Cost Funding
- Low Financial Leverage
- Recurring Revenues
  - No Gain on Sale Accounting
- Stable, Manageable Loan Growth Targets
- Strong Credit Quality

Produces

Attainable, High-Growth Earnings and Profitability
CapitalSource – A Compelling Economic Model For Shareholders

- High, Stable Risk-Adjusted Returns
- High, Stable Return on Assets
- Lower Leverage & Lower Risk
- Higher Margin of Safety
- Superior Return on Equity

Simple Illustration of the CapitalSource Model

<table>
<thead>
<tr>
<th></th>
<th>% of Assets</th>
<th>Effect of Leverage</th>
<th>Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield &amp; Other Income</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision</td>
<td>-1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>-2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Return on Assets</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>-4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return to Debt Capital</td>
<td>5% x 4.0</td>
<td></td>
<td>20%</td>
</tr>
<tr>
<td>Return to Equity Capital</td>
<td>9% x 1.0</td>
<td></td>
<td>9%</td>
</tr>
</tbody>
</table>

Long-Term Pretax Return on Equity = 29%

1Data represent trailing four quarter results
Diverse, Stable, Low Cost Funding Sources

### Diverse Funding Sources
- **Total: $4.9 billion**
- **Equity**: 38%
- **Credit Facilities**: 31%
- **Convertible Debentures**: 11%
- **Term Debt**: 20%

### Demonstrated Capital Markets Access
- **Equity Markets**
  - $367 million IPO – August ’03
  - $430 million Secondary Offering – February ’04
- **Convertible Market**
  - $225 million 1.25% - March ’04
  - $330 million 3.50% - July ’04
- **Term Debt Securitizations**
  - Over $4.2 billion in Proceeds from Seven Oversubscribed Transaction
  - Seventh Transaction Closed in April ’05
- **$2.0B in Credit Facility Capacity**
  - 133% of Expected Annual Net Growth

### Attractive Financial Characteristics
- **Cost of Funds:**
  - 2003 – 3.32%; 211 bps Spread to Libor
  - 2004 – 3.08%; 155 bps Spread to Libor
  - Q105 – 3.71%; 107 bps Spread to Libor
- **All Financings Accounted for on Balance Sheet**
  - No Gain on Sale Recognized
- **Largely Interest Rate Insensitive**

Note: Financial information is as of March 31, 2005
Historical Portfolio Balances

3Q03: $1,987
4Q03: $2,417
1Q04: $2,753
2Q04: $3,301
3Q04: $3,783
4Q04: $4,275
1Q05: $4,717
Historical Portfolio Net Growth

3Q03: $246
4Q03: $430
1Q04: $336
2Q04: $548
3Q04: $482
4Q04: $492
1Q05: $442

($ Millions)
Historical Diluted EPS

Note: 3Q03 is pro forma based on a 38% effective tax rate.
Historical Return on Equity

Note: 3Q03 is pro forma based on a 38% effective tax rate.
## Financial Metrics

<table>
<thead>
<tr>
<th>($ millions, except per share data)</th>
<th>Actual FY 2004</th>
<th>Guidance FY 2005</th>
<th>Actual 1Q2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Originations</td>
<td>$1,858</td>
<td>$1,500</td>
<td>$443</td>
</tr>
<tr>
<td>Yield on IEA</td>
<td>11.6%</td>
<td>11.1%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Cost of Funds</td>
<td>3.1%</td>
<td>3.7%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Net Interest Margin</td>
<td>9.3%</td>
<td>8.2%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Other Income</td>
<td>$17.8</td>
<td>$21.1</td>
<td>$4.3</td>
</tr>
<tr>
<td>General Reserves</td>
<td>70 bps</td>
<td>77 bps</td>
<td>66 bps</td>
</tr>
<tr>
<td>Specific Provisions, Annualized</td>
<td>34 bps</td>
<td>40 bps</td>
<td>77 bps</td>
</tr>
<tr>
<td>Op Exp to Assets</td>
<td>3.1%</td>
<td>2.7%</td>
<td>2.6%</td>
</tr>
<tr>
<td>ROA</td>
<td>3.6%</td>
<td>3.3%</td>
<td>3.3%</td>
</tr>
<tr>
<td>ROE</td>
<td>14.2%</td>
<td>16.5%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Leverage (Period End)</td>
<td>3.9x</td>
<td>4.4x</td>
<td>4.0x</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$1.06</td>
<td>$1.45</td>
<td>$0.33</td>
</tr>
</tbody>
</table>

