

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2024  
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 No. 001-13300

CAPITAL ONE FINANCIAL CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)  
1680 Capital One Drive,  
McLean, Virginia  
(Address of principal executive offices)  
54-1719854  
(I.R.S. Employer Identification No.)  
22102  
(Zip Code)  
Registrant's telephone number, including area code: (703) 720-1000  
(Not Applicable)  
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:		
Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock (par value \$.01 per share)	COF	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series I	COF PRI	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series J	COF PRJ	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series K	COF PRK	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series L	COF PRL	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series N	COF PRN	New York Stock Exchange
1.650% Senior Notes Due 2029	COF29	New York Stock Exchange

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 ☐  
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐  
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐  
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2024, there were 381,856,146 shares of the registrant's Common Stock outstanding.

## TABLE OF CONTENTS

		Page
	<b>PART I - FINANCIAL INFORMATION</b>	<b>4</b>
Item 1.	Financial Statements	76
	Consolidated Statements of Income	77
	Consolidated Statements of Comprehensive Income	78
	Consolidated Balance Sheets	79
	Consolidated Statements of Changes in Stockholders' Equity	80
	Consolidated Statements of Cash Flows	82
	Notes to Consolidated Financial Statements	84
	Note 1—Summary of Significant Accounting Policies	84
	Note 2—Business Combinations	85
	Note 3—Investment Securities	86
	Note 4—Loans	88
	Note 5—Allowance for Credit Losses and Reserve for Unfunded Lending Commitments	102
	Note 6—Variable Interest Entities and Securitizations	107
	Note 7—Goodwill and Other Intangible Assets	111
	Note 8—Deposits and Borrowings	112
	Note 9—Derivative Instruments and Hedging Activities	113
	Note 10—Stockholders' Equity	123
	Note 11—Earnings Per Common Share	127
	Note 12—Fair Value Measurement	128
	Note 13—Business Segments and Revenue from Contracts with Customers	136
	Note 14—Commitments, Contingencies, Guarantees and Others	140
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")	4
	Introduction	4
	Selected Financial Data	6
	Executive Summary	9
	Consolidated Results of Operations	10
	Consolidated Balance Sheets Analysis	18
	Off-Balance Sheet Arrangements	20
	Business Segment Financial Performance	21
	Critical Accounting Policies and Estimates	31
	Accounting Changes and Developments	32
	Capital Management	33
	Risk Management	38
	Credit Risk Profile	40
	Liquidity Risk Profile	54
	Market Risk Profile	59
	Supervision and Regulation	62
	Forward-Looking Statements	64
	Supplemental Table	67
	Glossary and Acronyms	69

Item 3.	Quantitative and Qualitative Disclosures about Market Risk	144
Item 4.	Controls and Procedures	144
<b>PART II—OTHER INFORMATION</b>		<b>145</b>
Item 1.	Legal Proceedings	145
Item 1A.	Risk Factors	145
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	145
Item 3.	Defaults Upon Senior Securities	145
Item 4.	Mine Safety Disclosures	145
Item 5.	Other Information	145
Item 6.	Exhibits	146
<b>EXHIBIT INDEX</b>		<b>147</b>
<b>SIGNATURES</b>		<b>148</b>

# INDEX OF MD&A AND SUPPLEMENTAL TABLE

MD&A Tables:		Page
1	Consolidated Financial Highlights	6
2	Average Balances, Net Interest Income and Net Interest Margin	11
3	Rate/Volume Analysis of Net Interest Income	14
4	Non-Interest Income	15
5	Non-Interest Expense	17
6	Loans Held for Investment	19
7	Funding Sources Composition	19
8	Business Segment Results	22
9	Credit Card Business Results	23
9.1	Domestic Card Business Results	25
10	Consumer Banking Business Results	26
11	Commercial Banking Business Results	28
12	Other Category Results	30
13	Capital Ratios Under Basel III	35
14	Regulatory Risk-Based Capital Components and Regulatory Capital Metrics	36
15	Preferred Stock Dividends Paid Per Share	37
16	Portfolio Composition of Loans Held for Investment	40
17	Credit Card Portfolio by Geographic Region	41
18	Consumer Banking Portfolio by Geographic Region	42
19	Commercial Real Estate Portfolio by Region	43
20	Commercial Loans by Industry	44
21	Credit Score Distribution	45
22	30+ Day Delinquencies	46
23	Aging and Geography of 30+ Day Delinquent Loans	47
24	90+ Day Delinquent Loans Accruing Interest	48
25	Nonperforming Loans and Other Nonperforming Assets	49
26	Net Charge-Offs	50
27	Allowance for Credit Losses and Reserve for Unfunded Lending Commitments Activity	52
28	Liquidity Reserves	54
29	Deposits Composition and Average Deposits Interest Rates	56
30	Long-Term Debt Funding Activities	57
31	Senior Unsecured Long-Term Debt Credit Ratings	58
32	Interest Rate Sensitivity Analysis	61
Supplemental Table:		
A	Reconciliation of Non-GAAP Measures	67

PART I—FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

*This discussion contains forward-looking statements that are based upon management's current expectations and are subject to significant uncertainties and changes in circumstances. Please review "Forward-Looking Statements" for more information on the forward-looking statements in this Quarterly Report on Form 10-Q ("this Report"). All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. Our actual results may differ materially from those included in these forward-looking statements due to a variety of factors including, but not limited to, those described in "Part I—Item 1A. Risk Factors" in our 2023 Annual Report on Form 10-K ("2023 Form 10-K") and "Part II—Item 1A. Risk Factors" in this Report. Unless otherwise specified, references to notes to our consolidated financial statements refer to the notes to our consolidated financial statements as of June 30, 2024 included in this Report.*

Management monitors a variety of key indicators to evaluate our business results and financial condition. The following MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and related notes in this Report and the more detailed information contained in our 2023 Form 10-K.

INTRODUCTION

Capital One Financial Corporation, a Delaware corporation established in 1994 and headquartered in McLean, Virginia, is a diversified financial services holding company with banking and non-banking subsidiaries. Capital One Financial Corporation and its subsidiaries (the "Company" or "Capital One") offer a broad array of financial products and services to consumers, small businesses and commercial clients through digital channels, branch locations, cafés and other distribution channels.

As of June 30, 2024, Capital One Financial Corporation's principal operating subsidiary was Capital One, National Association ("CONA"). The Company is hereafter collectively referred to as "we," "us" or "our." CONA is referred to as the "Bank."

Our consolidated total net revenues are derived primarily from lending to consumer and commercial customers net of funding costs associated with our deposits, long-term debt and other borrowings. We also earn non-interest income which primarily consists of interchange income, net of reward expenses, service charges and other customer-related fees. Our expenses primarily consist of the provision for credit losses, operating expenses, marketing expenses and income taxes.

Our principal operations are organized for management reporting purposes into three major business segments, which are defined primarily based on the products and services provided or the types of customers served: Credit Card, Consumer Banking and Commercial Banking. The operations of acquired businesses have been integrated into or managed as a part of our existing business segments. Certain activities that are not part of a business segment are included in the Other category, such as the management of our corporate investment portfolio and asset/liability positions performed by our centralized Corporate Treasury group and any residual tax expense or benefit beyond what is assessed to our business segments in order to arrive at the consolidated effective tax rate. The Other category also includes unallocated corporate expenses that do not directly support the operations of the business segments or for which the business segments are not considered financially accountable in evaluating their performance, such as certain restructuring charges.

- *Credit Card:* Consists of our domestic consumer and small business card lending, and international card businesses in the United Kingdom ("U.K.") and Canada.
- *Consumer Banking:* Consists of our deposit gathering and lending activities for consumers and small businesses, and national auto lending.
- *Commercial Banking:* Consists of our lending, deposit gathering, capital markets and treasury management services to commercial real estate and commercial and industrial customers. Our customers typically include companies with annual revenues between \$20 million and \$2 billion.

**Business Developments**

We regularly explore and evaluate opportunities to acquire financial products and services as well as financial assets, including credit card and other loan portfolios, and enter into strategic partnerships as part of our growth strategy. We also explore opportunities to acquire technology companies and related assets to improve our information technology infrastructure and to deliver on our digital strategy. We may issue equity or debt to fund our acquisitions. In addition, we regularly consider the potential disposition of certain of our assets, branches, partnership agreements or lines of business.

***Agreement to Acquire Discover***

On February 19, 2024, the Company entered into an agreement and plan of merger (the "Merger Agreement"), by and among Capital One, Discover Financial Services, a Delaware corporation ("Discover") and Vega Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which (a) Merger Sub will merge with and into Discover, with Discover as the surviving entity in the merger (the "Merger"); (b) immediately following the Merger, Discover, as the surviving entity, will merge with and into Capital One, with Capital One as the surviving entity in the second-step merger (the "Second Step Merger"); and (c) immediately following the Second Step Merger, Discover Bank, a Delaware-chartered and wholly owned subsidiary of Discover, will merge with and into CONA, with CONA as the surviving entity in the merger (the "CONA Bank Merger," and collectively with the Merger and the Second Step Merger, the "Transaction"). The Merger Agreement was unanimously approved by the Boards of Directors of each of Capital One and Discover.

At the effective time of the Merger, each share of common stock of Discover outstanding immediately prior to the effective time of the Merger, other than certain shares held by Discover or Capital One, will be converted into the right to receive 1.0192 shares of common stock of Capital One. Holders of Discover common stock will receive cash in lieu of fractional shares. At the effective time of the Second Step Merger, each share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, of Discover, and each share of 6.125% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series D, of Discover, in each case outstanding immediately prior to the effective time of the Second Step Merger, will be converted into the right to receive a share of newly created series of preferred stock of Capital One having terms that are not materially less favorable than the applicable series of Discover preferred stock. The closing of the Transaction is subject to the satisfaction of customary closing conditions, including receipt of required regulatory approvals and approval by the stockholders of each of Capital One and Discover.

***Walmart Program Agreement Termination***

On May 21, 2024, our credit card program agreement with Walmart terminated. Pursuant to terms of the termination, Capital One will retain ownership and servicing of the existing credit card portfolio of approximately \$8.5 billion of loans. The Company expects to begin converting eligible customers and integrating the accounts into Capital One branded card products, which may result in elevated operational and performance uncertainties as this portfolio converts from co-branded to branded products.

***Consumer Financial Protection Bureau Final Rule***

On March 5, 2024, the Consumer Financial Protection Bureau ("CFPB") issued a final rule amending Regulation Z that, if it goes into effect as currently issued, would significantly lower the safe harbor amount for past due fees that a large credit card issuer, including the Bank, can charge on consumer credit card accounts. The final rule is currently stayed as a result of ongoing litigation.

The final rule, if it goes into effect as currently issued, would have a significant impact on our revenue, as well as potentially significant marketplace effects, including effects on competition, pricing, consumer behaviors, volumes, and credit. In response to the final rule, we have developed a number of mitigating actions, including changes to our policies, products, and investment choices. Some of these mitigating actions have been implemented. Others may be implemented as matters related to the final rule continue to develop. After their implementation, we believe that our choices and the marketplace effects will gradually resolve the impact of the final rule on our results of operations over time.

For more information on risks related to this rule, see the risk factors set forth under "Part I—Item 1A. Risk Factors" in our 2023 Form 10-K.

## SELECTED FINANCIAL DATA

The following table presents selected consolidated financial data and performance from our results of operations for the second quarter and first six months of 2024 and 2023 and selected comparative balance sheet data as of June 30, 2024 and December 31, 2023. We also provide selected key metrics we use in evaluating our performance, including certain metrics that are computed using non-GAAP measures. We consider these metrics to be key financial measures that management uses in assessing our operating performance, capital adequacy and the level of returns generated. We believe these non-GAAP metrics provide useful insight to investors and users of our financial information as they provide an alternate measurement of our performance and assist in assessing our capital adequacy and the level of return generated. These non-GAAP measures should not be viewed as a substitute for reported results determined in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), nor are they necessarily comparable to non-GAAP measures that may be presented by other companies.

**Table 1: Consolidated Financial Highlights**

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
<i>(Dollars in millions, except per share data and as noted)</i>						
<b>Income statement</b>						
Net interest income	\$ 7,546	\$ 7,113	6%	\$ 15,034	\$ 14,299	5%
Non-interest income	1,960	1,899	3	3,874	3,616	7
Total net revenue	9,506	9,012	5	18,908	17,915	6
Provision for credit losses	3,909	2,490	57	6,592	5,285	25
Non-interest expense:						
Marketing	1,064	886	20	2,074	1,783	16
Operating expense	3,882	3,908	(1)	8,009	7,956	1
Total non-interest expense	4,946	4,794	3	10,083	9,739	4
Income from continuing operations before income taxes	651	1,728	(62)	2,233	2,891	(23)
Income tax provision	54	297	(82)	356	500	(29)
<b>Net income</b>	<b>597</b>	<b>1,431</b>	<b>(58)</b>	<b>1,877</b>	<b>2,391</b>	<b>(21)</b>
Dividends and undistributed earnings allocated to participating securities	(9)	(23)	(61)	(32)	(39)	(18)
Preferred stock dividends	(57)	(57)	—	(114)	(114)	—
<b>Net income available to common stockholders</b>	<b>\$ 531</b>	<b>\$ 1,351</b>	<b>(61)</b>	<b>\$ 1,731</b>	<b>\$ 2,238</b>	<b>(23)</b>
<b>Common share statistics</b>						
<b>Basic earnings per common share:</b>						
Net income per basic common share	\$ 1.39	\$ 3.53	(61)%	\$ 4.52	\$ 5.85	(23)%
<b>Diluted earnings per common share:</b>						
Net income per diluted common share	\$ 1.38	\$ 3.52	(61)%	\$ 4.51	\$ 5.83	(23)%
<b>Weighted-average common shares outstanding (in millions):</b>						
Basic	383.1	382.8	—	382.7	382.7	—
Diluted	383.9	383.7	—	383.7	383.8	—
Common shares outstanding (period-end, in millions)	381.9	381.4	—	381.9	381.4	—
Dividends declared and paid per common share	\$ 0.60	\$ 0.60	—	\$ 1.20	\$ 1.20	—
Tangible book value per common share (period-end) <sup>(1)</sup>	99.28	90.07	10%	99.28	90.07	10%

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
<i>(Dollars in millions, except per share data and as noted)</i>						
<b>Balance sheet (average balances)</b>						
Loans held for investment	\$ 314,888	\$ 309,655	2%	\$ 314,751	\$ 308,711	2%
Interest-earning assets	450,908	439,139	3	449,356	437,180	3
Total assets	477,285	466,652	2	476,140	464,459	3
Interest-bearing deposits	322,581	313,207	3	320,515	311,010	3
Total deposits	349,488	343,678	2	347,572	341,910	2
Borrowings	48,842	48,468	1	49,658	48,243	3
Common equity	53,262	50,511	5	53,207	50,221	6
Total stockholders' equity	58,107	55,357	5	58,052	55,066	5
<b>Selected performance metrics</b>						
Purchase volume	\$ 165,143	\$ 157,937	5%	\$ 315,314	\$ 299,595	5%
Total net revenue margin <sup>(2)</sup>	8.43%	8.21%	22bps	8.42%	8.20%	22bps
Net interest margin	6.70	6.48	22	6.69	6.54	15
Return on average assets <sup>(3)</sup>	0.50	1.23	(73)	0.79	1.03	(24)
Return on average tangible assets <sup>(4)</sup>	0.52	1.27	(75)	0.81	1.06	(25)
Return on average common equity <sup>(5)</sup>	3.99	10.70	(671)	6.51	8.91	(240)
Return on average tangible common equity <sup>(6)</sup>	5.59	15.30	(971)	9.12	12.74	(362)
Equity-to-assets ratio <sup>(7)</sup>	12.17	11.86	31	12.19	11.86	33
Efficiency ratio <sup>(8)</sup>	52.03	53.20	(117)	53.33	54.36	(103)
Operating efficiency ratio <sup>(9)</sup>	40.84	43.36	(252)	42.36	44.41	(205)
Adjusted operating efficiency ratio <sup>(10)</sup>	40.31	43.36	(305)	41.87	44.41	(254)
Effective income tax rate from continuing operations	8.3	17.2	(890)	15.9	17.3	(140)
Net charge-offs	\$ 2,644	\$ 2,185	21%	\$ 5,260	\$ 3,882	35%
Net charge-off rate	3.36 %	2.82 %	54bps	3.34 %	2.52 %	82bps

*(Dollars in millions, except as noted)*

	June 30, 2024	December 31, 2023	Change
<b>Balance sheet (period-end)</b>			
Loans held for investment	\$ 318,186	\$ 320,472	(1)%
Interest-earning assets	452,547	449,701	1
Total assets	480,018	478,464	—
Interest-bearing deposits	324,437	320,389	1
Total deposits	351,442	348,413	1
Borrowings	47,956	49,856	(4)
Common equity	53,135	53,244	—
Total stockholders' equity	57,981	58,089	—
<b>Credit quality metrics</b>			
Allowance for credit losses	\$ 16,649	\$ 15,296	9%
Allowance coverage ratio	5.23 %	4.77 %	46bps
30+ day performing delinquency rate	3.36	3.71	(35)
30+ day delinquency rate	3.63	3.99	(36)



(Dollars in millions, except as noted)

	June 30, 2024	December 31, 2023	Change
<b>Capital ratios</b>			
Common equity Tier 1 capital <sup>(11)</sup>	13.2 %	12.9 %	30bps
Tier 1 capital <sup>(11)</sup>	14.5	14.2	30
Total capital <sup>(11)</sup>	16.3	16.0	30
Tier 1 leverage <sup>(11)</sup>	11.3	11.2	10
Tangible common equity <sup>(12)</sup>	8.2	8.2	—
Supplementary leverage <sup>(11)</sup>	9.7	9.6	10
<b>Other</b>			
Employees (period end, in thousands)	52.1	52.0	—

<sup>(11)</sup> Tangible book value per common share is a non-GAAP measure calculated based on tangible common equity ("TCE") divided by common shares outstanding. See "Supplemental Table—Table A—Reconciliation of Non-GAAP Measures" for additional information on non-GAAP measures.

<sup>(12)</sup> Total net revenue margin is calculated based on annualized total net revenue for the period divided by average interest-earning assets for the period.

<sup>(13)</sup> Return on average assets is calculated based on annualized income from continuing operations, net of tax, for the period divided by average total assets for the period.

<sup>(14)</sup> Return on average tangible assets is a non-GAAP measure calculated based on annualized income from continuing operations, net of tax, for the period divided by average tangible assets for the period. See "Supplemental Table—Table A—Reconciliation of Non-GAAP Measures" for additional information on non-GAAP measures.

<sup>(15)</sup> Return on average common equity is calculated based on annualized net income (loss) available to common stockholders less annualized income (loss) from discontinued operations, net of tax, for the period, divided by average common equity. Our calculation of return on average common equity may not be comparable to similarly-titled measures reported by other companies.

<sup>(16)</sup> Return on average tangible common equity is a non-GAAP measure calculated based on annualized net income (loss) available to common stockholders less annualized income (loss) from discontinued operations, net of tax, for the period, divided by average TCE. Our calculation of return on average TCE may not be comparable to similarly-titled measures reported by other companies. See "Supplemental Table—Table A—Reconciliation of Non-GAAP Measures" for additional information on non-GAAP measures.

<sup>(17)</sup> Equity-to-assets ratio is calculated based on average stockholders' equity for the period divided by average total assets for the period.

<sup>(18)</sup> Efficiency ratio is calculated based on total non-interest expense for the period divided by total net revenue for the period.

<sup>(19)</sup> Operating efficiency ratio is calculated based on operating expense for the period divided by total net revenue for the period.

<sup>(20)</sup> Adjusted operating efficiency ratio is a non-GAAP measure. See "Supplemental Table—Table A—Reconciliation of Non-GAAP Measures" for a reconciliation of our adjusted operating efficiency ratio (non-GAAP) to our operating efficiency ratio (GAAP).

<sup>(21)</sup> Capital ratios are calculated based on the Basel III standardized approach framework. See "Capital Management" for additional information.

<sup>(22)</sup> Tangible common equity ratio is a non-GAAP measure calculated based on TCE divided by tangible assets. See "Supplemental Table—Table A—Reconciliation of Non-GAAP Measures" for the calculation of this measure and reconciliation to the comparative U.S. GAAP measure.

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**EXECUTIVE SUMMARY**

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**Financial Highlights**

We reported net income of \$597 million (\$1.38 per diluted common share) on total net revenue of \$9.5 billion and net income of \$1.9 billion (\$4.51 per diluted common share) on total net revenue of \$18.9 billion for the second quarter and first six months of 2024, respectively. In comparison, we reported net income of \$1.4 billion (\$3.52 per diluted common share) on total net revenue of \$9.0 billion and net income of \$2.4 billion (\$5.83 per diluted common share) on total net revenue of \$17.9 billion for the second quarter and first six months of 2023, respectively.

Our common equity Tier 1 ("CET1") capital ratio as calculated under the Basel III standardized approach was 13.2% and 12.9% as of June 30, 2024 and December 31, 2023, respectively. See "Capital Management" for additional information.

In the second quarter of 2024, we declared and paid common stock dividends of \$234 million and repurchased \$150 million of shares of our common stock. During the first six months of 2024, we declared and paid common stock dividends of \$472 million and repurchased \$253 million of shares of our common stock. See "Capital Management—Dividend Policy and Stock Purchases" for additional information.

Below are additional highlights of our performance in the second quarter and first six months of 2024. These highlights are based on a comparison between the results of the second quarter and first six months of 2024 and 2023, except as otherwise noted. The changes in our financial condition and credit performance are generally based on our financial condition and credit performance as of June 30, 2024 compared to December 31, 2023. We provide a more detailed discussion of our financial performance in the sections following this "Executive Summary."

**Total Company Performance**

- Earnings:*

Our net income decreased by \$834 million to \$597 million in the second quarter of 2024 compared to the second quarter of 2023 and decreased by \$514 million to \$1.9 billion in the first six months of 2024 compared to the first six months of 2023 primarily driven by:

- Higher provision for credit losses in the second quarter of 2024 primarily driven by higher net charge-offs in Domestic Card and a larger allowance build due to the elimination of loss sharing provisions that occurred within the termination of the Walmart program agreement, and higher provision for credit losses in the first six months of 2024 primarily driven by higher net charge-offs in Domestic Card.
- Higher non-interest expense primarily driven by increased marketing spend.

These drivers were partially offset by:

- Higher net-interest income primarily driven by higher asset yields and growth in our credit card loan portfolio, partially offset by higher rates paid on interest-bearing deposits.

- Loans Held for Investment:*

- Period-end loans held for investment decreased by \$2.3 billion to \$318.2 billion as of June 30, 2024 from December 31, 2023 primarily driven by customer payments outpacing originations in our Commercial Banking business.
- Average loans held for investment increased by \$5.2 billion to \$314.9 billion in the second quarter of 2024 compared to the second quarter of 2023 and increased by \$6.0 billion to \$314.8 billion in the first six months of 2024 compared to the first six months of 2023 primarily driven by growth in our credit card loan portfolio.

- *Net Charge-Off and Delinquency Metrics:*
  - Our net charge-off rate increased by 54 basis points ("bps") to 3.36% in the second quarter of 2024 compared to the second quarter of 2023 and increased by 82 bps to 3.34% in the first six months of 2024 compared to the first six months of 2023 primarily driven by higher net charge-offs in our domestic credit card loan portfolio.
  - Our 30+ day delinquency rate decreased by 36 bps to 3.63% as of June 30, 2024 from December 31, 2023 primarily driven by seasonally lower delinquency inventories in our auto and domestic credit card loan portfolios.
- *Allowance for Credit Losses:* Our allowance for credit losses increased by \$1.4 billion to \$16.6 billion and our allowance coverage ratio increased by 46 bps to 5.23% as of June 30, 2024 compared to December 31, 2023 primarily driven by an allowance build due to the termination of the Walmart program agreement in the second quarter of 2024.

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**CONSOLIDATED RESULTS OF OPERATIONS**

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The section below provides a comparative discussion of our consolidated financial performance for the second quarter and first six months of 2024 and 2023. We provide a discussion of our business segment results in the following section, "Business Segment Financial Performance." This section should be read together with our "Executive Summary," where we discuss trends and other factors that we expect will affect our future results of operations.

**Net Interest Income**

Net interest income represents the difference between interest income, including certain fees, earned on our interest-earning assets and the interest expense incurred on our interest-bearing liabilities. Our interest-earning assets include loans, investment securities and other interest-earning assets, while our interest-bearing liabilities include interest-bearing deposits, securitized debt obligations, senior and subordinated notes, other borrowings and other interest-bearing liabilities. Generally, we include in interest income any past due fees, net of reversals, on loans that we deem collectible. Our net interest margin, based on our consolidated results, represents the difference between the yield on our interest-earning assets and the cost of our interest-bearing liabilities, including the notional impact of non-interest-bearing funding. We expect net interest income and our net interest margin to fluctuate based on changes in interest rates and changes in the amount and composition of our interest-earning assets and interest-bearing liabilities.

Table 2 below presents the average outstanding balance, interest income earned, interest expense incurred and average yield for the second quarter and first six months of 2024 and 2023 for each major category of our interest-earning assets and interest-bearing liabilities. Nonperforming loans are included in the average loan balances below.

**Table 2: Average Balances, Net Interest Income and Net Interest Margin**

	Three Months Ended June 30,					
	2024			2023		
(Dollars in millions)	Average Balance	Interest Income/Expense	Average Yield/Rate <sup>(1)</sup>	Average Balance	Interest Income/Expense	Average Yield/Rate <sup>(1)</sup>
<b>Assets:</b>						
Interest-earning assets:						
Loans: <sup>(2)</sup>						
Credit card	\$ 150,866	\$ 7,088	18.79 %	\$ 138,762	\$ 6,302	18.17 %
Consumer banking	75,386	1,611	8.54	77,699	1,486	7.65
Commercial banking <sup>(3)</sup>	89,571	1,616	7.22	93,874	1,580	6.74
Other <sup>(4)</sup>	—	(322)	**	—	(311)	**
Total loans, including loans held for sale	315,823	9,993	12.66	310,335	9,057	11.67
Investment securities	89,501	700	3.13	89,994	639	2.84
Cash equivalents and other interest-earning assets	45,584	587	5.16	38,810	470	4.84
Total interest-earning assets	450,908	11,280	10.01	439,139	10,166	9.26
Cash and due from banks	3,650			3,928		
Allowance for credit losses	(15,392)			(14,323)		
Premises and equipment, net	4,383			4,369		
Other assets	33,736			33,539		
Total assets	\$ 477,285			\$ 466,652		
<b>Liabilities and stockholders' equity:</b>						
Interest-bearing liabilities:						
Interest-bearing deposits	\$ 322,581	\$ 2,874	3.56 %	\$ 313,207	\$ 2,277	2.91 %
Securitized debt obligations	17,452	258	5.91	17,771	236	5.31
Senior and subordinated notes	30,978	591	7.64	30,161	528	7.00
Other borrowings and interest-bearing liabilities <sup>(5)</sup>	2,502	11	1.73	2,419	12	1.95
Total interest-bearing liabilities	373,513	3,734	4.00	363,558	3,053	3.36
Non-interest-bearing deposits	26,907			30,471		
Other liabilities	18,758			17,266		
Total liabilities	419,178			411,295		
Stockholders' equity	58,107			55,357		
Total liabilities and stockholders' equity	\$ 477,285			\$ 466,652		
Net interest income/spread		\$ 7,546	6.01		\$ 7,113	5.90
Impact of non-interest-bearing funding			0.69			0.58
Net interest margin			6.70 %			6.48%

	Six Months Ended June 30,					
	2024			2023		
	Average Balance	Interest Income/Expense	Average Yield/Rate <sup>(1)</sup>	Average Balance	Interest Income/Expense	Average Yield/Rate <sup>(1)</sup>
<i>(Dollars in millions)</i>						
<b>Assets:</b>						
Interest-earning assets:						
Loans: <sup>(2)</sup>						
Credit card	\$ 150,457	\$ 14,155	18.82 %	\$ 136,727	\$ 12,355	18.07 %
Consumer banking	75,239	3,175	8.44	78,346	2,947	7.52
Commercial banking <sup>(3)</sup>	89,997	3,228	7.17	94,158	3,068	6.52
Other <sup>(4)</sup>	—	(645)	**	—	(590)	**
Total loans, including loans held for sale	315,693	19,913	12.62	309,231	17,780	11.50
Investment securities	89,041	1,387	3.12	89,977	1,254	2.79
Cash equivalents and other interest-earning assets	44,622	1,157	5.19	37,972	886	4.67
Total interest-earning assets	449,356	22,457	10.00	437,180	19,920	9.11
Cash and due from banks	3,798			4,028		
Allowance for credit losses	(15,342)			(13,766)		
Premises and equipment, net	4,387			4,359		
Other assets	33,941			32,658		
Total assets	\$ 476,140			\$ 464,459		
<b>Liabilities and stockholders' equity:</b>						
Interest-bearing liabilities:						
Interest-bearing deposits	\$ 320,515	\$ 5,686	3.55 %	\$ 311,010	\$ 4,133	2.66%
Securitized debt obligations	17,644	519	5.88	17,512	447	5.10
Senior and subordinated notes	31,594	1,197	7.58	30,149	1,017	6.75
Other borrowings and interest-bearing liabilities <sup>(4)</sup>	2,438	21	1.75	2,377	24	2.01
Total interest-bearing liabilities	372,191	7,423	3.99	361,048	5,621	3.11
Non-interest-bearing deposits	27,057			30,900		
Other liabilities	18,840			17,445		
Total liabilities	418,088			409,393		
Stockholders' equity	58,052			55,066		
Total liabilities and stockholders' equity	\$ 476,140			\$ 464,459		
Net interest income/spread		\$ 15,034	6.01		\$ 14,299	6.00
Impact of non-interest-bearing funding			0.68			0.54
Net interest margin			6.69 %			6.54%

<sup>(1)</sup> Average yield is calculated based on annualized interest income for the period divided by average loans during the period. Annualized interest income does not include any allocations, such as funds transfer pricing. Average yield is calculated using whole dollar values for average balances and interest income/expense.

<sup>(2)</sup> Past due fees, net of reversals, included in interest income totaled approximately \$558 million and \$1.1 billion in the second quarter and first six months of 2024, respectively, and \$526 million and \$1.0 billion in the second quarter and first six months of 2023 respectively.

<sup>(3)</sup> Some of our commercial investments generate tax-exempt income, tax credits or other tax benefits. Accordingly, we present our Commercial Banking revenue and yields on a taxable-equivalent basis, calculated using the federal statutory tax rate of 21% and state taxes where applicable, with offsetting reductions to the Other category. Taxable-equivalent adjustments included in the interest income and yield computations for our commercial loans totaled approximately \$20 million and \$39 million in the second quarter and first six months of 2024, respectively, and \$19 million and \$37 million in the second quarter and first six months of 2023, respectively, with corresponding reductions to the Other category.

<sup>(4)</sup> Interest income/expense in the Other category represents the impact of hedge accounting on our loan portfolios and the offsetting reduction of the taxable-equivalent adjustments of our commercial loans as described above.

<sup>(9)</sup> Includes amounts related to entities that provide capital to low-income and rural communities of \$2.1 billion and \$2.0 billion in the second quarter and first six months of 2024, respectively, and \$1.9 billion and \$1.8 billion in the second quarter and first six months of 2023, respectively. Related interest expense was \$8 million and \$16 million for the second quarter and first six months of 2024, respectively, and \$8 million and \$16 million for the second quarter and first six months of 2023, respectively.

\*\* Not meaningful.

Net interest income increased by \$433 million to \$7.5 billion in the second quarter of 2024 compared to the second quarter of 2023 and increased by \$735 million to \$15.0 billion in the first six months of 2024 compared to the first six months of 2023 primarily driven by higher asset yields and growth in our credit card loan portfolio, partially offset by higher rates paid on interest-bearing deposits.

Net interest margin increased by 22 bps to 6.70% in the second quarter of 2024 compared to the second quarter of 2023 and increased by 15 bps to 6.69% in the first six months of 2024 compared to the first six months of 2023 primarily driven by higher asset yields and growth in our credit card loan portfolio, partially offset by higher rates paid on interest-bearing deposits.

Our cumulative deposit beta increased to 62% as of June 30, 2024, from 60% as of December 31, 2023. We define cumulative deposit beta as the ratio of changes in the average rate paid on our average interest-bearing deposits to the increases in the upper bound of the federal funds rate during the current rising interest rate cycle.

Table 3 displays the change in our net interest income between periods and the extent to which the variance is attributable to:

- changes in the volume of our interest-earning assets and interest-bearing liabilities; or
- changes in the interest rates related to these assets and liabilities.

**Table 3: Rate/Volume Analysis of Net Interest Income<sup>(1)</sup>**

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024 vs. 2023			2024 vs. 2023		
(Dollars in millions)	Total Variance	Volume	Rate	Total Variance	Volume	Rate
<b>Interest income:</b>						
Loans:						
Credit card	\$ 786	\$ 563	\$ 223	\$ 1,800	\$ 1,276	\$ 524
Consumer banking	125	(44)	169	228	(117)	345
Commercial banking <sup>(2)</sup>	36	(72)	108	160	(136)	296
Other <sup>(3)</sup>	(11)	—	(11)	(55)	—	(55)
Total loans, including loans held for sale	936	447	489	2,133	1,023	1,110
Investment securities	61	(4)	65	133	(13)	146
Cash equivalents and other interest-earning assets	117	86	31	271	165	106
Total interest income	1,114	529	585	2,537	1,175	1,362
<b>Interest expense:</b>						
Interest-bearing deposits	597	70	527	1,553	130	1,423
Securitized debt obligations	22	(4)	26	72	3	69
Senior and subordinated notes	63	15	48	180	50	130
Other borrowings and liabilities	(1)	—	(1)	(3)	1	(4)
Total interest expense	681	81	600	1,802	184	1,618
Net interest income	\$ 433	\$ 448	\$ (15)	\$ 735	\$ 991	\$ (256)

<sup>(1)</sup> We calculate the change in interest income and interest expense separately for each item. The portion of interest income or interest expense attributable to both volume and rate is allocated proportionately when the calculation results in a positive value. When the portion of interest income or interest expense attributable to both volume and rate results in a negative value, the total amount is allocated to volume or rate, depending on which amount is positive.

<sup>(2)</sup> Some of our commercial investments generate tax-exempt income, tax credits or other tax benefits. Accordingly, we present our Commercial Banking revenue and yields on a taxable-equivalent basis, calculated using the federal statutory tax rate of 21% and state taxes where applicable, with offsetting reductions to the Other category.

<sup>(3)</sup> Interest income/expense in the Other category represents the impact of hedge accounting on our loan portfolios and the offsetting reduction of the taxable-equivalent adjustments of our commercial loans as described above.

Non-Interest Income

Table 4 displays the components of non-interest income for the second quarter and first six months of 2024 and 2023.

Table 4: Non-Interest Income

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interchange fees, net	\$ 1,249	\$ 1,213	\$ 2,394	\$ 2,352
Service charges and other customer-related fees	459	411	921	790
Other <sup>(1)(2)</sup>	252	275	559	474
Total non-interest income	\$ 1,960	\$ 1,899	\$ 3,874	\$ 3,616

<sup>(1)</sup> Primarily consists of revenue from Capital One Shopping, treasury and other investment income, our credit card partnership agreements and commercial mortgage banking revenue.

<sup>(2)</sup> Includes gains of \$11 million and \$53 million on deferred compensation plan investments in the second quarter and first six months of 2024, respectively, and gains of \$25 million and \$49 million on deferred compensation plan investments in the second quarter and first six months of 2023, respectively. These amounts have corresponding offsets in non-interest expense.

Non-interest income remained substantially flat at \$2.0 billion in the second quarter of 2024 compared to the second quarter of 2023. Non-interest income increased by \$258 million to \$3.9 billion in the first six months of 2024 compared to the first six months of 2023 primarily driven by growth in our Credit Card business.



**Provision for Credit Losses**

Our provision for credit losses in each period is driven by net charge-offs, changes to the allowance for credit losses and changes to the reserve for unfunded lending commitments. Our provision for credit losses increased by \$1.4 billion to \$3.9 billion in the second quarter of 2024 primarily driven by higher net charge-offs in Domestic Card and a larger allowance for credit losses build due to the elimination of loss sharing provisions that occurred within the termination of the Walmart program agreement. Our provision for credit losses increased by \$1.3 billion to \$6.6 billion in the first six months of 2024 primarily driven by higher net charge-offs in Domestic Card.

We provide additional information on the provision for credit losses and changes in the allowance for credit losses within "Credit Risk Profile" and "Part I—Item 1. Financial Statements—Note 5—Allowance for Credit Losses and Reserve for Unfunded Lending Commitments." For information on the allowance methodology for each of our loan categories, see "Part II—Item 8. Financial Statements—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K.

## Non-Interest Expense

Table 5 displays the components of non-interest expense for the second quarter and first six months of 2024 and 2023.

**Table 5: Non-Interest Expense**

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Operating Expense:</b>				
Salaries and associate benefits <sup>(1)</sup>	\$ 2,200	\$ 2,317	\$ 4,678	\$ 4,744
Occupancy and equipment	551	506	1,105	1,014
Professional services	316	290	578	614
Communications and data processing	355	344	706	694
Amortization of intangibles	19	22	38	36
<b>Other non-interest expense:</b>				
Bankcard, regulatory and other fee assessments	79	51	198	135
Collections	87	89	170	172
Other	275	289	536	547
<b>Total other non-interest expense</b>	<b>441</b>	<b>429</b>	<b>904</b>	<b>854</b>
<b>Total operating expense</b>	<b>\$ 3,882</b>	<b>\$ 3,908</b>	<b>\$ 8,009</b>	<b>\$ 7,956</b>
<b>Marketing</b>	<b>1,064</b>	<b>886</b>	<b>2,074</b>	<b>1,783</b>
<b>Total non-interest expense</b>	<b>\$ 4,946</b>	<b>\$ 4,794</b>	<b>\$ 10,083</b>	<b>\$ 9,739</b>

<sup>(1)</sup> Includes expenses of \$11 million and \$53 million related to our deferred compensation plan for the second quarter and first six months of 2024, respectively, and expenses of \$25 million and \$49 million related to our deferred compensation plan investments for the second quarter and first six months of 2023, respectively. These amounts have corresponding offsets from investments in other non-interest income.

Non-interest expense increased by \$152 million to \$4.9 billion in the second quarter of 2024 compared to the second quarter of 2023 and increased by \$344 million to \$10.1 billion in the first six months of 2024 compared to the first six months of 2023 primarily driven by increased marketing spend.

For the three and six months ended June 30, 2024, we have incurred \$31 million of integration expenses related to the agreement to acquire Discover, which are included in Operating Expense in our Consolidated Statements of Income.

**Income Taxes**

We recorded an income tax provision of \$54 million (8.3% effective income tax rate) and \$356 million (15.9% effective income tax rate) in the second quarter and first six months of 2024, respectively, compared to an income tax provision of \$297 million (17.2% effective income tax rate) and \$500 million (17.3% effective income tax rate) in the second quarter and first six months of 2023, respectively. Our effective tax rate on income from continuing operations varies between periods due, in part, to the impact of changes in pre-tax income and changes in tax credits, tax-exempt income and non-deductible expenses relative to our pre-tax earnings.

We provide additional information on items affecting our income taxes and effective tax rate in "Part II—Item 8. Financial Statements and Supplementary Data—Note 15—Income Taxes" in our 2023 Form 10-K.

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**CONSOLIDATED BALANCE SHEETS ANALYSIS**

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Total assets increased by \$1.6 billion to \$480.0 billion as of June 30, 2024 from December 31, 2023 primarily driven by increases in our cash balances as deposit growth was partially offset by net maturities of unsecured senior debt.

Total liabilities increased by \$1.7 billion to \$422.0 billion as of June 30, 2024 from December 31, 2023 primarily driven by deposit growth due to our national consumer banking strategy, partially offset by net maturities of unsecured senior debt. Our national consumer banking strategy includes our national brand and marketing strategy, cafés, and tech / digital investments, which have enabled us to both deepen and grow our overall customer base.

Stockholders' equity decreased by \$108 million to \$58.0 billion as of June 30, 2024 from December 31, 2023 primarily driven by an increase in accumulated other comprehensive loss and stock dividends, partially offset by net income of \$1.9 billion.

The following is a discussion of material changes in the major components of our assets and liabilities during the first six months of 2024. Period-end balance sheet amounts may vary from average balance sheet amounts due to the timing of normal balance sheet management activities that are intended to support our capital and liquidity positions, our market risk profile and the needs of our customers.