Source: Annual Investor Conference Presentation and Press Releases
Historical Credit Metrics

Credit Quality Ratios

Delinquencies, Nonaccrual Status, Charge-Offs Annualized, Allowance %
Recovery Analysis through March 31, 2005

- Since June 2003, CapitalSource has Reported 18 Loans (Totaling $220.8 Million) as Delinquent and/or Non-Accrual
  - 10 Loans ($151.5 Million) First Appeared in 60+ Delinquencies
  - 8 Loans ($69.4 Million) First Appeared in Non-Accruals
- Eleven Loans ($102.7 Million) were Resolved with a Net Recovery of 92%
  - Senior Secured Asset-Based: 2 Loans ($14.2 Million); Net Recovery of 93%
  - Senior Secured Cash Flow: 3 Loans ($36.5 Million); Net Recovery of 88%
  - First Mortgage: 6 Loans ($52.0 Million); Net Recovery of 94%
- Seven Loans ($118.1 Million) remain with $13.1 Million of Specific Reserves
  - First Mortgage: 4 Loans ($51.5 Million)
  - Senior Secured Cash Flow: 3 Loans ($66.6 Million)

Note: Data as of March 31, 2005. Non-Accrual and Delinquent Loan Balances as of Date Loans First Disclosed in Credit Statistics.
Source: CapitalSource Asset Manager (CAM) - Unaudited
# Methodology For Determining Specific Reserve Assumption

## First Cut Static Pool Analysis

<table>
<thead>
<tr>
<th></th>
<th>1Q04</th>
<th>2Q04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chargeoffs ($ Millions)</td>
<td>$2.3</td>
<td>$3.4</td>
</tr>
<tr>
<td>Average Balance</td>
<td>2,527.0</td>
<td>3,101.5</td>
</tr>
<tr>
<td>Chargeoffs as % of Avg. Balance</td>
<td>9 bps</td>
<td>11 bps</td>
</tr>
<tr>
<td>Annualized Chargeoffs</td>
<td>36 bps</td>
<td>44 bps</td>
</tr>
</tbody>
</table>

Average Annualized Chargeoff Experience = 40 bps

## 1st Half 2004 Chargeoffs

<table>
<thead>
<tr>
<th></th>
<th>1Q04</th>
<th>2Q04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted Average Life of Loans</td>
<td>approx. 2.5 yrs</td>
<td></td>
</tr>
<tr>
<td>2004 Static Pool Period</td>
<td>1/1/02 - 6/30/04</td>
<td></td>
</tr>
<tr>
<td>Est. Average 2004 Static Pool Balance</td>
<td>$1,600.0</td>
<td></td>
</tr>
<tr>
<td>Forecasted 2004 Specific Reserves</td>
<td>$11.3</td>
<td></td>
</tr>
<tr>
<td>Specific Reserves as % of Avg. Balance</td>
<td>71 bps</td>
<td></td>
</tr>
<tr>
<td>2005 Static Pool Period</td>
<td>1/1/03 - 6/30/05</td>
<td></td>
</tr>
<tr>
<td>Est. Average 2005 Static Pool Balance</td>
<td>$2,850.0</td>
<td></td>
</tr>
<tr>
<td>Forecasted 2005 Specific Reserves (@ 71bps)</td>
<td>$20.2</td>
<td></td>
</tr>
<tr>
<td>Estimated 2005 Average Balance</td>
<td>$5,000.0</td>
<td></td>
</tr>
</tbody>
</table>

Forecasted 2005 Specific Reserves = 40 bps

Note: Allowance for Loan Losses 75 bps as of June 30, 2004

Source: CapitalSource Annual Investor Conference Presentation
Investment Highlights