**Investment Securities**

Our investment securities portfolio consists of the following: U.S. government-sponsored enterprise or agency ("GSE" or "Agency") and non-agency residential mortgage-backed securities ("RMBS"), agency commercial mortgage-backed securities ("CMBS"), U.S. Treasury securities and other securities. Agency securities include Government National Mortgage Association ("Ginnie Mae") guaranteed securities, Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac") issued securities. The carrying value of our investments in Agency and U.S. Treasury securities represented 96% and 97% of our total investment securities portfolio as of June 30, 2024 and December 31, 2023, respectively.

The fair value of our available for sale securities portfolio increased by \$133 million to \$79.3 billion as of June 30, 2024 from December 31, 2023, primarily driven by net purchases, partially offset by increases in relevant benchmark interest rates. See "Part I—Item 1. Financial Statements—Note 3—Investment Securities" for more information.

## Loans Held for Investment

Total loans held for investment consists of both unsecuritized loans and loans held in our consolidated trusts. Table 6 summarizes, by portfolio segment, the carrying value of our loans held for investment, the allowance for credit losses and net loan balance as of June 30, 2024 and December 31, 2023.

**Table 6: Loans Held for Investment**

(Dollars in millions)	June 30, 2024			December 31, 2023		
	Loans	Allowance	Net Loans	Loans	Allowance	Net Loans
Credit Card	\$ 153,895	\$ (13,040)	\$ 140,855	\$ 154,547	\$ (11,709)	\$ 142,838
Consumer Banking	75,663	(2,065)	73,598	75,437	(2,042)	73,395
Commercial Banking	88,628	(1,544)	87,084	90,488	(1,545)	88,943
Total	\$ 318,186	\$ (16,649)	\$ 301,537	\$ 320,472	\$ (15,296)	\$ 305,176

Loans held for investment decreased by \$2.3 billion to \$318.2 billion as of June 30, 2024 compared to December 31, 2023 primarily driven by customer payments outpacing originations in our Commercial Banking business.

We provide additional information on the composition of our loan portfolio and credit quality in "Credit Risk Profile," "Consolidated Results of Operations" and "Part I—Item 1.—Financial Statements—Note 4—Loans."

## Funding Sources

Our primary source of funding comes from insured retail deposits, as they are a relatively stable and lower cost source of funding. In addition to deposits, we raise funding through the issuance of senior and subordinated notes, securitized debt obligations, federal funds purchased, securities loaned or sold under agreements to repurchase, and Federal Home Loan Bank ("FHLB") advances secured by certain portions of our loan and securities portfolios.

Table 7 provides the composition of our primary sources of funding as of June 30, 2024 and December 31, 2023.

**Table 7: Funding Sources Composition**

(Dollars in millions)	June 30, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
Deposits:				
Consumer Banking	\$ 305,422	77 %	\$ 296,171	74 %
Commercial Banking	29,210	7	32,712	8
Other <sup>(1)</sup>	16,810	4	19,530	5
Total deposits	351,442	88	348,413	87
Securitized debt obligations	17,291	4	18,043	5
Other debt	30,665	8	31,813	8
Total funding sources	\$ 399,398	100 %	\$ 398,269	100 %

<sup>(1)</sup> Includes brokered deposits of \$15.7 billion and \$18.5 billion as of June 30, 2024 and December 31, 2023, respectively.

Total deposits increased by \$3.0 billion to \$351.4 billion as of June 30, 2024 from December 31, 2023 primarily driven by our national consumer banking strategy, partially offset by an intentional reduction in lower margin deposit balances in our Commercial Banking business.

As of June 30, 2024 and December 31, 2023, we held \$59.9 billion and \$64.2 billion, respectively, of estimated uninsured deposits excluding any intercompany balances. These amounts were primarily comprised of checking and savings deposits. These estimated uninsured deposits comprised approximately 17% and 18% of our total deposits as of June 30, 2024 and December 31, 2023, respectively. We estimate our uninsured amounts based on methodologies and assumptions used for our "Consolidated Reports of Condition and Income" (FFIEC 031) filed with the Federal Banking Agencies.

Securitized debt obligations decreased by \$752 million to \$17.3 billion as of June 30, 2024 from December 31, 2023 primarily driven by paydowns in our auto securitization program.

Other debt decreased by \$1.1 billion to \$30.7 billion as of June 30, 2024 from December 31, 2023 primarily driven by net maturities of unsecured senior debt.

We provide additional information on our funding sources in "Liquidity Risk Profile" and "Part I—Item 1. Financial Statements—Note 8—Deposits and Borrowings."

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**OFF-BALANCE SHEET ARRANGEMENTS**

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In the ordinary course of business, we engage in certain activities that are not reflected on our consolidated balance sheets, generally referred to as off-balance sheet arrangements. These activities typically involve transactions with unconsolidated variable interest entities ("VIEs") as well as other arrangements, such as letters of credit, loan commitments and guarantees, to meet the financing needs of our customers and support their ongoing operations. We provide additional information regarding these types of activities in "Part I—Item 1. Financial Statements—Note 6—Variable Interest Entities and Securitizations" and "Part I—Item 1. Financial Statements—Note 14—Commitments, Contingencies, Guarantees and Others."

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**BUSINESS SEGMENT FINANCIAL PERFORMANCE**

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Our principal operations are organized for management reporting purposes into three major business segments, which are defined primarily based on the products and services provided or the types of customer served: Credit Card, Consumer Banking and Commercial Banking. The operations of acquired businesses have been integrated into or managed as a part of our existing business segments. Certain activities that are not part of a business segment are included in the Other category, such as the management of our corporate investment portfolio and asset/liability positions performed by our centralized Corporate Treasury group and any residual tax expense or benefit beyond what is assessed to our business segments in order to arrive at the consolidated effective tax rate. The Other category also includes unallocated corporate expenses that do not directly support the operations of the business segments or for which the business segments are not considered financially accountable in evaluating their performance, such as certain restructuring charges.

The results of our individual businesses, which we report on a continuing operations basis, reflect the manner in which management evaluates performance and makes decisions about funding our operations and allocating resources. We may periodically change our business segments or reclassify business segment results based on modifications to our management reporting methodologies and changes in organizational alignment. Our business segment results are intended to reflect each segment as if it were a stand-alone business. We use an internal management and reporting process to derive our business segment results. Our internal management and reporting process employs various allocation methodologies, including funds transfer pricing, to assign certain balance sheet assets, deposits and other liabilities and their related revenues and expenses directly or indirectly attributable to each business segment. Total interest income and non-interest income are directly attributable to the segment in which they are reported. The net interest income of each segment reflects the results of our funds transfer pricing process, which is primarily based on a matched funding concept that takes into consideration market interest rates. Our funds transfer pricing process is managed by our centralized Corporate Treasury group and provides a funds credit for sources of funds, such as deposits generated by our Consumer Banking and Commercial Banking businesses, and a charge for the use of funds by each segment. The allocation is unique to each business segment and acquired business and is based on the composition of assets and liabilities. The funds transfer pricing process considers the interest rate and liquidity risk characteristics of assets and liabilities and off-balance sheet products. Periodically, the methodology and assumptions utilized in the funds transfer pricing process are adjusted to reflect economic conditions and other factors, which may impact the allocation of net interest income to the business segments. We regularly assess the assumptions, methodologies and reporting classifications used for segment reporting, which may result in the implementation of refinements or changes in future periods. We provide additional information on the allocation methodologies used to derive our business segment results in "Part II—Item 8. Financial Statements and Supplementary Data—Note 17—Business Segments and Revenue from Contracts with Customers" in our 2023 Form 10-K.

We refer to the business segment results derived from our internal management accounting and reporting process as our "managed" presentation, which differs in some cases from our reported results prepared based on U.S. GAAP. There is no comprehensive authoritative body of guidance for management accounting equivalent to U.S. GAAP; therefore, the managed presentation of our business segment results may not be comparable to similar information provided by other financial services companies. In addition, our individual business segment results should not be used as a substitute for comparable results determined in accordance with U.S. GAAP.

We summarize our business segment results for the second quarter and first six months of 2024 and 2023 and provide a comparative discussion of these results, as well as changes in our financial condition and credit performance metrics as of June 30, 2024 compared to December 31, 2023. We provide a reconciliation of our total business segment results to our reported consolidated results in "Part I—Item 1. Financial Statements—Note 13—Business Segments and Revenue from Contracts with Customers."

# Business Segment Financial Performance

Table 8 summarizes our business segment results, which we report based on total net revenue (loss) and net income (loss) from continuing operations, for the second quarter and first six months of 2024 and 2023.

**Table 8: Business Segment Results**

	Three Months Ended June 30,							
	2024				2023			
	Total Net Revenue (Loss) <sup>(1)</sup>		Net Income (Loss) <sup>(2)</sup>		Total Net Revenue (Loss) <sup>(1)</sup>		Net Income (Loss) <sup>(2)</sup>	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
(Dollars in millions)								
Credit Card	\$ 6,800	72%	\$ 91	15%	\$ 6,226	69%	\$ 857	59%
Consumer Banking	2,197	23	471	79	2,418	27	709	50
Commercial Banking <sup>(3)</sup>	880	9	278	47	889	10	200	14
Other <sup>(3)</sup>	(371)	(4)	(243)	(41)	(521)	(6)	(335)	(23)
Total	\$ 9,506	100%	\$ 597	100%	\$ 9,012	100%	\$ 1,431	100%

  

	Six Months Ended June 30,							
	2024				2023			
	Total Net Revenue (Loss) <sup>(1)</sup>		Net Income (Loss) <sup>(2)</sup>		Total Net Revenue (Loss) <sup>(1)</sup>		Net Income (Loss) <sup>(2)</sup>	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
(Dollars in millions)								
Credit Card	\$ 13,548	72%	\$ 1,052	56%	\$ 12,246	69%	\$ 1,406	58%
Consumer Banking	4,367	23	852	45	4,913	27	1,425	60
Commercial Banking <sup>(3)</sup>	1,760	9	558	30	1,749	10	254	11
Other <sup>(3)</sup>	(767)	(4)	(585)	(31)	(993)	(6)	(694)	(29)
Total	\$ 18,908	100%	\$ 1,877	100%	\$ 17,915	100%	\$ 2,391	100%

<sup>(1)</sup> Total net revenue (loss) consists of net interest income and non-interest income.

<sup>(2)</sup> Net income (loss) for our business segments and the Other category is based on income (loss) from continuing operations, net of tax.

<sup>(3)</sup> Some of our commercial investments generate tax-exempt income, tax credits or other tax benefits. Accordingly, we present our Commercial Banking revenue and yields on a taxable-equivalent basis, calculated using the federal statutory tax rate of 21% and state taxes where applicable, with offsetting reductions to the Other category.

## Credit Card Business

The primary sources of revenue for our Credit Card business are net interest income, net interchange income and fees collected from customers. Expenses primarily consist of the provision for credit losses, operating costs and marketing expenses.

Our Credit Card business generated net income from continuing operations of \$91 million and \$1.1 billion in the second quarter and first six months of 2024, respectively, and \$857 million and \$1.4 billion in the second quarter and first six months of 2023, respectively.

Table 9 summarizes the financial results of our Credit Card business and displays selected key metrics for the periods indicated.

**Table 9: Credit Card Business Results**

(Dollars in millions, except as noted)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
<b>Selected income statement data:</b>						
Net interest income	\$ 5,294	\$ 4,727	12%	\$ 10,566	\$ 9,384	13%
Non-interest income	1,506	1,499	—	2,982	2,862	4
Total net revenue <sup>(1)</sup>	6,800	6,226	9	13,548	12,246	11
Provision for credit losses	3,545	2,084	70	5,804	4,345	34
Non-interest expense	3,134	3,020	4	6,363	6,058	5
Income from continuing operations before income taxes	121	1,122	(89)	1,381	1,843	(25)
Income tax provision	30	265	(89)	329	437	(25)
Income from continuing operations, net of tax	\$ 91	\$ 857	(89)	\$ 1,052	\$ 1,406	(25)
<b>Selected performance metrics:</b>						
Average loans held for investment	\$ 150,467	\$ 138,762	8	\$ 150,056	\$ 136,727	10
Average yield on loans <sup>(2)</sup>	18.79 %	18.17 %	62bps	18.82 %	18.07 %	75bps
Total net revenue margin <sup>(3)</sup>	18.03	17.95	8	18.01	17.91	10
Net charge-offs	\$ 2,258	\$ 1,528	48%	\$ 4,465	\$ 2,897	54%
Net charge-off rate	6.00 %	4.41 %	159bps	5.95 %	4.24 %	171bps
Purchase volume	\$ 165,143	\$ 157,937	5%	\$ 315,314	\$ 299,595	5%
<b>Selected period-end data:</b>						
Loans held for investment	\$ 153,895	\$ 154,547	—			
30+ day performing delinquency rate	4.16 %	4.61 %	(45)bps			
30+ day delinquency rate	4.17	4.62	(45)			
Nonperforming loan rate <sup>(4)</sup>	0.01	0.01	—			
Allowance for credit losses	\$ 13,040	\$ 11,709	11%			
Allowance coverage ratio	8.47%	7.58 %	89bps			

<sup>(1)</sup> We recognize finance charges and fee income on open-ended loans in accordance with the contractual provisions of the credit arrangements and charge off any uncollectible amounts. Total net revenue was reduced by \$649 million and \$1.3 billion in the second quarter and first six months of 2024, respectively, compared to \$443 million and \$848 million in the second quarter and first six months of 2023, respectively, for finance charges and fees charged-off as uncollectible.

<sup>(2)</sup> Average yield is calculated based on annualized interest income for the period divided by average loans during the period and does not include any allocations, such as funds transfer pricing.

<sup>(3)</sup> Total net revenue margin is calculated based on annualized total net revenue for the period divided by average loans during the period.

<sup>(4)</sup> Within our credit card loan portfolio, only certain loans in our international card businesses are classified as nonperforming. See "Nonperforming Loans and Other Nonperforming Assets" for additional information.



Key factors affecting the results of our Credit Card business for the second quarter and first six months of 2024 compared to the second quarter and first six months of 2023, and changes in financial condition and credit performance between June 30, 2024 and December 31, 2023 include the following:

- *Net Interest Income:* Net interest income increased by \$567 million to \$5.3 billion in the second quarter of 2024 and increased by \$1.2 billion to \$10.6 billion in the first six months of 2024 primarily driven by higher average loan balances.
- *Non-Interest Income:* Non-interest income remained substantially flat at \$1.5 billion in the second quarter of 2024 compared to the second quarter of 2023 and increased by \$120 million to \$3.0 billion in the first six months of 2024 due to growth in our Credit Card business.
- *Provision for Credit Losses:* Provision for credit losses increased by \$1.5 billion to \$3.5 billion in the second quarter of 2024 driven by higher net charge-offs and a larger allowance build primarily due to the elimination of loss sharing provisions that occurred within the termination of the Walmart program agreement. Provision for credit losses increased by \$1.5 billion to \$5.8 billion in the first six months of 2024 primarily driven by higher net charge-offs.
- *Non-Interest Expense:* Non-interest expense increased by \$114 million to \$3.1 billion in the second quarter of 2024 and increased by \$305 million to \$6.4 billion in the first six months of 2024 primarily driven by increased marketing spend.

*Loans Held for Investment:*

- Period-end loans held for investment decreased by \$652 million to \$153.9 billion as of June 30, 2024 from December 31, 2023 primarily driven by customer payments outpacing purchase volume.
- Average loans held for investment increased by \$11.7 billion to \$150.5 billion in the second quarter of 2024 compared to the second quarter of 2023 and increased by \$13.3 billion to \$150.1 billion in the first six months of 2024 compared to the first six months of 2023 primarily driven by growth across our portfolio.

*Net Charge-Off and Delinquency Metrics:*

- The net charge-off rate increased by 159 bps to 6.00% in the second quarter of 2024 compared to the second quarter of 2023 and increased by 171 bps to 5.95% in the first six months of 2024 compared to the first six months of 2023.
- The 30+ day delinquency rate decreased by 45 bps to 4.17% as of June 30, 2024 from December 31, 2023 primarily driven by seasonally lower delinquency inventories in our domestic credit card loan portfolio.

## Domestic Card Business

The Domestic Card business generated net income from continuing operations of \$45 million and \$963 million in the second quarter and first six months of 2024, respectively, and \$828 million and \$1.3 billion in the second quarter and first six months of 2023, respectively. In the second quarter and first six months of 2024 and 2023, the Domestic Card business accounted for greater than 90% of total net revenue of our Credit Card business.

Table 9.1 summarizes the financial results for our Domestic Card business and displays selected key metrics for the periods indicated.

**Table 9.1: Domestic Card Business Results**

(Dollars in millions, except as noted)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
<b>Selected income statement data:</b>						
Net interest income	\$ 5,001	\$ 4,453	12%	\$ 9,973	\$ 8,843	13%
Non-interest income	1,440	1,431	1	2,851	2,729	4
Total net revenue <sup>(1)</sup>	6,441	5,884	9	12,824	11,572	11
Provision for credit losses	3,435	1,995	72	5,592	4,169	34
Non-interest expense	2,946	2,805	5	5,971	5,652	6
Income from continuing operations before income taxes	60	1,084	(94)	1,261	1,751	(28)
Income tax provision	15	256	(94)	298	413	(28)
Income from continuing operations, net of tax	\$ 45	\$ 828	(95)	\$ 963	\$ 1,338	(28)
<b>Selected performance metrics:</b>						
Average loans held for investment	\$ 143,744	\$ 132,505	8	\$ 143,316	\$ 130,544	10
Average yield on loans <sup>(2)</sup>	18.73 %	18.07%	66bps	18.75 %	17.98 %	77bps
Total net revenue margin <sup>(3)(4)</sup>	17.87	17.76	11	17.85	17.73	12
Net charge-offs	\$ 2,173	\$ 1,451	50%	\$ 4,293	\$ 2,750	56%
Net charge-off rate <sup>(5)</sup>	6.05%	4.38%	167bps	5.99 %	4.21 %	178bps
Purchase volume	\$ 161,370	\$ 154,184	5%	\$ 308,066	\$ 292,494	5%
<b>Selected period-end data:</b>						
Loans held for investment	\$ 147,065	\$ 147,666	—			
30+ day performing delinquency rate	4.14 %	4.61 %	(47)bps			
Allowance for credit losses	\$ 12,560	\$ 11,261	12%			
Allowance coverage ratio <sup>(6)</sup>	8.54 %	7.63 %	91bps			

<sup>(1)</sup> We recognize finance charges and fee income on open-ended loans in accordance with the contractual provisions of the credit arrangements and charge off any uncollectible amounts. Finance charges and fees charged off as uncollectible are reflected as a reduction in total net revenue.

<sup>(2)</sup> Average yield is calculated based on annualized interest income for the period divided by average loans during the period and does not include any allocations, such as funds transfer pricing.

<sup>(3)</sup> Total net revenue margin is calculated based on annualized total net revenue for the period divided by average loans during the period.

<sup>(4)</sup> The termination of our Walmart program agreement, effective May 21, 2024 ("Walmart Program Termination"), included the termination of our revenue sharing and loss sharing arrangements. The Walmart Program Termination increased revenue margin by 10 bps in the second quarter of 2024.

<sup>(5)</sup> The Walmart Program Termination increased the Domestic Card net charge-off rate by 19 bps in the second quarter of 2024.

<sup>(6)</sup> The Walmart Program Termination increased the Domestic Card allowance coverage ratio by 56 bps as of June 30, 2024.

Because our Domestic Card business accounts for the substantial majority of our Credit Card business, the key factors driving the results are similar to the key factors affecting our total Credit Card business. Net income for our Domestic Card business decreased in the second quarter of 2024 and in the first six months of 2024 compared to the second quarter of 2023 and in the first six months of 2023 primarily driven by:

- Higher provision for credit losses in the second quarter of 2024 primarily driven by higher net charge-offs and a larger allowance build due to elimination of loss sharing provisions that occurred within the Walmart program agreement, and higher provision for credit losses in the first six months of 2024 primarily driven by higher net charge-offs.
- Higher non-interest expense primarily driven by increased marketing spend.

These drivers were partially offset by:

- Higher net interest income primarily driven by higher average loan balances.

#### Consumer Banking Business

The primary sources of revenue for our Consumer Banking business are net interest income from loans and deposits as well as service charges and customer-related fees. Expenses primarily consist of the provision for credit losses, operating costs and marketing expenses.

Our Consumer Banking business generated net income from continuing operations of \$471 million and \$852 million in the second quarter and first six months of 2024, respectively, and \$709 million and \$1.4 billion in the second quarter and first six months of 2023, respectively.

Table 10 summarizes the financial results of our Consumer Banking business and displays selected key metrics for the periods indicated.

**Table 10: Consumer Banking Business Results**

(Dollars in millions, except as noted)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
<b>Selected income statement data:</b>						
Net interest income	\$ 2,025	\$ 2,269	(11)%	\$ 4,036	\$ 4,629	(13)%
Non-interest income	172	149	15	331	284	17
Total net revenue	2,197	2,418	(9)	4,367	4,913	(11)
Provision for credit losses	330	259	27	756	534	42
Non-interest expense	1,250	1,231	2	2,496	2,514	(1)
Income from continuing operations before income taxes	617	928	(34)	1,115	1,865	(40)
Income tax provision	146	219	(33)	263	440	(40)
Income from continuing operations, net of tax	\$ 471	\$ 709	(34)	\$ 852	\$ 1,425	(40)
<b>Selected performance metrics:</b>						
Average loans held for investment:						
Auto	\$ 74,098	\$ 76,233	(3)	\$ 73,933	\$ 76,846	(4)
Retail banking	1,288	1,465	(12)	1,306	1,497	(13)
Total consumer banking	\$ 75,386	\$ 77,698	(3)	\$ 75,239	\$ 78,343	(4)
Average yield on loans held for investment <sup>(1)</sup>	8.54 %	7.65%	89bps	8.44 %	7.52%	92bps
Average deposits	\$ 300,794	\$ 285,647	5%	\$ 297,621	\$ 282,229	5%
Average deposits interest rate	3.22 %	2.46 %	76bps	3.19 %	2.21 %	98bps
Net charge-offs	\$ 353	\$ 279	27%	\$ 733	\$ 586	25%
Net charge-off rate	1.87 %	1.43 %	44bps	1.95 %	1.50 %	45bps
Auto loan originations	\$ 8,463	\$ 7,160	18%	\$ 15,985	\$ 13,371	20%

(Dollars in millions, except as noted)

	June 30, 2024	December 31, 2023	Change
<b>Selected period-end data:</b>			
Loans held for investment:			
Auto	\$ 74,385	\$ 74,075	—
Retail banking	1,278	1,362	(6)%
Total consumer banking	\$ 75,663	\$ 75,437	—
30+ day performing delinquency rate	5.60 %	6.25 %	(65)bps
30+ day delinquency rate	6.35	7.08	(73)
Nonperforming loan rate	0.92	1.00	(8)
Nonperforming asset rate <sup>(2)</sup>	0.99	1.09	(10)
Allowance for credit losses	\$ 2,065	\$ 2,042	1%
Allowance coverage ratio	2.73 %	2.71 %	2bps
Deposits	\$ 305,422	\$ 296,171	3%

<sup>(1)</sup> Average yield is calculated based on annualized interest income for the period divided by average loans during the period and does not include any allocations, such as funds transfer pricing.

<sup>(2)</sup> Nonperforming assets primarily consist of nonperforming loans and repossessed assets. The total nonperforming asset rate is calculated based on total nonperforming assets divided by the combined period-end total loans held for investment and repossessed assets.

Key factors affecting the results of our Consumer Banking business for the second quarter and first six months of 2024 compared to the second quarter and first six months of 2023, and changes in financial condition and credit performance between June 30, 2024 and December 31, 2023 include the following:

- **Net Interest Income:** Net interest income decreased by \$244 million to \$2.0 billion in the second quarter of 2024 and decreased by \$593 million to \$4.0 billion in the first six months of 2024 primarily driven by lower margins in our retail banking business and lower average loan balances in our auto business, partially offset by higher deposits in our retail banking business.
- **Non-Interest Income:** Non-interest income increased by \$23 million to \$172 million in the second quarter of 2024 and increased by \$47 million to \$331 million in the first six months of 2024 primarily driven by higher interchange revenue from an increase in debit card purchase volume and revenue earned from auto industry services.
- **Provision for Credit Losses:** Provision for credit losses increased by \$71 million to \$330 million in the second quarter of 2024 and increased by \$222 million to \$756 million in the first six months of 2024 primarily driven by net charge-offs in our auto loan portfolio and higher auto originations.
- **Non-Interest Expense:** Non-interest expense remained substantially flat at \$1.3 billion in the second quarter of 2024 compared to the second quarter of 2023 and \$2.5 billion in the first six months of 2024 compared to the first six months of 2023.

**Loans Held for Investment:**

- Period-end loans held for investment increased by \$226 million to \$75.7 billion as of June 30, 2024 from December 31, 2023 primarily driven by growth in our auto loan portfolio.
- Average loans held for investment decreased by \$2.3 billion to \$75.4 billion in the second quarter of 2024 compared to the second quarter of 2023 and decreased by \$3.1 billion to \$75.2 billion in the first six months of 2024 compared to the first six months of 2023 primarily driven by the impact of lower auto originations throughout 2023.

**Deposits:**

- Period-end deposits increased by \$9.3 billion to \$305.4 billion as of June 30, 2024 from December 31, 2023 primarily driven by continued growth from our national consumer banking strategy.

*Net Charge-Off and Delinquency Metrics:*

- The net charge-off rate increased by 44 bps to 1.87% in the second quarter of 2024 compared to the second quarter of 2023 and increased by 45 bps to 1.95% in the first six months of 2024 compared to the first six months of 2023 primarily driven by higher net charge-offs in our auto loan portfolio.
- The 30+ day delinquency rate decreased by 73 bps to 6.35% as of June 30, 2024 compared to December 31, 2023 primarily driven by seasonally lower auto delinquency inventories.

**Commercial Banking Business**

The primary sources of revenue for our Commercial Banking business are net interest income from loans and deposits and non-interest income earned from products and services provided to our clients such as advisory services, capital markets and treasury management. Because our Commercial Banking business has loans and investments that generate tax-exempt income, tax credits or other tax benefits, we present the revenues on a taxable-equivalent basis. Expenses primarily consist of the provision for credit losses and operating costs.

Our Commercial Banking business generated net income from continuing operations of \$278 million and \$558 million in the second quarter and first six months of 2024, respectively, and \$200 million and \$254 million in the second quarter and first six months of 2023, respectively.

Table 11 summarizes the financial results of our Commercial Banking business and displays selected key metrics for the periods indicated.

**Table 11: Commercial Banking Business Results**

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions, except as noted)	2024	2023	Change	2024	2023	Change
Selected income statement data:						
Net interest income	\$ 609	\$ 632	(4)%	\$ 1,208	\$ 1,280	(6)%
Non-interest income	271	257	5	552	469	18
Total net revenue <sup>(1)</sup>	880	889	(1)	1,760	1,749	1
Provision for credit losses <sup>(2)</sup>	34	146	(77)	32	405	(92)
Non-interest expense	483	482	—	998	1,012	(1)
Income from continuing operations before income taxes	363	261	39	730	332	120
Income tax provision	85	61	39	172	78	121
Income from continuing operations, net of tax	\$ 278	\$ 200	39	\$ 558	\$ 254	120
Selected performance metrics:						
Average loans held for investment:						
Commercial and multifamily real estate	\$ 33,801	\$ 37,068	(9)	\$ 34,055	\$ 37,220	(9)
Commercial and industrial	55,234	56,127	(2)	55,401	56,421	(2)
Total commercial banking	\$ 89,035	\$ 93,195	(4)	\$ 89,456	\$ 93,641	(4)
Average yield on loans held for investment <sup>(1)(3)</sup>	7.23 %	6.75 %	48bps	7.18 %	6.53 %	65bps
Average deposits	\$ 30,810	\$ 37,960	(19)%	\$ 31,327	\$ 38,945	(20)%
Average deposits interest rate	2.55 %	2.68 %	(13)bps	2.60 %	2.51 %	9bps
Net charge-offs	\$ 33	\$ 378	(91)%	\$ 62	\$ 399	(84)%
Net charge-off rate	0.15 %	1.62 %	(147)bps	0.14 %	0.85 %	(71)bps
(Dollars in millions, except as noted)						
	June 30, 2024	December 31, 2023	Change			
Selected period-end data:						
Loans held for investment:						
Commercial and multifamily real estate	\$ 32,832	\$ 34,446	(5)%			
Commercial and industrial	55,796	56,042	—			
Total commercial banking	\$ 88,628	\$ 90,488	(2)			
Nonperforming loan rate	1.46 %	0.84 %	62bps			
Nonperforming asset rate <sup>(4)</sup>	1.46	0.84	62			
Allowance for credit losses <sup>(2)</sup>	\$ 1,544	\$ 1,545	—%			
Allowance coverage ratio	1.74 %	1.71 %	3bps			
Deposits	\$ 29,210	\$ 32,712	(11)%			
Loans serviced for others	53,092	52,341	1			

<sup>(1)</sup> Some of our commercial investments generate tax-exempt income, tax credits or other tax benefits. Accordingly, we present our Commercial Banking revenue and yields on a taxable-equivalent basis, calculated using the federal statutory tax rate of 21% and state taxes where applicable, with offsetting reductions to the Other category.

<sup>(2)</sup> The provision for losses on unfunded lending commitments is included in the provision for credit losses in our consolidated statements of income and the related reserve is included in other liabilities on our consolidated balance sheets. Our reserve for unfunded lending commitments totaled \$129 million and \$158 million as of June 30, 2024 and December 31, 2023, respectively.

<sup>(3)</sup> Average yield is calculated based on annualized interest income for the period divided by average loans during the period and does not include any allocations, such as funds transfer pricing.

<sup>(4)</sup> Nonperforming assets consist of nonperforming loans and other foreclosed assets. The total nonperforming asset rate is calculated based on total nonperforming assets divided by the combined period-end total loans held for investment and other foreclosed assets.

Key factors affecting the results of our Commercial Banking business for the second quarter and first six months of 2024 compared to the second quarter and first six months of 2023, and changes in financial condition and credit performance between June 30, 2024 and December 31, 2023 include the following:

- *Net Interest Income:* Net interest income decreased by \$23 million to \$609 million in the second quarter of 2024 and decreased by \$72 million to \$1.2 billion in the first six months of 2024 primarily driven by lower average loan balances.
- *Non-Interest Income:* Non-interest income increased by \$14 million to \$271 million in the second quarter of 2024 and increased by \$83 million to \$552 million in the first six months of 2024 primarily driven by our capital markets business.
- *Provision for Credit Losses:* Provision for credit losses decreased by \$112 million to \$34 million in the second quarter of 2024 and decreased by \$373 million to \$32 million in the first six months of 2024 primarily driven by lower net charge-offs in our office real estate portfolio.
- *Non-Interest Expense:* Non-interest expenses remained substantially flat at \$483 million in the second quarter of 2024 compared to the second quarter of 2023 and \$998 million in the first six months of 2024 compared to the first six months of 2023.

*Loans Held for Investment:*

- Period-end loans held for investment decreased by \$1.9 billion to \$88.6 billion as of June 30, 2024 from December 31, 2023 primarily driven by customer payments outpacing originations.
- Average loans held for investment decreased by \$4.2 billion to \$89.0 billion in the second quarter of 2024 compared to the second quarter of 2023 and decreased by \$4.2 billion to \$89.5 billion in the first six months of 2024 compared to the first six months of 2023 primarily driven by customer payments outpacing originations.

*Deposits:*

- Period-end deposits decreased by \$3.5 billion to \$29.2 billion as of June 30, 2024 from December 31, 2023 primarily driven by an intentional reduction in lower margin deposit balances.

*Net Charge-Off and Nonperforming Metrics:*

- The net charge-off rate decreased by 147 bps to 0.15% in the second quarter of 2024 and decreased by 71 bps to 0.14% in the first six months of 2024 primarily driven by lower net charge-offs in our office real estate portfolio.
- The nonperforming loan rate increased by 62 bps to 1.46% as of June 30, 2024 compared to December 31, 2023 primarily driven by credit downgrades.

**Other Category**

Other includes unallocated amounts related to our centralized Corporate Treasury group activities, such as management of our corporate investment securities portfolio, asset/liability management and oversight of our funds transfer pricing process. Other also includes:

- unallocated corporate revenue and expenses that do not directly support the operations of the business segments or for which the business segments are not considered financially accountable in evaluating their performance, such as certain restructuring charges;
- offsets related to certain line-item reclassifications;
- residual tax expense or benefit to arrive at the consolidated effective tax rate that is not assessed to our primary business segments; and
- foreign exchange-rate fluctuations on foreign currency-denominated balances.

Table 12 summarizes the financial results of our Other category for the periods indicated.

**Table 12: Other Category Results**

(Dollars in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
<b>Selected income statement data:</b>						
Net interest loss	\$ (382)	\$ (515)	(26)%	\$ (776)	\$ (994)	(22)%
Non-interest income (loss)	11	(6)	**	9	1	**
Total net loss <sup>(1)</sup>	(371)	(521)	(29)	(767)	(993)	(23)
Provision for credit losses	—	1	**	—	1	**
Non-interest expense	79	61	30	226	155	46
Loss from continuing operations before income taxes	(450)	(583)	(23)	(993)	(1,149)	(14)
Income tax benefit	(207)	(248)	(17)	(408)	(455)	(10)
Loss from continuing operations, net of tax	\$ (243)	\$ (335)	(27)	\$ (585)	\$ (694)	(16)

<sup>(1)</sup> Some of our commercial investments generate tax-exempt income, tax credits or other tax benefits. Accordingly, we present our Commercial Banking revenue and yields on a taxable-equivalent basis, calculated using the federal statutory tax rate of 21% and state taxes where applicable, with offsetting reductions to the Other category.

\*\* Not meaningful.

Loss from continuing operations decreased by \$92 million to a loss of \$243 million in the second quarter of 2024 compared to the second quarter of 2023 and decreased by \$109 million to a loss of \$585 million in the first six months of 2024 compared to the first six months of 2023 primarily driven by higher treasury income.

#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP requires management to make a number of judgments, estimates and assumptions that affect the amount of assets, liabilities, income and expenses on the consolidated financial statements. Understanding our accounting policies and the extent to which we use management judgment and estimates in applying these policies is integral to understanding our financial statements. We provide a summary of our significant accounting policies under "Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K.

We have identified the following accounting estimates as critical because they require significant judgments and assumptions about highly complex and inherently uncertain matters and the use of reasonably different estimates and assumptions could have a material impact on our results of operations or financial condition. Our critical accounting policies and estimates are as follows:

- Loan loss reserves
- Goodwill
- Fair value
- Customer rewards reserve

We evaluate our critical accounting estimates and judgments on an ongoing basis and update them as necessary, based on changing conditions. There have been no changes to our critical accounting policies and estimates described in our 2023 Form 10-K under "Part II—Item 7. MD&A—Critical Accounting Policies and Estimates."



ACCOUNTING CHANGES AND DEVELOPMENTS		
Accounting Standards Issued but Not Adopted as of June 30, 2024		
Standard	Guidance	Adoption Timing and Financial Statement Impacts
<b>Income Tax Disclosures</b>  Accounting Standards Update ("ASU") No. 2023-09, Income Taxes (Topic 740): <i>Improvements to Income Tax Disclosures</i>  <i>Issued December 2023</i>	Requires entities to annually provide additional information in the income tax rate reconciliation and make additional disclosures about income taxes paid.	Effective beginning with our annual period ending on December 31, 2025, with early adoption permitted. Prospective application is required and retrospective application is also permitted.  We plan to adopt this standard for the above annual period and to apply the new requirements prospectively. We expect such adoption to result in additional information being included in our income tax footnote and consolidated statements of cash flows.
<b>Segment Reporting Disclosures</b>  ASU No. 2023-07, Segment Reporting (Topic 280): <i>Improvements to Reportable Segment Disclosures</i>  <i>Issued November 2023</i>	Requires disclosure of incremental segment information on an annual and interim basis.	Effective beginning with our annual period ending on December 31, 2024 and interim periods within fiscal years beginning January 1, 2025, with early adoption permitted. Retrospective application is required.  We plan to adopt this standard for the above annual period and to apply the new requirements retrospectively. We are still assessing the extent of the impacts of adoption to the disclosures in our business segment footnote.

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## CAPITAL MANAGEMENT

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The level and composition of our capital are determined by multiple factors, including our consolidated regulatory capital requirements as described in more detail below and internal risk-based capital assessments such as internal stress testing. The level and composition of our capital may also be influenced by rating agency guidelines, subsidiary capital requirements, business environment, conditions in the financial markets and assessments of potential future losses due to adverse changes in our business and market environments.

### Capital Standards and Prompt Corrective Action

The Company and the Bank are subject to the regulatory capital requirements established by the Board of Governors of the Federal Reserve System ("Federal Reserve") and the Office of the Comptroller of the Currency ("OCC"), respectively (the "Basel III Capital Rules"). The Basel III Capital Rules implement certain capital requirements published by the Basel Committee on Banking Supervision ("Basel Committee"), along with certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") and other capital provisions.

As a bank holding company ("BHC") with total consolidated assets of at least \$250 billion but less than \$700 billion and not exceeding any of the applicable risk-based thresholds, the Company is a Category III institution under the Basel III Capital Rules.

The Bank, as a subsidiary of a Category III institution, is a Category III bank. Moreover, the Bank, as an insured depository institution, is subject to prompt corrective action ("PCA") capital regulations.

### Basel III and U.S. Capital Rules

Under the Basel III Capital Rules, we must maintain a minimum CET1 capital ratio of 4.5%, a Tier 1 capital ratio of 6.0% and a total capital ratio of 8.0%, in each case in relation to risk-weighted assets. In addition, we must maintain a minimum leverage ratio of 4.0% and a minimum supplementary leverage ratio of 3.0%. We are also subject to the capital conservation buffer requirement and countercyclical capital buffer requirement, each as described below. Our capital and leverage ratios are calculated based on the Basel III standardized approach framework.

We have elected to exclude certain elements of accumulated other comprehensive income ("AOCI") from our regulatory capital as permitted for a Category III institution. For information on the recognition of AOCI in regulatory capital under the proposed changes to the Basel III Capital Rules, see "Part I—Item 1. Business—Supervision and Regulation—Prudential Regulation of Banking—Capital and Stress Testing Regulation—Basel III Finalization Proposal" in our 2023 Form 10-K.

Global systemically important banks ("G-SIBs") that are based in the U.S. are subject to an additional CET1 capital requirement known as the "G-SIB Surcharge." We are not a G-SIB based on the most recent available data and thus we are not subject to a G-SIB Surcharge.

### Stress Capital Buffer Rule

The Basel III Capital Rules require banking institutions to maintain a capital conservation buffer, composed of CET1 capital, above the regulatory minimum ratios. Under the Federal Reserve's final rule to implement the stress capital buffer requirement ("Stress Capital Buffer Rule"), the Company's "standardized approach capital conservation buffer" includes its stress capital buffer requirement (as described below), any G-SIB Surcharge (which is not applicable to us) and the countercyclical capital buffer requirement (which is currently set at 0%). Any determination to increase the countercyclical capital buffer generally would be effective twelve months after the announcement of such an increase, unless the Federal Reserve, OCC and the Federal Deposit Insurance Corporation ("FDIC"), hereafter collectively referred to as the "Federal Banking Agencies," set an earlier effective date.

The Company's stress capital buffer requirement is recalibrated every year based on the Company's supervisory stress test results. In particular, the Company's stress capital buffer requirement equals, subject to a floor of 2.5%, the sum of (i) the difference between the Company's starting CET1 capital ratio and its lowest projected CET1 capital ratio under the severely adverse scenario of the Federal Reserve's supervisory stress test plus (ii) the ratio of the Company's projected four quarters of common stock dividends (for the fourth to seventh quarters of the planning horizon) to the projected risk-weighted assets for the quarter in which the Company's projected CET1 capital ratio reaches its minimum under the supervisory stress test.

Based on the Company's 2023 supervisory stress test results, the Company's stress capital buffer requirement for the period beginning on October 1, 2023 through September 30, 2024 is 4.8%. Therefore, the Company's minimum capital requirements plus the standardized approach capital conservation buffer for CET1 capital, Tier 1 capital and total capital ratios under the stress capital buffer framework are 9.3%, 10.8% and 12.8%, respectively, for the period from October 1, 2023 through September 30, 2024.

Based on the Company's 2024 supervisory stress test results, the Company's preliminary stress capital buffer requirement for the period beginning on October 1, 2024 through September 30, 2025 is 5.5%. Therefore, the Company's minimum capital requirements plus the standardized approach capital conservation buffer for CET1 capital, Tier 1 capital and total capital ratios under the stress capital buffer framework are expected to be 10.0%, 11.5% and 13.5%, respectively, for the period from October 1, 2024 through September 30, 2025. The Federal Reserve is expected to provide the Company with its final stress capital buffer requirement by August 31, 2024.