- Large, Underserved Market
- Strategic Sector Focus
- Tailored Model
- Strong Credit Culture
  - “Credit First” Approach
- Conservative Balance Sheet Leverage
- Experienced, Motivated Team

Superior Growth and Returns

- Strong Risk-Adjusted Yields
- Stable, Improving Financing Spreads
- Scalable Platform
- Earnings Growth not Dependent on Volume Growth
Supplemental Information
## Balance Sheet

($000s)

<table>
<thead>
<tr>
<th>Description</th>
<th>12/31/2004</th>
<th>3/31/2005</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 206,077</td>
<td>$ 87,750</td>
<td>-57%</td>
</tr>
<tr>
<td>Restricted Cash</td>
<td>237,176</td>
<td>169,655</td>
<td>-28%</td>
</tr>
<tr>
<td>Loans</td>
<td>4,274,525</td>
<td>4,717,308</td>
<td>10%</td>
</tr>
<tr>
<td>Deferred Loan Fees</td>
<td>(98,936)</td>
<td>(107,288)</td>
<td>8%</td>
</tr>
<tr>
<td>Allowance for Loan Losses</td>
<td>(35,208)</td>
<td>(45,105)</td>
<td>28%</td>
</tr>
<tr>
<td>Loans, net</td>
<td>4,140,381</td>
<td>4,564,915</td>
<td>10%</td>
</tr>
<tr>
<td>Investments</td>
<td>44,044</td>
<td>49,832</td>
<td>13%</td>
</tr>
<tr>
<td>Other Assets</td>
<td>109,151</td>
<td>89,148</td>
<td>-18%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 4,736,829</td>
<td>$ 4,961,300</td>
<td>5%</td>
</tr>
<tr>
<td>Credit Facilities</td>
<td>$ 964,843</td>
<td>$ 1,516,345</td>
<td>57%</td>
</tr>
<tr>
<td>Term Debt</td>
<td>2,186,311</td>
<td>1,830,999</td>
<td>-16%</td>
</tr>
<tr>
<td>Unsecured Debt</td>
<td>555,000</td>
<td>555,000</td>
<td>NA</td>
</tr>
<tr>
<td>Total Borrowings</td>
<td>3,706,154</td>
<td>3,902,344</td>
<td>5%</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>84,284</td>
<td>69,929</td>
<td>-17%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>3,790,438</td>
<td>3,972,273</td>
<td>5%</td>
</tr>
<tr>
<td>Total Equity</td>
<td>946,391</td>
<td>989,027</td>
<td>5%</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>$ 4,736,829</td>
<td>$ 4,961,300</td>
<td>5%</td>
</tr>
</tbody>
</table>
# Income Statement

($000s, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>FY 2003</th>
<th>FY 2004</th>
<th>Growth</th>
<th>1Q2004</th>
<th>1Q2005</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Interest and Fee Income</td>
<td>$225,765</td>
<td>$400,151</td>
<td>77%</td>
<td>$80,839</td>
<td>$135,057</td>
<td>67%</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>$39,956</td>
<td>$79,053</td>
<td>98%</td>
<td>$13,099</td>
<td>$34,586</td>
<td>164%</td>
</tr>
<tr>
<td>Net Interest and Fee Income</td>
<td>185,809</td>
<td>321,098</td>
<td>73%</td>
<td>67,740</td>
<td>100,471</td>
<td>48%</td>
</tr>
<tr>
<td>General Reserves</td>
<td>$8,609</td>
<td>$14,547</td>
<td>69%</td>
<td>$4,091</td>
<td>$1,218</td>
<td>-70%</td>
</tr>
<tr>
<td>Specific Reserves</td>
<td>$2,728</td>
<td>$11,163</td>
<td>309%</td>
<td>$3,172</td>
<td>$8,684</td>
<td>174%</td>
</tr>
<tr>
<td>Net Interest &amp; Fee Income after Chargeoffs &amp; Provision</td>
<td>174,472</td>
<td>295,388</td>
<td>69%</td>
<td>60,477</td>
<td>90,569</td>
<td>50%</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$67,807</td>
<td>$107,748</td>
<td>59%</td>
<td>$22,281</td>
<td>$30,620</td>
<td>37%</td>
</tr>
<tr>
<td>Total Other Income</td>
<td>25,815</td>
<td>17,781</td>
<td>-31%</td>
<td>351</td>
<td>4,310</td>
<td>1128%</td>
</tr>
<tr>
<td>Pre-tax Income</td>
<td>132,480</td>
<td>205,421</td>
<td>55%</td>
<td>38,547</td>
<td>64,259</td>
<td>67%</td>
</tr>
<tr>
<td>Taxes</td>
<td>25,0342</td>
<td>(80,570)</td>
<td>60%</td>
<td>(14,648)</td>
<td>(25,061)</td>
<td>71%</td>
</tr>
<tr>
<td>Net Income</td>
<td>$82,138</td>
<td>$124,851</td>
<td>52%</td>
<td>$23,899</td>
<td>$39,198</td>
<td>64%</td>
</tr>
<tr>
<td>EPS (Fully Diluted)</td>
<td>$0.77</td>
<td>$1.06</td>
<td>38%</td>
<td>$0.20</td>
<td>$0.33</td>
<td>65%</td>
</tr>
</tbody>
</table>