The Stress Capital Buffer Rule does not apply to the Bank. Pursuant to the OCC's capital regulations, which are only applicable to the Bank, the capital conservation buffer for the Bank continues to be fixed at 2.5%. Accordingly, the Bank's minimum capital requirements plus its capital conservation buffer for CET1 capital, Tier 1 capital and total capital ratios are 7.0%, 8.5% and 10.5%, respectively.

If the Company or the Bank fails to maintain its capital ratios above the minimum capital requirements plus the applicable capital conservation buffer requirements, it will face increasingly strict automatic limitations on capital distributions and discretionary bonus payments to certain executive officers.

As of June 30, 2024 and December 31, 2023, respectively, the Company and the Bank each exceeded the minimum capital requirements and the capital conservation buffer requirements applicable to them, and the Company and the Bank were each "well-capitalized." The "well-capitalized" standards applicable to the Company are established in the Federal Reserve's regulations, and the "well-capitalized" standards applicable to the Bank are established in the OCC's PCA capital requirements.

**CECL Transition Rule**

The Federal Banking Agencies adopted a final rule (the "CECL Transition Rule") that provides banking institutions an optional five-year transition period to phase in the impact of the current expected credit losses ("CECL") standard on their regulatory capital ("CECL Transition Election"). We adopted the CECL standard (for accounting purposes) as of January 1, 2020, and made the CECL Transition Election (for regulatory capital purposes) in the first quarter of 2020. Therefore, the applicable amounts presented in this Report reflect such election.

Pursuant to the CECL Transition Rule, a banking institution could elect to delay the estimated impact of adopting CECL on its regulatory capital through December 31, 2021 and then phase in the estimated cumulative impact from January 1, 2022 through December 31, 2024. For the "day 2" ongoing impact of CECL during the initial two years, the Federal Banking Agencies used a uniform "scaling factor" of 25% as an approximation of the increase in the allowance under the CECL standard compared to the prior incurred loss methodology. Accordingly, from January 1, 2020 through December 31, 2021, electing banking institutions were permitted to add back to their regulatory capital an amount equal to the sum of the after-tax "day 1" CECL adoption impact and 25% of the increase in the allowance since the adoption of the CECL standard. From January 1, 2022 through December 31, 2024, the after-tax "day 1" CECL adoption impact and the cumulative "day 2" ongoing impact are being phased in to regulatory capital at 25% per year. The following table summarizes the capital impact delay and phase in period on our regulatory capital from years 2020 to 2025.

	Capital Impact Delayed		Phase In Period			
	2020	2021	2022	2023	2024	2025
"Day 1" CECL adoption impact	Capital impact delayed to 2022					
Cumulative "day 2" ongoing impact	25% scaling factor as an approximation of the increase in allowance under CECL		25% Phased In	50% Phased In	75% Phased In	Fully Phased In

As of December 31, 2021, we added back an aggregate amount of \$2.4 billion to our regulatory capital pursuant to the CECL Transition Rule. Consistent with the rule, we have phased in 75% of this amount as of January 1, 2024. The remaining \$600 million will be phased in on January 1, 2025. As of June 30, 2024, the Company's CET1 capital ratio, reflecting the CECL

Transition Rule, was 13.2% and would have been 13.0% excluding the impact of the CECL Transition Rule (or “on a fully phased-in basis”).

**Market Risk Rule**

The “Market Risk Rule” supplements the Basel III Capital Rules by requiring institutions subject to the rule to adjust their risk-based capital ratios to reflect the market risk in their trading book. The Market Risk Rule generally applies to institutions with aggregate trading assets and liabilities equal to 10% or more of total assets or \$1 billion or more. As of June 30, 2024, the Company and the Bank are subject to the Market Risk Rule. See “Market Risk Profile” below for additional information.

For the description of the regulatory capital rules to which we are subject, including recent proposed amendments to these rules under the Basel III Finalization Proposal, see “Part I—Item 1. Business—Supervision and Regulation” in our 2023 Form 10-K.

Table 13 provides a comparison of our regulatory capital ratios under the Basel III standardized approach, the regulatory minimum capital adequacy ratios and the applicable well-capitalized standards as of June 30, 2024 and December 31, 2023.

**Table 13: Capital Ratios Under Basel III<sup>(1)(2)</sup>**

	June 30, 2024			December 31, 2023		
	Ratio	Minimum Capital Adequacy	Well-Capitalized	Ratio	Minimum Capital Adequacy	Well-Capitalized
<b>Capital One Financial Corp:</b>						
Common equity Tier 1 capital <sup>(3)</sup>	13.2 %	4.5 %	N/A	12.9 %	4.5 %	N/A
Tier 1 capital <sup>(4)</sup>	14.5	6.0	6.0 %	14.2	6.0	6.0 %
Total capital <sup>(5)</sup>	16.3	8.0	10.0	16.0	8.0	10.0
Tier 1 leverage <sup>(6)</sup>	11.3	4.0	N/A	11.2	4.0	N/A
Supplementary leverage <sup>(7)</sup>	9.7	3.0	N/A	9.6	3.0	N/A
<b>CONA:</b>						
Common equity Tier 1 capital <sup>(3)</sup>	13.5	4.5	6.5	13.1	4.5	6.5
Tier 1 capital <sup>(4)</sup>	13.5	6.0	8.0	13.1	6.0	8.0
Total capital <sup>(5)</sup>	14.8	8.0	10.0	14.3	8.0	10.0
Tier 1 leverage <sup>(6)</sup>	10.6	4.0	5.0	10.3	4.0	5.0
Supplementary leverage <sup>(7)</sup>	9.0	3.0	N/A	8.8	3.0	N/A

<sup>(1)</sup> Capital requirements that are not applicable are denoted by “N/A.”

<sup>(2)</sup> Ratios as of June 30, 2024 are preliminary and therefore subject to change until we file our June 30, 2024 Form FR Y-9C—Consolidated Financial Statements for Holding Companies and Call Reports.

<sup>(3)</sup> Common equity Tier 1 capital ratio is a regulatory capital measure calculated based on common equity Tier 1 capital divided by risk-weighted assets.

<sup>(4)</sup> Tier 1 capital ratio is a regulatory capital measure calculated based on Tier 1 capital divided by risk-weighted assets.

<sup>(5)</sup> Total capital ratio is a regulatory capital measure calculated based on total capital divided by risk-weighted assets.

<sup>(6)</sup> Tier 1 leverage ratio is a regulatory capital measure calculated based on Tier 1 capital divided by adjusted average assets.

<sup>(7)</sup> Supplementary leverage ratio is a regulatory capital measure calculated based on Tier 1 capital divided by total leverage exposure.

Table 14 presents regulatory capital under the Basel III standardized approach and regulatory capital metrics as of June 30, 2024 and December 31, 2023.

**Table 14: Regulatory Risk-Based Capital Components and Regulatory Capital Metrics**

<i>(Dollars in millions)</i>	June 30, 2024	December 31, 2023
<b>Regulatory capital under Basel III standardized approach</b>		
Common equity excluding AOCI	\$ 63,435	\$ 62,710
Adjustments and deductions:		
AOCI, net of tax <sup>(1)</sup>	13	27
Goodwill, net of related deferred tax liabilities	(14,800)	(14,811)
Other intangible and deferred tax assets, net of deferred tax liabilities	(271)	(311)
Common equity Tier 1 capital	48,377	47,615
Tier 1 capital instruments	4,845	4,845
Tier 1 capital	53,222	52,460
Tier 2 capital instruments	1,928	1,936
Qualifying allowance for credit losses	4,725	4,728
Tier 2 capital	6,653	6,664
Total capital	\$ 59,875	\$ 59,124
<b>Regulatory capital metrics</b>		
Risk-weighted assets	\$ 366,959	\$ 369,206
Adjusted average assets <sup>(2)</sup>	470,915	467,553
Total leverage exposure <sup>(3)</sup>	551,036	546,909

<sup>(1)</sup> Excludes certain components of AOCI in accordance with rules applicable to Category III institutions. See "Capital Management—Capital Standards and Prompt Corrective Action—Basel III and U.S. Capital Rules" in this Report.

<sup>(2)</sup> Includes on-balance sheet asset adjustments subject to deduction from Tier 1 capital under the Basel III Capital Rules.

<sup>(3)</sup> Reflects on- and off-balance sheet amounts for the denominator of the supplementary leverage ratio as set forth by the Basel III Capital Rules.

#### Capital Planning and Regulatory Stress Testing

We repurchased \$150 million of shares of our common stock during the second quarter of 2024 and \$253 million of shares of our common stock during the first six months of 2024.

For the description of the regulatory capital planning rules and stress testing requirements to which we are subject, see "Part I—Item 1. Business—Supervision and Regulation" in our 2023 Form 10-K.

On June 26, 2024, the Federal Reserve released the results of its supervisory stress tests for the 2024 cycle. Based on the Company's 2024 supervisory stress test results, the Company's preliminary stress capital buffer requirement for the period beginning on October 1, 2024 through September 30, 2025 is 5.5%. Therefore, the Company's minimum capital requirements plus the standardized approach capital conservation buffer for CET1 capital, Tier 1 capital and total capital ratios under the stress capital buffer framework are expected to be 10.0%, 11.5% and 13.5%, respectively, for the period from October 1, 2024 through September 30, 2025. The Federal Reserve is expected to provide the Company with its final stress capital buffer requirement by August 31, 2024.

The Federal Reserve's capital plan rule provides that if a BHC determines there has been or will be a material change in its risk profile, financial condition, or corporate structure since it last submitted the capital plan, it must update and resubmit its capital plan within 30 calendar days, subject to a potential 60-day extension. We determined that our proposed acquisition of Discover constitutes a material change and submitted an updated capital plan as required by the capital plan rule. The capital plan rule further provides that upon the occurrence of an event requiring resubmission, a BHC may not make any capital distribution unless it has received approval of the Federal Reserve. Accordingly, all our capital distributions are now subject to the prior approval of the Federal Reserve pending the Federal Reserve's consideration of our resubmitted capital plan. We have received prior approval of the Federal Reserve to make certain capital distributions.

Dividend Policy and Stock Purchases

In the first six months of 2024, we declared and paid common stock dividends of \$472 million, or \$1.20 per share, and preferred stock dividends of \$114 million. Pursuant to the terms of the Merger Agreement, we are restricted from paying quarterly cash dividends on our common stock in excess of \$0.60 per share per quarter until the Transaction is completed or the Merger Agreement is terminated.

The following table summarizes the dividends paid per share on our various preferred stock series in the first six months of 2024.

Table 15: Preferred Stock Dividends Paid Per Share

Series	Description	Issuance Date	Per Annum Dividend Rate	Dividend Frequency	2024	
					Q2	Q1
Series I	5.000% Non-Cumulative	September 11, 2019	5.000%	Quarterly	\$12.50	\$12.50
Series J	4.800% Non-Cumulative	January 31, 2020	4.800	Quarterly	12.00	12.00
Series K	4.625% Non-Cumulative	September 17, 2020	4.625	Quarterly	11.56	11.56
Series L	4.375% Non-Cumulative	May 4, 2021	4.375	Quarterly	10.94	10.94
Series M	3.950% Fixed Rate Reset Non-Cumulative	June 10, 2021	3.950% through 8/31/2026; resets 9/1/2026 and every subsequent 5 year anniversary at 5-Year Treasury Rate +3.157%	Quarterly	9.88	9.88
Series N	4.250% Non-Cumulative	July 29, 2021	4.250	Quarterly	10.63	10.63

The declaration and payment of dividends to our stockholders, as well as the amount thereof, are subject to the discretion of our Board of Directors and depend upon our results of operations, financial condition, capital levels, cash requirements, future prospects, regulatory requirements and other factors deemed relevant by the Board of Directors. For additional information related to capital distributions as a result of the capital plan resubmission, see “Capital Management-Capital Planning and Regulatory Stress Testing” in this Report.

As a BHC, our ability to pay dividends is largely dependent upon the receipt of dividends or other payments from our subsidiaries. The Bank is subject to regulatory restrictions that limit its ability to transfer funds to our BHC. As of June 30, 2024, funds available for dividend payments from the Bank were \$7.3 billion. There can be no assurance that we will declare and pay any dividends to stockholders.

We repurchased \$150 million of shares of our common stock during the second quarter of 2024 and \$253 million of shares of our common stock during the first six months of 2024. The timing and exact amount of any future common stock repurchases will depend on various factors, including regulatory approval, market conditions, opportunities for growth, our capital position and the amount of retained earnings. The Board authorized stock repurchase program does not include specific price targets, may be executed through open market purchases, tender offers, or privately negotiated transactions, including utilizing Rule 10b5-1 programs, does not have a set expiration date and may be suspended at any time. For additional information on dividends and stock repurchases, see “Capital Management—Capital Planning and Regulatory Stress Testing,” and “Part II—Item 2. Unregistered Sales of Equity Securities and Use of Proceeds” in this Report and “Part I—Item 1. Business—Supervision and Regulation—Prudential Regulation of Banking—Funding and Dividends from Subsidiaries” in our 2023 Form 10-K.

RISK MANAGEMENT

Risk Management Framework

Our Risk Management Framework (the “Framework”) sets consistent expectations for risk management across the Company. It also sets expectations for our “Three Lines of Defense” model, which defines the roles, responsibilities and accountabilities for taking and managing risk across the Company. Accountability for overseeing an effective Framework resides with our Board of Directors either directly or through its committees.

	First Line	Second Line	Third Line
	Identifies and Owns Risk	Advises & Challenges First Line	Provides Independent Assurance
Definition	Business areas that are accountable for risk and responsible for: i) generating revenue or reducing expenses; ii) supporting the business to provide products or services to customers; or iii) providing technology services for the first line.	Independent Risk Management (“IRM”) and Support Functions (e.g., Human Resources, Accounting, Legal) that provide support services to the Company.	Internal Audit and Credit Review.
Key Responsibilities	Identify, assess, measure, monitor, control, and report the risks associated with their business.	IRM: Independently oversees and assesses risk taking activities for the first line of defense.  Support Functions: Centers of specialized expertise that provide support services to the enterprise.	Provides independent and objective assurance to the Board of Directors and senior management that the systems and governance processes are designed and working as intended.

Our Framework sets consistent expectations for risk management across the Company and consists of the following nine elements:



We provide additional discussion of our risk management principles, roles and responsibilities, framework and risk appetite under “Part II—Item 7. MD&A—Risk Management” in our 2023 Form 10-K.

**Risk Categories**

We apply our Framework to protect the Company from the major categories of risk that we are exposed to through our business activities. We have seven major categories of risk as noted below. We provide a description of these categories and how we manage them under “Part II—Item 7. MD&A—Risk Management” in our 2023 Form 10-K.

- Compliance risk
- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Reputation risk
- Strategic risk



## CREDIT RISK PROFILE

Our loan portfolio accounts for the substantial majority of our credit risk exposure. Our lending activities are governed under our credit policies and are subject to independent review and approval. Below we provide information about the composition of our loan portfolio, key concentrations and credit performance metrics.

We also engage in certain non-lending activities that may give rise to ongoing credit and counterparty settlement risk, including purchasing securities for our investment securities portfolio, entering into derivative transactions to manage our market risk exposure and to accommodate customers, extending short-term advances on syndication activity including bridge financing transactions we have underwritten, depositing certain operational cash balances in other financial institutions, executing certain foreign exchange transactions and extending customer overdrafts. We provide additional information related to our investment securities portfolio under "Consolidated Balance Sheets Analysis—Investment Securities" and "Part I—Item 1. Financial Statements—Note 3—Investment Securities" as well as credit risk related to derivative transactions in "Part I—Item 1. Financial Statements—Note 9—Derivative Instruments and Hedging Activities."

### Portfolio and Geographic Composition of Loans Held for Investment

Our loan portfolio consists of loans held for investment, including loans held in our consolidated trusts, and loans held for sale. The information presented in this section excludes loans held for sale, which totaled \$808 million and \$854 million as of June 30, 2024 and December 31, 2023, respectively.

Table 16 presents the composition of our portfolio of loans held for investment by portfolio segment as of June 30, 2024 and December 31, 2023.

**Table 16: Portfolio Composition of Loans Held for Investment**

	June 30, 2024		December 31, 2023	
	Loans	% of Total	Loans	% of Total
<i>(Dollars in millions)</i>				
<b>Credit Card:</b>				
Domestic credit card	\$ 147,065	46.2 %	\$ 147,666	46.1 %
International card businesses	6,830	2.1	6,881	2.1
Total credit card	153,895	48.3	154,547	48.2
<b>Consumer Banking:</b>				
Auto	74,385	23.4	74,075	23.1
Retail banking	1,278	0.4	1,362	0.5
Total consumer banking	75,663	23.8	75,437	23.6
<b>Commercial Banking:</b>				
Commercial and multifamily real estate	32,832	10.3	34,446	10.7
Commercial and industrial	55,796	17.6	56,042	17.5
Total commercial banking	88,628	27.9	90,488	28.2
Total loans held for investment	\$ 318,186	100.0 %	\$ 320,472	100.0 %

## Geographic Composition

We market our credit card products throughout the United States, the United Kingdom and Canada. Our credit card loan portfolio is geographically diversified due to our product and marketing approach. The table below presents the geographic profile of our credit card loan portfolio as of June 30, 2024 and December 31, 2023.

Table 17: Credit Card Portfolio by Geographic Region

	June 30, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
<i>(Dollars in millions)</i>				
<b>Domestic credit card:</b>				
California	\$ 15,109	9.8 %	\$ 15,167	9.8%
Texas	12,607	8.2	12,318	8.0
Florida	11,255	7.3	11,148	7.2
New York	9,489	6.2	9,578	6.2
Pennsylvania	5,970	3.9	5,824	3.8
Illinois	5,633	3.7	5,581	3.6
Ohio	5,023	3.3	4,845	3.1
New Jersey	4,829	3.1	4,702	3.0
Georgia	4,709	3.1	4,606	3.0
North Carolina	4,205	2.7	4,088	2.6
Other	68,236	44.3	69,809	45.2
Total domestic credit card	147,065	95.6	147,666	95.5
<b>International card businesses:</b>				
United Kingdom	3,757	2.4	3,639	2.4
Canada	3,073	2.0	3,242	2.1
Total international card businesses	6,830	4.4	6,881	4.5
Total credit card	\$ 153,895	100.0 %	\$ 154,547	100.0%

Our auto loan portfolio is geographically diversified in the United States due to our product and marketing approach. Retail banking includes small business loans and other consumer lending products originated through our branch and café network. The table below presents the geographic profile of our auto loan and retail banking portfolios as of June 30, 2024 and December 31, 2023.

**Table 18: Consumer Banking Portfolio by Geographic Region**

(Dollars in millions)	June 30, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
<b>Auto:</b>				
Texas	\$ 8,991	11.9 %	\$ 9,020	11.9 %
California	8,672	11.5	8,747	11.6
Florida	6,629	8.8	6,488	8.6
Pennsylvania	3,278	4.3	3,215	4.3
Ohio	3,238	4.3	3,130	4.1
Illinois	3,020	4.0	2,988	4.0
Georgia	2,911	3.8	2,971	3.9
New Jersey	2,628	3.5	2,626	3.5
Other	35,018	46.2	34,890	46.3
<b>Total auto</b>	<b>74,385</b>	<b>98.3</b>	<b>74,075</b>	<b>98.2</b>
<b>Retail banking:</b>				
New York	389	0.5	417	0.6
Texas	290	0.4	297	0.4
Louisiana	214	0.3	234	0.3
New Jersey	87	0.1	94	0.1
Maryland	77	0.1	81	0.1
Virginia	57	0.1	54	0.1
Other	164	0.2	185	0.2
<b>Total retail banking</b>	<b>1,278</b>	<b>1.7</b>	<b>1,362</b>	<b>1.8</b>
<b>Total consumer banking</b>	<b>\$ 75,663</b>	<b>100.0 %</b>	<b>\$ 75,437</b>	<b>100.0 %</b>

We originate commercial and multifamily real estate loans in most regions of the United States. The table below presents the geographic profile of our commercial real estate portfolio as of June 30, 2024 and December 31, 2023.

Table 19: Commercial Real Estate Portfolio by Region

(Dollars in millions)	June 30, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
Geographic concentration: <sup>(1)</sup>				
Northeast	\$ 12,195	37.2 %	\$ 13,931	40.5 %
South	8,076	24.6	7,073	20.5
Pacific West	5,750	17.5	5,342	15.5
Mid-Atlantic	2,411	7.3	4,138	12.0
Mountain	2,333	7.1	1,910	5.5
Midwest	2,067	6.3	2,052	6.0
Total	\$ 32,832	100.0 %	\$ 34,446	100.0 %

<sup>(1)</sup> Geographic concentration is generally determined by the location of the borrower's business or the location of the collateral associated with the loan. Northeast consists of CT, MA, ME, NH, NJ, NY, PA, RI and VT. South consists of AL, AR, FL, GA, KY, LA, MS, NC, OK, SC, TN and TX. Pacific West consists of: AK, CA, HI, OR and WA. Mid-Atlantic consists of DC, DE, MD, VA and WV. Midwest consists of: IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD and WI. Mountain consists of: AZ, CO, ID, MT, NM, NV, UT and WY.