Note: After-tax net income for 2003 is pro forma based on a 38% effective tax rate.
# Credit Quality Disclosure from 3/31/05 10-Q

## Asset Classification

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2005</th>
<th>December 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans 60 or more days contractually delinquent</td>
<td>$52,971</td>
<td>$32,278</td>
</tr>
<tr>
<td>Non-accrual loans(1)</td>
<td>70,196</td>
<td>22,443</td>
</tr>
<tr>
<td>Impaired loans(2)</td>
<td>142,117</td>
<td>32,957</td>
</tr>
<tr>
<td>Less: loans in multiple categories</td>
<td>(100,186)</td>
<td>(23,120)</td>
</tr>
<tr>
<td>Total</td>
<td>$165,098</td>
<td>$64,558</td>
</tr>
<tr>
<td>Total as a percentage of total loans</td>
<td>3.50%</td>
<td>1.51%</td>
</tr>
</tbody>
</table>

(1) Includes loans with an aggregate principal balance of $30.0 million and $0.7 million as of March 31, 2005 and December 31, 2004, respectively, that were also classified as loans 60 or more days contractually delinquent.

(2) Includes loans with an aggregate principal balance of $1.2 million and $0.7 million as of March 31, 2005 and December 31, 2004, respectively, that were also classified as loans 60 or more days contractually delinquent.

## Impaired Loan Classification

<table>
<thead>
<tr>
<th>Impaired Loan Classification</th>
<th>Principal</th>
<th>Specific Reserves</th>
<th>March 31, 2005</th>
<th>Specific Reserves</th>
<th>December 31, 2004</th>
<th>Specific Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired loans with specific reserves</td>
<td>$79,334</td>
<td>$13,785</td>
<td>$29,154</td>
<td>$5,101</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impaired loans with no specific reserves(1)</td>
<td>$62,783</td>
<td>—</td>
<td>$3,803</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$142,117</td>
<td>$13,785</td>
<td>$32,957</td>
<td>$5,101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) There are no specific reserves applied to these loans as we believe it is probable that we will collect all principal and interest amounts due.

Source: CapitalSource 10-Q dated 3/31/2005
### Analysis of 10Q Disclosure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Impaired Loans</td>
<td>$142.1</td>
<td>$33.0</td>
<td>$109.2</td>
</tr>
<tr>
<td>LESS: Loans on Non-Accrual</td>
<td>(70.2)</td>
<td>(22.4)</td>
<td>(47.8)</td>
</tr>
<tr>
<td>LESS: Delinquent Loans that also are impaired</td>
<td>(30.0)</td>
<td>(0.7)</td>
<td>(29.3)</td>
</tr>
<tr>
<td>ADD BACK: Overlap between Non Accruals Delinquent</td>
<td>1.2</td>
<td>0.7</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$43.1</td>
<td>$10.5</td>
<td>$32.6</td>
</tr>
</tbody>
</table>

Source: CapitalSource 10-Q dated 3/31/2005