Commercial Loans by Industry

Table 20 summarizes our commercial loans held for investment portfolio by industry classification as of June 30, 2024 and December 31, 2023. Industry classifications below are based on our interpretation of the Federal Loan Classification codes as they pertain to each individual loan.

Table 20: Commercial Loans by Industry

(Percentage of portfolio)	June 30, 2024	December 31, 2023
Industry Classification:		
Finance	32%	31 %
Real Estate & Construction <sup>(1)</sup>	29	30
Government & Education	8	8
Health Care & Pharmaceuticals	6	6
Commercial Services	4	4
Technology, Telecommunications & Media	3	2
Oil, Gas & Pipelines	3	3
Other	15	16
Total	100 %	100 %

<sup>(1)</sup> The funded balance for commercial office real estate held for investment totaled \$2.0 billion, or 2.3% and \$2.3 billion, or 2.5%, as of June 30, 2024 and December 31, 2023, respectively. Commercial office real estate exposure does not include loans in our healthcare real estate business secured by medical office properties and loans to office real estate investment trusts or real estate investment funds.

Credit Risk Measurement

We closely monitor economic conditions and loan performance trends to assess and manage our exposure to credit risk. Trends in delinquency rates are the key credit quality indicator for our credit card and retail banking loan portfolios as changes in delinquency rates can provide an early warning of changes in potential future credit losses. The key indicator we monitor when assessing the credit quality and risk of our auto loan portfolio is borrower credit scores as they provide insight into borrower risk profiles, which give indications of potential future credit losses. The key credit quality indicator for our commercial loan portfolios is our internal risk ratings as we generally classify loans that have been delinquent for an extended period of time and other loans with significant risk of loss as nonperforming. In addition to these credit quality indicators, we also manage and monitor other credit quality metrics such as level of nonperforming loans and net charge-off rates.

We underwrite most consumer loans using proprietary models, which typically include credit bureau data, such as borrower credit scores, application information and, where applicable, collateral and deal structure data. We continuously adjust our management of credit lines and collection strategies based on customer behavior and risk profile changes. We also use borrower credit scores for subprime classification, for competitive benchmarking and, in some cases, to drive product segmentation decisions.

Table 21 provides details on the credit scores of our domestic credit card and auto loan portfolios as of June 30, 2024 and December 31, 2023.

Table 21: Credit Score Distribution

(Percentage of portfolio)

	June 30, 2024	December 31, 2023
<b>Domestic credit card—Refreshed FICO scores:<sup>(1)</sup></b>		
Greater than 660	69 %	68 %
660 or below	31	32
Total	100 %	100 %
<b>Auto—At origination FICO scores:<sup>(2)</sup></b>		
Greater than 660	53 %	53 %
621 - 660	20	20
620 or below	27	27
Total	100 %	100 %

<sup>(1)</sup> Percentages represent period-end loans held for investment in each credit score category. Domestic Card credit scores generally represent Fair Isaac Corporation ("FICO") scores. These scores are obtained from one of the major credit bureaus at origination and are refreshed monthly thereafter. We approximate non-FICO credit scores to comparable FICO scores for consistency purposes. Balances for which no credit score is available or the credit score is invalid are included in the 660 or below category.

<sup>(2)</sup> Percentages represent period-end loans held for investment in each credit score category. Auto credit scores generally represent average FICO scores obtained from three credit bureaus at the time of application and are not refreshed thereafter. Balances for which no credit score is available or the credit score is invalid are included in the 620 or below category.

In our commercial loan portfolio, we assign internal risk ratings to loans based on relevant information about the ability of the borrowers to repay their debt. In determining the risk rating of a particular loan, some of the factors considered are the borrower's current financial condition, historical and projected future credit performance, prospects for support from financially responsible guarantors, the estimated realizable value of any collateral and current economic trends.

We present information in the section below on the credit performance of our loan portfolio, including the key metrics we use in tracking changes in the credit quality of our loan portfolio. See "Part I—Item 1. Financial Statements—Note 4—Loans" for additional credit quality information and see "Part II—Item 8. Financial Statements—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K for information on our accounting policies for delinquent and nonperforming loans, charge-offs and loan modifications and restructurings for each of our loan categories.

### Delinquency Rates

We consider the entire balance of an account to be delinquent if the minimum required payment is not received by the customer's due date, measured at each balance sheet date. Our 30+ day delinquency metrics include all loans held for investment that are 30 or more days past due, whereas our 30+ day performing delinquency metrics include all loans held for investment that are 30 or more days past due but are currently classified as performing and accruing interest. The 30+ day delinquency and 30+ day performing delinquency metrics are the same for domestic credit card loans, as we continue to classify these loans as performing until the account is charged off, typically when the account is 180 days past due. See "Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K for information on our policies for classifying loans as nonperforming for each of our loan categories. We provide additional information on our credit quality metrics in "Business Segment Financial Performance."

Table 22 presents our 30+ day performing delinquency rates and 30+ day delinquency rates of our portfolio of loans held for investment, by portfolio segment, as of June 30, 2024 and December 31, 2023.

**Table 22: 30+ Day Delinquencies**

(Dollars in millions)	June 30, 2024				December 31, 2023			
	30+ Day Performing Delinquencies		30+ Day Delinquencies		30+ Day Performing Delinquencies		30+ Day Delinquencies	
	Amount	Rate <sup>(1)</sup>	Amount	Rate <sup>(1)</sup>	Amount	Rate <sup>(1)</sup>	Amount	Rate <sup>(1)</sup>
<b>Credit Card:</b>								
Domestic credit card	\$ 6,087	4.14 %	\$ 6,087	4.14 %	\$ 6,806	4.61 %	\$ 6,806	4.61 %
International card businesses	316	4.63	324	4.75	321	4.67	329	4.77
Total credit card	6,403	4.16	6,411	4.17	7,127	4.61	7,135	4.62
<b>Consumer Banking:</b>								
Auto	4,215	5.67	4,770	6.41	4,696	6.34	5,307	7.16
Retail banking	20	1.57	35	2.77	17	1.19	33	2.40
Total consumer banking	4,235	5.60	4,805	6.35	4,713	6.25	5,340	7.08
<b>Commercial Banking:</b>								
Commercial and multifamily real estate	21	0.06	189	0.58	—	—	121	0.35
Commercial and industrial	47	0.09	140	0.25	55	0.10	181	0.32
Total commercial banking	68	0.08	329	0.37	55	0.06	302	0.33
Total	\$ 10,706	3.36	\$ 11,545	3.63	\$ 11,895	3.71	\$ 12,777	3.99

<sup>(1)</sup> Delinquency rates are calculated by dividing delinquency amounts by period-end loans held for investment for each specified loan category.

Table 23 presents our 30+ day delinquent loans held for investment, by aging and geography, as of June 30, 2024 and December 31, 2023

Table 23: Aging and Geography of 30+ Day Delinquent Loans

	June 30, 2024		December 31, 2023	
	Amount	Rate <sup>(1)</sup>	Amount	Rate <sup>(1)</sup>
<i>(Dollars in millions)</i>				
<b>Delinquency status:</b>				
30 – 59 days	\$ 4,808	1.51 %	\$ 5,367	1.68 %
60 – 89 days	2,890	0.91	3,119	0.97
≥ 90 days	3,847	1.21	4,291	1.34
Total	\$ 11,545	3.63 %	\$ 12,777	3.99 %
<b>Geographic region:</b>				
Domestic	\$ 11,221	3.53 %	\$ 12,448	3.89 %
International	324	0.10	329	0.10
Total	\$ 11,545	3.63 %	\$ 12,777	3.99 %

<sup>(1)</sup> Delinquency rates are calculated by dividing delinquency amounts by total period-end loans held for investment.



Table 24 summarizes loans that were 90+ days delinquent, in regards to interest or principal payments, and still accruing interest as of June 30, 2024 and December 31, 2023. These loans consist primarily of credit card accounts between 90 days and 179 days past due. As permitted by regulatory guidance issued by the FFIEC, we continue to accrue interest and fees on domestic credit card loans through the date of charge off, which is typically in the period the account becomes 180 days past due.

Table 24: 90+ Day Delinquent Loans Accruing Interest

(Dollars in millions)	June 30, 2024		December 31, 2023	
	Amount	Rate <sup>(1)</sup>	Amount	Rate <sup>(1)</sup>
Loan category:				
Credit card	\$ 3,102	2.02 %	\$ 3,499	2.26 %
Commercial banking	46	0.05	55	0.06
Total	\$ 3,148	0.99	\$ 3,554	1.11
Geographic region:				
Domestic	\$ 3,013	0.97 %	\$ 3,422	1.09 %
International	135	1.97	132	1.91
Total	\$ 3,148	0.99	\$ 3,554	1.11

<sup>(1)</sup> Delinquency rates are calculated by dividing delinquency amounts by period-end loans held for investment for each specified loan category.

### Nonperforming Loans and Nonperforming Assets

Nonperforming loans include loans that have been placed on nonaccrual status. Nonperforming assets consist of nonperforming loans, repossessed assets and other foreclosed assets. See "Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K for information on our policies for classifying loans as nonperforming for each of our loan categories.

Table 25 presents our nonperforming loans, by portfolio segment, and other nonperforming assets as of June 30, 2024 and December 31, 2023. We do not classify loans held for sale as nonperforming. We provide additional information on our credit quality metrics in "Business Segment Financial Performance."

**Table 25: Nonperforming Loans and Other Nonperforming Assets<sup>(1)</sup>**

(Dollars in millions)	June 30, 2024		December 31, 2023	
	Amount	Rate	Amount	Rate
<b>Nonperforming loans held for investment:<sup>(2)</sup></b>				
<b>Credit Card:</b>				
International card businesses	\$ 10	0.15 %	\$ 9	0.13 %
Total credit card	10	0.01	9	0.01
<b>Consumer Banking:</b>				
Auto	658	0.88	712	0.96
Retail banking	36	2.81	46	3.36
Total consumer banking	694	0.92	758	1.00
<b>Commercial Banking:</b>				
Commercial and multifamily real estate	422	1.28	425	1.23
Commercial and industrial	872	1.56	336	0.60
Total commercial banking	1,294	1.46	761	0.84
Total nonperforming loans held for investment <sup>(3)</sup>	1,998	0.63	1,528	0.48
Other nonperforming assets <sup>(4)</sup>	57	0.01	62	0.02
Total nonperforming assets	\$ 2,055	0.64	\$ 1,590	0.50

<sup>(1)</sup> We recognized interest income for loans classified as nonperforming of \$31 million and \$17 million in the first six months of 2024 and 2023, respectively.

<sup>(2)</sup> Nonperforming loan rates are calculated based on nonperforming loans for each category divided by period-end total loans held for investment for each respective category.

<sup>(3)</sup> Excluding the impact of domestic credit card loans, nonperforming loans as a percentage of total loans held for investment was 1.17% and 0.88% as of June 30, 2024 and December 31, 2023, respectively.

<sup>(4)</sup> The denominators used in calculating nonperforming asset rates consist of total loans held for investment and other nonperforming assets.

### Net Charge-Offs

Net charge-offs consist of the amortized cost basis, excluding accrued interest, of loans held for investment that we determine to be uncollectible, net of recovered amounts. We charge off loans as a reduction to the allowance for credit losses when we determine the loan is uncollectible and record subsequent recoveries of previously charged off amounts as increases to the allowance for credit losses. Uncollectible finance charges and fees are reversed through revenue and certain fraud losses are recorded in other non-interest expense. Generally, costs to recover charged off loans are recorded as collection expenses as incurred and are included in our consolidated statements of income as a component of other non-interest expense. Our charge-off policy for loans varies based on the loan type. See "Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K for information on our charge-off policy for each of our loan categories.

Table 26 presents our net charge-off amounts and rates, by portfolio segment, in the second quarter and first six months of 2024 and 2023.

**Table 26: Net Charge-Offs**

(Dollars in millions)	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
	Amount	Rate <sup>(1)</sup>	Amount	Rate <sup>(1)</sup>	Amount	Rate <sup>(1)</sup>	Amount	Rate <sup>(1)</sup>
<b>Credit Card:</b>								
Domestic credit card <sup>(2)</sup>	\$ 2,173	6.05 %	\$ 1,451	4.38 %	\$ 4,293	5.99 %	\$ 2,750	4.21 %
International card businesses	85	5.03	77	4.98	172	5.10	147	4.77
Total credit card	2,258	6.00	1,528	4.41	4,465	5.95	2,897	4.24
<b>Consumer Banking:</b>								
Auto	335	1.81	267	1.40	702	1.90	563	1.46
Retail banking	18	5.38	12	3.25	31	4.70	23	3.10
Total consumer banking	353	1.87	279	1.43	733	1.95	586	1.50
<b>Commercial Banking:</b>								
Commercial and multifamily real estate	9	0.11	363	3.91	27	0.16	380	2.04
Commercial and industrial	24	0.17	15	0.11	35	0.13	19	0.07
Total commercial banking	33	0.15	378	1.62	62	0.14	399	0.85
Total net charge-offs	\$ 2,644	3.36	\$ 2,185	2.82	\$ 5,260	3.34	\$ 3,882	2.52
Average loans held for investment	\$ 314,888		\$ 309,655		\$ 314,751		\$ 308,711	

<sup>(1)</sup> Net charge-off rates are calculated by dividing annualized net charge-offs by average loans held for investment for the period for each loan category.

<sup>(2)</sup> The Walmart Program Termination increased the Domestic Card net charge-off rate by 19 bps in the second quarter of 2024.

#### **Financial Difficulty Modifications to Borrowers**

A financial difficulty modification ("FDM") occurs when a modification in the form of principal forgiveness, interest rate reduction, an other-than-insignificant payment delay, a term extension or a combination of these modifications is granted to a borrower experiencing financial difficulty.

As part of our loss mitigation efforts, we may provide short-term (one to twelve months) or long-term (greater than twelve months) modifications to a borrower experiencing financial difficulty to improve long-term collectability of the loan and to avoid the need for repossession or foreclosure of collateral.

We consider the impact of all loan modifications, including FDMs, when estimating the credit quality of our loan portfolio and establishing allowance levels. For our Commercial Banking customers, loan modifications are also considered in the assignment of an internal risk rating.

In our Credit Card business, the majority of our FDMs receive an interest rate reduction and are placed on a fixed payment plan not exceeding 60 months. If the customer does not comply with the modified payment terms, then the credit card loan agreement may revert to its original payment terms, generally resulting in any loan outstanding being reflected in the appropriate delinquency category and charged off in accordance with our standard charge-off policy.

In our Consumer Banking business, the majority of our FDMs receive an extension, an interest rate reduction, principal reduction, or a combination of these modifications.

In our Commercial Banking business, the majority of our FDMs receive an extension. A portion of FDMs receive an interest rate reduction, principal reduction, or a combination of modifications.

For more information on FDMs, see "Item 1. Financial Statements—Note 4—Loans."

#### **Allowance for Credit Losses and Reserve for Unfunded Lending Commitments**

Our allowance for credit losses represents management's current estimate of expected credit losses over the contractual terms of our loans held for investment as of each balance sheet date. Expected recoveries of amounts previously charged off or expected to be charged off are recognized within the allowance. We also estimate expected credit losses related to unfunded lending commitments that are not unconditionally cancellable. The provision for losses on unfunded lending commitments is included in the provision for credit losses in our consolidated statements of income and the related reserve for unfunded lending commitments is included in other liabilities on our consolidated balance sheets. We provide additional information on the methodologies and key assumptions used in determining our allowance for credit losses in "Part II—Item 8.—Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K.

Table 27 presents changes in our allowance for credit losses and reserve for unfunded lending commitments for the second quarter and first six months of 2024 and 2023, and details by portfolio segment for the provision for credit losses, charge-offs and recoveries.

**Table 27: Allowance for Credit Losses and Reserve for Unfunded Lending Commitments Activity**

	Three Months Ended June 30, 2024								
	Credit Card			Consumer Banking					
	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer Banking	Commercial Banking	Total	
(Dollars in millions)									
Allowance for credit losses:									
Balance as of March 31, 2024	\$ 11,298	\$ 456	\$ 11,754	\$ 2,057	\$ 31	\$ 2,088	\$ 1,538	\$ 15,380	
Charge-offs	(2,556)	(130)	(2,686)	(615)	(21)	(636)	(39)	(3,361)	
Recoveries <sup>(1)</sup>	383	45	428	280	3	283	6	717	
Net charge-offs	(2,173)	(85)	(2,258)	(335)	(18)	(353)	(33)	(2,644)	
Provision for credit losses	3,435	110	3,545	315	15	330	39	3,914	
Allowance build (release) for credit losses <sup>(2)</sup>	1,262	25	1,287	(20)	(3)	(23)	6	1,270	
Other changes <sup>(3)</sup>	—	(1)	(1)	—	—	—	—	(1)	
Balance as of June 30, 2024	12,560	480	13,040	2,037	28	2,065	1,544	16,649	
Reserve for unfunded lending commitments:									
Balance as of March 31, 2024	—	—	—	—	—	—	134	134	
Provision (benefit) for losses on unfunded lending commitments	—	—	—	—	—	—	(5)	(5)	
Balance as of June 30, 2024	—	—	—	—	—	—	129	129	
Combined allowance and reserve as of June 30, 2024	\$ 12,560	\$ 480	\$ 13,040	\$ 2,037	\$ 28	\$ 2,065	\$ 1,673	\$ 16,778	

	Six Months Ended June 30, 2024								
	Credit Card			Consumer Banking					
	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer Banking	Commercial Banking	Total	
(Dollars in millions)									
Allowance for credit losses:									
Balance as of December 31, 2023	\$ 11,261	\$ 448	\$ 11,709	\$ 2,002	\$ 40	\$ 2,042	\$ 1,545	\$ 15,296	
Charge-offs	(5,008)	(252)	(5,260)	(1,257)	(39)	(1,296)	(78)	(6,634)	
Recoveries <sup>(1)</sup>	715	80	795	555	8	563	16	1,374	
Net charge-offs	(4,293)	(172)	(4,465)	(702)	(31)	(733)	(62)	(5,260)	
Provision for credit losses	5,592	212	5,804	737	19	756	61	6,621	
Allowance build (release) for credit losses <sup>(2)</sup>	1,299	40	1,339	35	(12)	23	(1)	1,361	
Other changes <sup>(3)</sup>	—	(8)	(8)	—	—	—	—	(8)	
Balance as of June 30, 2024	12,560	480	13,040	2,037	28	2,065	1,544	16,649	
Reserve for unfunded lending commitments:									
Balance as of December 31, 2023	—	—	—	—	—	—	158	158	
Provision (benefit) for losses on unfunded lending commitments	—	—	—	—	—	—	(29)	(29)	
Balance as of June 30, 2024	—	—	—	—	—	—	129	129	
Combined allowance and reserve as of June 30, 2024	\$ 12,560	\$ 480	\$ 13,040	\$ 2,037	\$ 28	\$ 2,065	\$ 1,673	\$ 16,778	

	Three Months Ended June 30, 2023							
	Credit Card			Consumer Banking				
		International Card				Total Consumer		
(Dollars in millions)	Domestic Card	Businesses	Total Credit Card	Auto	Retail Banking	Banking	Commercial Banking	Total
Allowance for credit losses:								
Balance as of March 31, 2023	\$ 10,032	\$ 378	\$ 10,410	\$ 2,165	\$ 40	\$ 2,205	\$ 1,703	\$ 14,318
Charge-offs	(1,758)	(110)	(1,868)	(508)	(18)	(526)	(378)	(2,772)
Recoveries <sup>(1)</sup>	307	33	340	241	6	247	—	587
Net charge-offs	(1,451)	(77)	(1,528)	(267)	(12)	(279)	(378)	(2,185)
Provision for credit losses	1,995	89	2,084	252	7	259	160	2,503
Allowance build (release) for credit losses	544	12	556	(15)	(5)	(20)	(218)	318
Other changes <sup>(2)</sup>	—	10	10	—	—	—	—	10
Balance as of June 30, 2023	10,576	400	10,976	2,150	35	2,185	1,485	14,646
Reserve for unfunded lending commitments:								
Balance as of March 31, 2023	—	—	—	—	—	—	211	211
Provision (benefit) for losses on unfunded lending commitments	—	—	—	—	—	—	(14)	(14)
Balance as of June 30, 2023	—	—	—	—	—	—	197	197
Combined allowance and reserve as of June 30, 2023	\$ 10,576	\$ 400	\$ 10,976	\$ 2,150	\$ 35	\$ 2,185	\$ 1,682	\$ 14,843

	Six Months Ended June 30, 2023							
	Credit Card			Consumer Banking				
		International Card				Total Consumer		
(Dollars in millions)	Domestic Card	Businesses	Total Credit Card	Auto	Retail Banking	Banking	Commercial Banking	Total
Allowance for credit losses:								
Balance as of December 31, 2022	\$ 9,165	\$ 380	\$ 9,545	\$ 2,187	\$ 50	\$ 2,237	\$ 1,458	\$ 13,240
Cumulative effects of accounting standards adoption <sup>(4)</sup>	(40)	(23)	(63)	—	—	—	—	(63)
Balance as of January 1, 2023	9,125	357	9,482	2,187	50	2,237	1,458	13,177
Charge-offs	(3,345)	(211)	(3,556)	(1,023)	(34)	(1,057)	(402)	(5,015)
Recoveries <sup>(1)</sup>	595	64	659	460	11	471	3	1,133
Net charge-offs	(2,750)	(147)	(2,897)	(563)	(23)	(586)	(399)	(3,882)
Provision for credit losses	4,169	176	4,345	526	8	534	426	5,305
Allowance build (release) for credit losses	1,419	29	1,448	(37)	(15)	(52)	27	1,423
Other changes <sup>(2)</sup>	32	14	46	—	—	—	—	46
Balance as of June 30, 2023	10,576	400	10,976	2,150	35	2,185	1,485	14,646
Reserve for unfunded lending commitments:								
Balance as of December 31, 2022	—	—	—	—	—	—	218	218
Provision (benefit) for losses on unfunded lending commitments	—	—	—	—	—	—	(21)	(21)
Balance as of June 30, 2023	—	—	—	—	—	—	197	197
Combined allowance and reserve as of June 30, 2023	\$ 10,576	\$ 400	\$ 10,976	\$ 2,150	\$ 35	\$ 2,185	\$ 1,682	\$ 14,843

<sup>(1)</sup> The amount and timing of recoveries are impacted by our collection strategies, which are based on customer behavior and risk profile and include direct customer communications, repossession of collateral, the periodic sale of charged off loans as well as additional strategies, such as litigation.

<sup>(2)</sup> The Walmart Program Termination resulted in an allowance for credit losses build in Domestic Card of \$826 million in the second quarter of 2024.

<sup>(3)</sup> Primarily represents foreign currency translation adjustments in the three and six months ended June 30, 2024 and the three months ended June 30, 2023 and the initial allowance for purchased credit-deteriorated ("PCD") loans in the six months ended June 30, 2023. The initial allowance of PCD loans was \$0 million and \$32 million for the six months ended June 30, 2024 and 2023, respectively.

<sup>(4)</sup> Impact from the adoption of ASU No. 2022-02, Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings ("TDR") and Vintage Disclosures as of January 1, 2023.

LIQUIDITY RISK PROFILE

We manage our funding and liquidity risk in an integrated manner in support of the current and future cash flow needs of our business. We maintained liquidity reserves of \$122.9 billion and \$120.7 billion as of June 30, 2024 and December 31, 2023, respectively, as shown in Table 28 below. Included in liquidity reserves are cash and cash equivalents, investment securities and FHLB borrowing capacity secured by loans.

As of June 30, 2024, we had available issuance capacity of \$42.0 billion under shelf registrations associated with our credit card and auto loan securitization programs. We also maintain a shelf registration that enables us to issue an indeterminate amount of senior or subordinated debt securities, preferred stock, depository shares, common stock, purchase contracts, warrants and units. Our ability to issue under each shelf registration is subject to market conditions.

Finally, as of June 30, 2024, we had access to available contingent liquidity sources totaling \$99.5 billion through collateral, including a portion of the investment securities included in the liquidity reserve amount, at the Federal Reserve Discount Window, FHLB and the Fixed Income Clearing Corporation—Government Securities Division ("FICC—GSD").

As of June 30, 2024 and December 31, 2023, our funding sources totaled \$399.4 billion and \$398.3 billion, respectively, primarily comprised of consumer deposits, as shown in "Consolidated Balance Sheets Analysis—Funding Sources Composition."

Our liquidity reserves, borrowing capacity, contingent liquidity sources and total funding sources are all discussed in more detail in the following sections.

Table 28 below presents the composition of our liquidity reserves as of June 30, 2024 and December 31, 2023.

Table 28: Liquidity Reserves

<i>(Dollars in millions)</i>	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 45,414	\$ 43,297
Securities available for sale <sup>(1)</sup>	79,250	79,117
FHLB borrowing capacity secured by loans	5,197	5,205
Outstanding FHLB advances and letters of credit secured by loans and investment securities	(50)	(50)
Other encumbrances of investment securities	(6,897)	(6,917)
Total liquidity reserves	\$ 122,914	\$ 120,652

<sup>(1)</sup> Includes securities that have been pledged or otherwise encumbered within Table 28: Liquidity Reserves line items "Outstanding FHLB advances and letters of credit secured by loans and investment securities" and "Other encumbrances of investment securities"

Our liquidity reserves increased by \$2.3 billion to \$122.9 billion as of June 30, 2024 from December 31, 2023, primarily due to increases in cash and cash equivalents. In addition to these liquidity reserves, we maintain access to a diversified mix of funding sources as discussed in the "Borrowing Capacity" and "Funding" sections below. See "Part II—Item 7. MD&A—Risk Management" in our 2023 Form 10-K for additional information on our management of liquidity risk.

Liquidity Coverage Ratio

We are subject to the final rules published by the Basel Committee and as implemented by the Federal Reserve and the OCC for the Basel III Liquidity Coverage Ratio ("LCR") in the United States (the "LCR Rule"). The LCR Rule requires each of the Company and the Bank to calculate its respective LCR daily. It also requires the Company to publicly disclose, on a quarterly basis, its LCR, certain related quantitative liquidity metrics, and a qualitative discussion of its LCR. Our average LCR during the second quarter of 2024 was 155%, which exceeded the LCR Rule requirement of 100%. The calculation and the underlying components are based on our interpretations, expectations and assumptions of relevant regulations, as well as interpretations provided by our regulators, and are subject to change based on changes to future regulations and interpretations. See "Part I—Item 1. Business—Supervision and Regulation" in our 2023 Form 10-K for additional information.

**Net Stable Funding Ratio**

We are subject to the final rules published by the Basel Committee and as implemented by the Federal Reserve and the OCC for the Basel III Net Stable Funding Ratio ("NSFR") in the United States (the "NSFR Rule"). The NSFR Rule requires each of the Company and the Bank to maintain an NSFR of 100% on an ongoing basis. It also requires the Company to publicly disclose, on a semi-annual basis each second and fourth quarter, its NSFR, certain related quantitative liquidity metrics and qualitative discussion of its NSFR. Our average NSFR for the first and second quarters of 2024 was 136% and 135%, respectively, which exceeded the NSFR Rule requirement of 100%. The calculation and the underlying components are based on our interpretations, expectations and assumptions of the relevant regulations, as well as interpretations provided by our regulators, and are subject to change based on changes to future regulations and interpretations. See "Part I—Item 1. Business—Supervision and Regulation" in our 2023 Form 10-K for additional information.

**Borrowing Capacity**

We maintain a shelf registration with the U.S. Securities and Exchange Commission ("SEC") so that we may periodically offer and sell an indeterminate aggregate amount of senior or subordinated debt securities, preferred stock, depository shares, common stock, purchase contracts, warrants and units. There is no limit under this shelf registration to the amount or number of such securities that we may offer and sell, subject to market conditions. In addition, we also maintain a shelf registration associated with our credit card securitization trust that allows us to periodically offer and sell up to \$30.0 billion of securitized debt obligations and a shelf registration associated with our auto loan securitization trusts that allows us to periodically offer and sell up to \$25.0 billion of securitized debt obligations. The registered amounts under these shelf registration statements are subject to continuing review and change in the future, including as part of the routine renewal process. As of June 30, 2024, we had \$22.6 billion and \$19.4 billion of available issuance capacity in our credit card and auto loan securitization programs, respectively.

In addition to our issuance capacity under the shelf registration statements, we also have collateral to support our access to FHLB advances, the Federal Reserve Discount Window and FICC—GSD general collateral financing repurchase agreement service. For each of these programs, the ability to borrow utilizing these sources is dependent on meeting the respective membership requirements. Our borrowing capacity in each program is a function of the collateral the Bank has posted with each counterparty, including any respective haircuts applied to that collateral.

As of June 30, 2024, we pledged loans and securities to the FHLB to secure a maximum borrowing capacity of \$36.9 billion, of which \$50 million was used. Our FHLB membership is supported by our investment in FHLB stock of \$18 million as of both June 30, 2024 and December 31, 2023.

As a member of FICC—GSD, we had \$21.5 billion of readily available borrowing capacity secured by securities from our investment portfolio as of June 30, 2024. Our FICC—GSD membership is supported by our investment in Depository Trust and Clearing Corporation ("DTCC") common stock of \$412 thousand and \$375 thousand as of June 30, 2024 and December 31, 2023, respectively.

As of June 30, 2024, we pledged loans to secure a borrowing capacity of \$41.1 billion under the Federal Reserve Discount Window. Our membership with the Federal Reserve is supported by our investment in Federal Reserve stock, which totaled \$1.3 billion as of both June 30, 2024 and December 31, 2023.



## Deposits

Table 29 provides a comparison of average balances, interest expense and average deposits interest rates for the second quarter and first six months of 2024 and 2023.

**Table 29: Deposits Composition and Average Deposits Interest Rates**

	Three Months Ended June 30,					
	2024			2023		
	Average Balance	Interest Expense	Average Deposits Interest Rate	Average Balance	Interest Expense	Average Deposits Interest Rate
<i>(Dollars in millions)</i>						
Interest-bearing checking accounts <sup>(1)</sup>	\$ 34,855	\$ 138	1.58 %	\$ 42,587	\$ 208	1.96 %
Saving deposits <sup>(2)</sup>	208,832	1,753	3.36	193,730	1,216	2.51
Time deposits	78,894	983	4.99	76,890	853	4.44
Total interest-bearing deposits	<u>\$ 322,581</u>	<u>\$ 2,874</u>	3.56	<u>\$ 313,207</u>	<u>\$ 2,277</u>	2.91
Six Months Ended June 30,						
	2024			2023		
	Average Balance	Interest Expense	Average Deposits Interest Rate	Average Balance	Interest Expense	Average Deposits Interest Rate
<i>(Dollars in millions)</i>						
Interest-bearing checking accounts <sup>(1)</sup>	\$ 35,281	\$ 286	1.62 %	\$ 43,883	\$ 405	1.85 %
Saving deposits <sup>(2)</sup>	207,727	3,474	3.34	198,728	2,283	2.30
Time deposits	77,507	1,926	4.97	68,399	1,445	4.23
Total interest-bearing deposits	<u>\$ 320,515</u>	<u>\$ 5,686</u>	3.55	<u>\$ 311,010</u>	<u>\$ 4,133</u>	2.66

<sup>(1)</sup> Includes negotiable order of withdrawal accounts.

<sup>(2)</sup> Includes money market deposit accounts.

The FDIC limits the acceptance of brokered deposits to well-capitalized insured depository institutions and, with a waiver from the FDIC, to adequately-capitalized institutions. The Bank was well-capitalized, as defined under the federal banking regulatory guidelines, as of both June 30, 2024 and December 31, 2023. See "Part I—Item 1. Business—Supervision and Regulation" in our 2023 Form 10-K for additional information. We provide additional information on the composition of deposits in "Consolidated Balance Sheets Analysis—Funding Sources Composition" and in "Part I—Item 1. Financial Statements—Note 8—Deposits and Borrowings."

## Funding

Our primary source of funding comes from insured retail deposits, as they are a relatively stable and lower cost source of funding. In addition to deposits, we raise funding through the issuance of senior and subordinated notes and securitized debt obligations, federal funds purchased, securities loaned or sold under agreements to repurchase and FHLB advances secured by certain portions of our loan and securities portfolios. A key objective in our use of these markets is to maintain access to a diversified mix of wholesale funding sources. See "Consolidated Balance Sheets Analysis—Funding Sources Composition" for additional information on our primary sources of funding.

In the normal course of business, we enter into various contractual obligations that may require future cash payments that affect our short-term and long-term liquidity and capital resource needs. Our future cash outflows primarily relate to deposits, borrowings and operating leases. The actual timing and amounts of future cash payments may vary over time due to a number of factors, such as early debt redemptions and changes in deposit balances.

### Short-Term Borrowings and Long-Term Debt

We access the capital markets to meet our funding needs through the issuance of senior and subordinated notes, securitized debt obligations and federal funds purchased and securities loaned or sold under agreements to repurchase. In addition, we have access to short-term and long-term FHLB advances secured by certain investment securities, multifamily real estate loans and commercial real estate loans.

Our short-term borrowings, which include those borrowings with an original contractual maturity of one year or less, typically consist of federal funds purchased, securities loaned or sold under agreements to repurchase or short-term FHLB advances, and do not include the current portion of long-term debt. Our short-term borrowings increased by \$177 million to \$715 million as of June 30, 2024 from December 31, 2023 driven by an increase in repurchase agreements.

Our long-term funding, which primarily consists of securitized debt obligations and senior and subordinated notes, decreased by \$2.1 billion to \$47.2 billion as of June 30, 2024 from December 31, 2023 primarily driven by net maturities of unsecured senior debt and paydowns in our auto securitization program. We provide more information on our securitization activity in "Part I—Item 1. Financial Statements—Note 6—Variable Interest Entities and Securitizations" and on our borrowings in "Part I—Item 1. Financial Statements—Note 8—Deposits and Borrowings."

The following table summarizes issuances of securitized debt obligations, and senior and subordinated notes, and their respective maturities or redemptions for the second quarter and first six months of 2024 and 2023.

**Table 30: Long-Term Debt Funding Activities**

	Issuances		Maturities/Redemptions	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2024	2023	2024	2023
<i>(Dollars in millions)</i>				
Securitized debt obligations	\$ —	\$ 1,200	\$ 445	\$ 991
Senior and subordinated notes	—	3,500	2,161	1,839
Total	\$ —	\$ 4,700	\$ 2,606	\$ 2,830

	Issuances		Maturities/Redemptions	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(Dollars in millions)</i>				
Securitized debt obligations	\$ —	\$ 2,450	\$ 812	\$ 1,551
Senior and subordinated notes	2,000	5,750	2,911	4,886
Total	\$ 2,000	\$ 8,200	\$ 3,723	\$ 6,437

Credit Ratings

Our credit ratings impact our ability to access capital markets and our borrowing costs. For more information, see “Part I—Item 1A. Risk Factors” under the heading in our 2023 Form 10-K “A downgrade in our credit ratings could significantly impact our liquidity, funding costs and access to the capital markets.”

Table 31 provides a summary of the credit ratings for the senior unsecured long-term debt of Capital One Financial Corporation and CONA as of June 30, 2024 and December 31, 2023.

Table 31: Senior Unsecured Long-Term Debt Credit Ratings

	June 30, 2024		December 31, 2023	
	Capital One Financial Corporation	CONA	Capital One Financial Corporation	CONA
Moody's	Baa1	A3	Baa1	A3
S&P	BBB	BBB+	BBB	BBB+
Fitch	A-	A	A-	A

As of July 22, 2024 Standard & Poor's ("S&P") and Fitch Ratings ("Fitch") have our credit ratings on a stable outlook. Following the Company's February 19, 2024 announcement to acquire Discover, Moody's Investors Service ("Moody's") placed our credit ratings on review for a downgrade. Moody's said its review for downgrade may continue until the transaction has been completed.

Other Commitments

In the normal course of business, we enter into other contractual obligations that may require future cash payments that affect our short-term and long-term liquidity and capital resource needs. Our other contractual obligations include lending commitments, leases, purchase obligations and other contractual arrangements.

As of June 30, 2024 and December 31, 2023, our total unfunded lending commitments were \$459.2 billion and \$441.3 billion, respectively, primarily consisting of credit card lines and loan commitments to customers of both our Commercial Banking and Consumer Banking businesses, as well as standby and commercial letters of credit. We generally manage the potential risk of unfunded lending commitments by limiting the total amount of arrangements, monitoring the size and maturity structure of these portfolios and applying the same credit standards for all of our credit activities. For additional information, refer to “Part I—Item 1. Financial Statements—Note 14—Commitments, Contingencies, Guarantees and Others” in this Report.

Our primary involvement with leases is in the capacity as a lessee where we lease premises to support our business. The majority of our leases are operating leases of office space, retail bank branches and cafés. Our operating leases expire at various dates through 2071, although some have extension or termination options. As of both June 30, 2024 and December 31, 2023, we had \$1.5 billion, in aggregate operating lease obligations. We provide more information on our lease activity in “Part II—Item 8. Financial Statements and Supplementary Data—Note 7—Premises, Equipment and Leases” in our 2023 Form 10-K.

We have purchase obligations that represent substantial agreements to purchase goods or receive services such as data management, media and other software and third-party services that are enforceable and legally binding and specify significant terms. As of June 30, 2024 and December 31, 2023, we had \$403 million and \$789 million, respectively, in aggregate purchase obligation liabilities.

We also enter into various contractual arrangements that may require future cash payments, including short-term obligations such as trade payables, commitments to fund certain equity investments, obligations for pension and post-retirement benefit plans, and representation and warranty reserves. These arrangements are discussed in more detail in “Part I—Item 1. Financial Statements—Note 6—Variable Interest Entities and Securitizations,” and “Part I—Item 1. Financial Statements—Note 14—Commitments, Contingencies, Guarantees and Others” in this Report and “Part II—Item 8. Financial Statements and Supplementary Data—Note 14—Employee Benefit Plans” in our 2023 Form 10-K.

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**MARKET RISK PROFILE**

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Our primary market risk exposures include interest rate risk, foreign exchange risk and commodity pricing risk. We are exposed to market risk primarily from the following operations and activities:

- Traditional banking activities of deposit gathering and lending;
- Asset/liability management activities including the management of investment securities, short-term and long-term borrowings and derivatives;
- Foreign operations in the U.K. and Canada within our Credit Card business; and
- Customer accommodation activities within our Commercial Banking business.

We have enterprise-wide risk management policies and limits, approved by our Board of Directors, which govern our market risk management activities. Our objective is to manage our exposure to market risk in accordance with these policies and limits based on prevailing market conditions and long-term expectations. We provide additional information below about our primary sources of market risk, our market risk management strategies and the measures that we use to evaluate these exposures.

**Interest Rate Risk**

Interest rate risk represents exposure to financial instruments whose values vary with the level or volatility of interest rates. We are exposed to interest rate risk primarily from the differences in the timing between the maturities or repricing of assets and liabilities. We manage our interest rate risk primarily by entering into interest rate swaps and other derivative instruments which could include caps, floors, options, futures and forward contracts.

We use various industry standard market risk measurement techniques and analyses to measure, assess and manage the impact of changes in interest rates on our net interest income and our economic value of equity and changes in foreign exchange rates on our non-dollar-denominated funding and non-dollar equity investments in foreign operations.

**Net Interest Income Sensitivity**

Our net interest income sensitivity measure estimates the impact of hypothetical instantaneous movements in interest rates relative to our baseline interest rate forecast on our projected 12-month net interest income. Net interest income sensitivity metrics are derived using the following key assumptions:

- In addition to our existing assets, liabilities and derivative positions, we incorporate expected future business growth assumptions. These assumptions include loan and deposit growth, pricing, plans for projected changes in our funding mix and our securities and cash position from our internal corporate outlook that is used in our financial planning process.
- The analysis assumes this forecast of expected future business growth remains unchanged between the baseline rate forecast and rate shock scenarios, including no changes to our interest rate risk management activities like securities and hedging actions.
- We incorporate the dynamic nature of deposit re-pricing, which includes pricing lags and changes in deposit beta and mix as interest rates change, and the prepayment sensitivity of our mortgage securities to the level of interest rates. In our models, deposit betas and mortgage security prepayments vary dynamically based on the level of interest rates and by product type. In the contexts used in this section, "beta" refers to the change in deposit rate paid relative to the change in the federal funds rate.
- In instances where an interest rate scenario would result in a rate less than 0.00%, we assume a rate of 0% for that scenario. This assumption applies only to jurisdictions that do not have a practice of employing negative policy rates. In jurisdictions that have negative policy rates, we do not floor interest rates at 0.00%.

At the current level of interest rates, our projected 12-month net interest income is expected to increase in higher rate scenarios and decrease in lower rate scenarios. The decrease in lower rate scenarios is driven by lower interest income from our assets, including floating rate credit card and commercial loans, being partially offset by lower interest expense from our deposits and

other liabilities, net of our interest rate hedges. Our current sensitivity to both upward and downward shocks is largely unchanged as compared to December 31, 2023.

#### ***Economic Value of Equity Sensitivity***

Our economic value of equity sensitivity measure estimates the impact of hypothetical instantaneous movements in interest rates on the net present value of our assets and liabilities, including derivative exposures. Economic value of equity sensitivity metrics are derived using the following key assumptions:

- The analysis includes only existing assets, liabilities and derivative positions and does not incorporate business growth assumptions or projected balance sheet changes.
- Similar to our net interest income sensitivity measure, we incorporate the dynamic nature of deposit repricing and attrition, which includes pricing lags and changes in deposit beta as interest rates change and the prepayment sensitivity of our mortgage securities to the level of interest rates. In our models, deposit betas and mortgage security prepayments vary dynamically based on the level of interest rates and by product type.
- Balance attrition assumptions for loans, including credit card, auto and commercial loans, remain unchanged between the baseline interest rate forecast and interest rate shock scenarios as those loans are mainly floating rate or shorter duration fixed rate loans and hence paydowns have a low sensitivity to the level of interest rates.
- For assets and liabilities with embedded optionality, such as mortgage securities and deposit balances, we utilize monte carlo simulations to assess economic value with industry-standard term structure modeling of interest rates.
- Our calculations of net present value apply appropriate spreads over the benchmark yield curve for select assets and liabilities to capture the inherent risks (including credit risk) to discount expected interest and principal cash flows.
- In instances where an interest rate scenario would result in a rate less than 0.00%, we assume a rate of 0% for that scenario. This assumption applies only to jurisdictions that do not have a practice of employing negative policy rates. In jurisdictions that have negative policy rates, we do not floor interest rates at 0.00%.

Our current economic value of equity sensitivity profile demonstrates that our economic value of equity decreases in higher interest rate scenarios and increases in lower interest rate scenarios. The decrease in higher rate scenarios is due to the declines in the projected value of our fixed rate assets being only partially offset by corresponding movements in the projected value of our deposits and other liabilities. The pace of economic value of equity decrease is larger for the +200 bps scenario as our deposits are assumed to reprice more rapidly in higher interest rate environments. Our current economic value of equity sensitivity is largely unchanged as compared to December 31, 2023.

Table 32 shows the estimated percentage impact on our projected baseline net interest income and our current economic value of equity calculated under the methodology described above as of June 30, 2024 and December 31, 2023.

**Table 32: Interest Rate Sensitivity Analysis**

	June 30, 2024	December 31, 2023
Estimated impact on projected baseline net interest income:		
+200 basis points	0.8 %	0.7 %
+100 basis points	0.8	0.8
+50 basis points	0.4	0.4
–50 basis points	(0.5)	(0.5)
–100 basis points	(1.0)	(0.9)
–200 basis points	(1.9)	(2.0)
Estimated impact on economic value of equity:		
+200 basis points	(8.1)	(8.4)
+100 basis points	(3.6)	(3.7)
+50 basis points	(1.8)	(1.8)
–50 basis points	1.6	1.6
–100 basis points	3.1	2.9
–200 basis points	5.1	4.0

In addition to these industry standard measures, we also consider the potential impact of alternative interest rate scenarios, such as larger rate shocks, higher than +/- 200 bps, as well as steepening and flattening yield curve scenarios in our internal interest rate risk management decisions. We also regularly review the sensitivity of our interest rate risk metrics to changes in our key modeling assumptions, such as our loan and deposit balance forecasts, mortgage prepayments and deposit repricing.

#### **Limitations of Market Risk Measures**

The interest rate risk models that we use in deriving these measures incorporate contractual information, internally-developed assumptions and proprietary modeling methodologies, which project borrower and depositor behavior patterns in certain interest rate environments. Other market inputs, such as interest rates, market prices and interest rate volatility, are also critical components of our interest rate risk measures. We regularly evaluate, update and enhance these assumptions, models and analytical tools as we believe appropriate to reflect our best assessment of the market environment and the expected behavior patterns of our existing assets and liabilities.

There are inherent limitations in any methodology used to estimate the exposure to changes in market interest rates. The sensitivity analysis described above contemplates only certain movements in interest rates and is performed at a particular point in time based on our existing balance sheet and, in some cases, expected future business growth and funding mix assumptions. The strategic actions that management may take to manage our balance sheet may differ significantly from our projections, which could cause our actual earnings and economic value of equity sensitivities to differ substantially from the above sensitivity analysis.

For further information on our interest rate exposures, see "Part I—Item 1. Financial Statements—Note 9—Derivative Instruments and Hedging Activities."

**Foreign Exchange Risk**

Foreign exchange risk represents exposure to changes in the values of current holdings and future cash flows denominated in other currencies. We are exposed to foreign exchange risk primarily from the intercompany funding denominated in pound sterling ("GBP") and the Canadian dollar ("CAD") that we provide to our businesses in the U.K. and Canada and net equity investments in those businesses. We are also exposed to foreign exchange risk due to changes in the dollar-denominated value of future earnings and cash flows from our foreign operations and from our Euro ("EUR")-denominated borrowings.

Our non-dollar denominated intercompany funding and EUR-denominated borrowings expose our earnings to foreign exchange transaction risk. We manage these transaction risks by using forward foreign currency derivatives and cross-currency swaps to hedge our exposures. We measure our foreign exchange transaction risk exposures by applying a 1% U.S. dollar appreciation shock against the value of the non-dollar denominated intercompany funding and EUR-denominated borrowings and their related hedges, which shows the impact to our earnings from foreign exchange risk. Our nominal intercompany funding outstanding was 1.1 billion GBP and 973 million GBP as of June 30, 2024 and December 31, 2023, respectively, and 1.5 billion CAD and 1.6 billion CAD as of June 30, 2024 and December 31, 2023, respectively. Our nominal EUR-denominated borrowings outstanding were 500 million EUR and 1.3 billion EUR as of June 30, 2024 and December 31, 2023, respectively.

Our non-dollar equity investments in foreign operations expose our balance sheet and capital ratios to translation risk in AOCI. We manage our translation risk by entering into foreign currency derivatives designated as net investment hedges. We measure these exposures by applying a 30% U.S. dollar appreciation shock, which we believe approximates a significant adverse shock over a one-year time horizon, against the value of the equity invested in our foreign operations net of related net investment hedges where applicable. Our gross equity exposures in our U.K. and Canadian operations were 2.2 billion GBP as of both June 30, 2024 and December 31, 2023, and 2.5 billion CAD and 2.4 billion CAD as of June 30, 2024 and December 31, 2023, respectively.

As a result of our derivative management activities, we believe our net exposure to foreign exchange risk is minimal. For more information, see "Part I—Item 1. Financial Statements—Note 9—Derivative Instruments and Hedging Activities" and "Part I—Item 1. Financial Statements—Note 10—Stockholders' Equity."

**Risk related to Customer Accommodation Derivatives**

We offer interest rate, commodity and foreign currency derivatives as an accommodation to our customers within our Commercial Banking business. We offset the majority of the market risk of these customer accommodation derivatives by entering into offsetting derivatives transactions with other counterparties. We use value-at-risk ("VaR") as the primary method to measure the market risk in our customer accommodation derivative activities on a daily basis. VaR is a statistical risk measure used to estimate the potential loss from movements observed in the recent market environment. We employ a historical simulation approach using the most recent 500 business days and use a 99% confidence level and a holding period of one business day. As a result of offsetting our customer exposures with other counterparties, we believe that our net exposure to market risk in our customer accommodation derivatives is minimal. For further information on our risk related to customer accommodation derivatives, see "Part I—Item 1. Financial Statements—Note 9—Derivative Instruments and Hedging Activities."

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**SUPERVISION AND REGULATION**

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**Stress Capital Buffer Requirement Update**

On June 26, 2024, the Federal Reserve released the results of its supervisory stress tests for the 2024 cycle. Based on the Company's 2024 supervisory stress test results, the Company's preliminary stress capital buffer requirement for the period beginning on October 1, 2024 through September 30, 2025 is 5.5%. Therefore, the Company's minimum capital requirements plus the standardized approach capital conservation buffer for CET1 capital, Tier 1 capital and total capital ratios under the stress capital buffer framework are expected to be 10.0%, 11.5% and 13.5%, respectively, for the period from October 1, 2024 through September 30, 2025. The Federal Reserve is expected to provide the Company with its final stress capital buffer requirement by August 31, 2024.

**Regulation of Consumer Lending Activities Update**

On March 5, 2024, the CFPB issued a final rule amending Regulation Z that, if it goes into effect as currently issued, would significantly lower the safe harbor amount for past due fees that a large credit card issuer, including the Bank, can charge on consumer credit card accounts. The final rule is currently stayed as a result of ongoing litigation. For more information on risks related to these rules, see the risk factors set forth under “Part I—Item 1A, Risk Factors” in our 2023 Form 10-K and for more information on the potential impact on our business see “Introduction—Business Developments—Consumer Financial Protection Bureau Final Rule.”

**Resolution and Recovery Planning Requirements and Related Authorities Update**

On June 20, 2024, the FDIC issued a final rule amending the resolution plan submission requirements applicable to insured depository institutions with \$50 billion or more in total assets. As a result of the final rule, the Bank will be required to submit to the FDIC full resolution plans every three years and interim targeted information between full resolution plan submissions. In addition, the Bank’s resolution plan submissions will be subject to more detailed content requirements and a new credibility standard that the FDIC will use to evaluate the Bank’s full resolution plan. The final rule is effective beginning October 1, 2024.

We provide additional information on our Supervision and Regulation in our 2023 Form 10-K under “Part I—Item 1, Business—Supervision and Regulation” and in our Quarterly Report on Form 10-Q for the period ended March 31, 2024 under “Part I—Item 2, MD&A—Supervision and Regulation.”



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## FORWARD-LOOKING STATEMENTS

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From time to time, we have made and will make forward-looking statements, including those that discuss, among other things: strategies, goals, outlook or other non-historical matters; projections, revenues, income, returns, expenses, assets, liabilities, capital and liquidity measures, capital allocation plans, accruals for claims in litigation and for other claims against us; earnings per share, efficiency ratio, operating efficiency ratio or other financial measures for us; future financial and operating results; our plans, objectives, expectations and intentions; and the assumptions that underlie these matters.

To the extent that any such information is forward-looking, it is intended to fit within the safe harbor for forward-looking information provided by the Private Securities Litigation Reform Act of 1995.

Forward-looking statements often use words such as “will,” “anticipate,” “target,” “expect,” “think,” “estimate,” “intend,” “plan,” “goal,” “believe,” “forecast,” “outlook” or other words of similar meaning. Any forward-looking statements made by us or on our behalf speak only as of the date they are made or as of the date indicated, and we do not undertake any obligation to update forward-looking statements as a result of new information, future events or otherwise. For additional information on factors that could materially influence forward-looking statements included in this Report, see the risk factors set forth under “Part I—Item 1A. Risk Factors” in our 2023 Form 10-K. You should carefully consider the factors discussed below, and in our Risk Factors or other disclosures, in evaluating these forward-looking statements.

Numerous factors could cause our actual results to differ materially from those described in such forward-looking statements, including, among other things:

- risks relating to the pending Transaction, including the risk that the cost savings and any revenue synergies and other anticipated benefits from the Transaction may not be fully realized or may take longer than anticipated to be realized; disruption to our business and to Discover’s business as a result of the announcement and pendency of the Transaction; the risk that the integration of Discover’s business and operations into ours, including into our compliance management program, will be materially delayed or will be more costly or difficult than expected, or that we are otherwise unable to successfully integrate Discover’s business into ours, including as a result of unexpected factors or events; the possibility that the requisite regulatory, stockholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, or are obtained subject to conditions that are not anticipated (and the risk that requisite regulatory approvals may result in the imposition of conditions that could adversely affect us or the expected benefits of the Transaction following the closing of the Transaction); reputational risk and the reaction of customers, suppliers, employees or other business partners of ours or of Discover to the Transaction; the failure of the closing conditions in the Merger Agreement to be satisfied, or any unexpected delay in completing the Transaction or the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement; the dilution caused by our issuance of additional shares of our common stock in connection with the Transaction; the possibility that the Transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; risks related to management and oversight of our expanded business and operations following the Transaction due to the increased size and complexity of our business; the possibility of increased scrutiny by, and/or additional regulatory requirements of, governmental authorities as a result of the Transaction or the size, scope and complexity of our business operations following the Transaction; the outcome of any legal or regulatory proceedings that may be currently pending or later instituted against us (before or after the Transaction) or against Discover; the risk that expectations regarding the timing, completion and accounting and tax treatments of the Transaction are not met; the risk that any announcements relating to the Transaction could have adverse effects on the market price of our common stock; certain restrictions during the pendency of the Transaction; the diversion of management’s attention from ongoing business operations and opportunities; the risk that revenues following the Transaction may be lower than expected and/or the risk that certain expenses, such as the provision for credit losses, of Discover or the surviving entity may be greater than expected; our and Discover’s success in executing their respective business plans and strategies and managing the risks involved in the foregoing; effects of the announcement, pendency or completion of the Transaction on our or Discover’s ability to retain customers and retain and hire key personnel and maintain relationships with our and Discover’s suppliers and other business partners, and on our and Discover’s operating results and businesses generally; and other factors that may affect our future results or the future results of Discover;

- changes and instability in the macroeconomic environment, resulting from factors that include, but are not limited to monetary policy actions, geopolitical conflicts or instability, such as the war between Ukraine and Russia and the war between Israel and Hamas, labor shortages, government shutdowns, inflation and deflation, potential recessions, lower demand for credit, changes in deposit practices and payment patterns;
- increases or fluctuations in credit losses and delinquencies and the impact of incorrectly estimated expected losses, which could result in inadequate reserves;
- compliance with new and existing domestic and foreign laws, regulations and regulatory expectations;
- limitations on our ability to receive dividends from our subsidiaries;
- our ability to maintain adequate capital or liquidity levels or to comply with revised capital or liquidity requirements, which could have a negative impact on our financial results and our ability to return capital to our stockholders;
- the extensive use, reliability, and accuracy of the models, artificial intelligence, and data on which we rely;
- increased costs, reductions in revenue, reputational damage, legal exposure and business disruptions that can result from a cyber-attack or other security incident on us or third parties (including their supply chains) with which we conduct business, including an incident that results in the theft, loss, manipulation or misuse of information, or the disabling of systems and access to information critical to business operations;
- developments, changes or actions relating to any litigation, governmental investigation or regulatory enforcement action or matter involving us;
- the amount and rate of deposit growth and changes in deposit costs;
- our ability to execute on our strategic initiatives and operational plans;
- our response to competitive pressures;
- our business, financial condition and results of operations may be adversely affected by merchants' efforts to reduce the fees charged by credit and debit card networks to facilitate card transactions, and by legislation and regulation impacting such fees;
- our success in integrating acquired businesses and loan portfolios, and our ability to realize anticipated benefits from announced transactions and strategic partnerships;
- our ability to develop, operate, and adapt our operational, technology and organizational infrastructure suitable for the nature of our business;
- the success of our marketing efforts in attracting and retaining customers;
- our risk management strategies;
- changes in the reputation of, or expectations regarding, us or the financial services industry with respect to practices, products, services or financial condition;
- fluctuations in interest rates or volatility in the capital markets;
- our ability to attract, develop, retain and motivate key senior leaders and skilled employees;
- climate change manifesting as physical or transition risks;
- our assumptions or estimates in our financial statements;
- the soundness of other financial institutions and other third parties, actual or perceived;
- our ability to invest successfully in and introduce digital and other technological developments across all our businesses;

- a downgrade in our credit ratings;
- our ability to manage risks from catastrophic events;
- compliance with applicable laws and regulations related to privacy, data protection and data security, in addition to compliance with our own privacy policies and contractual obligations to third parties;
- our ability to protect our intellectual property; and
- other risk factors identified from time to time in our public disclosures, including in the reports that we file with the SEC.

**SUPPLEMENTAL TABLE**
**Reconciliation of Non-GAAP Measures**

The following non-GAAP measure consists of our adjusted results that we believe helps investors and users of our financial information understand the effect of adjusting items on our selected reported results; however, it may not be comparable to similarly-titled measures reported by other companies. This adjusted result provides alternate measurements of our operating performance, both for the current period and trends across multiple periods. The following table presents reconciliations of the non-GAAP measure to the applicable amounts measured in accordance with U.S. GAAP. The non-GAAP measure below should not be viewed as a substitute for reported results determined in accordance with U.S. GAAP.

**Table A—Reconciliation of Non-GAAP Measures**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(Dollars in millions, except as noted)</i>				
<b>Adjusted operating efficiency ratio:</b>				
Operating expense (U.S. GAAP)	\$ 3,882	\$ 3,908	\$ 8,009	\$ 7,956
Discover integration expenses	(31)	—	(31)	—
FDIC special assessment	(8)	—	(50)	—
<b>Adjusted operating expense (non-GAAP)</b>	<b>\$ 3,843</b>	<b>\$ 3,908</b>	<b>\$ 7,928</b>	<b>\$ 7,956</b>
<b>Total net revenue (loss) (U.S. GAAP)</b>	<b>\$ 9,506</b>	<b>\$ 9,012</b>	<b>\$ 18,908</b>	<b>\$ 17,915</b>
Walmart program agreement termination contra revenue impact	27	—	27	—
<b>Adjusted net revenue (non-GAAP)</b>	<b>\$ 9,533</b>	<b>\$ 9,012</b>	<b>\$ 18,935</b>	<b>\$ 17,915</b>
Operating efficiency ratio (U.S. GAAP)	40.84%	43.36%	42.36%	44.41%
Impact of adjustments noted above	(53) bps	— bps	(49) bps	— bps
<b>Adjusted operating efficiency ratio (non-GAAP)</b>	<b>40.31%</b>	<b>43.36%</b>	<b>41.87%</b>	<b>44.41%</b>

The following non-GAAP measures consist of TCE, tangible assets and metrics computed using these amounts, which include tangible book value per common share, return on average tangible assets, return on average TCE and TCE ratio. We consider these metrics to be key financial performance measures that management uses in assessing capital adequacy and the level of returns generated. While these non-GAAP measures are widely used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies, they may not be comparable to similarly-titled measures reported by other companies. The following table presents reconciliations of these non-GAAP measures to the applicable amounts measured in accordance with U.S. GAAP. These non-GAAP measures should not be viewed as a substitute for reported results determined in accordance with U.S. GAAP.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(Dollars in millions, except as noted)</i>				
<b>Tangible Common Equity (Average):</b>				
Stockholders' equity	\$ 58,107	\$ 55,357	\$ 58,052	\$ 55,066
Goodwill and other intangible assets <sup>(1)</sup>	(15,249)	(15,187)	(15,265)	(15,086)
Noncumulative perpetual preferred stock	(4,845)	(4,845)	(4,845)	(4,845)
Tangible common equity	\$ 38,013	\$ 35,325	\$ 37,942	\$ 35,135
<b>Return on Tangible Common Equity (Average):</b>				
Net income available to common stockholders	\$ 531	\$ 1,351	\$ 1,731	\$ 2,238
Tangible common equity (Average)	38,013	35,325	37,942	35,135
Return on tangible common equity <sup>(2)</sup>	5.59%	15.30%	9.12%	12.74%
<b>Tangible Assets (Average):</b>				
Total assets	\$ 477,285	\$ 466,652	\$ 476,140	\$ 464,459
Goodwill and other intangible assets <sup>(1)</sup>	(15,249)	(15,187)	(15,265)	(15,086)
Tangible assets	\$ 462,036	\$ 451,465	\$ 460,875	\$ 449,373
<b>Return on Tangible Assets (Average):</b>				
Net income	\$ 597	\$ 1,431	\$ 1,877	\$ 2,391
Tangible assets (Average)	462,036	451,465	460,875	449,373
Return on tangible assets <sup>(3)</sup>	0.52%	1.27%	0.81%	1.06%

*(Dollars in millions, except as noted)*

	June 30, 2024	June 30, 2023	December 31, 2023
<b>Tangible Common Equity (Period-End):</b>			
Stockholders' equity	\$ 57,981	\$ 54,559	\$ 58,089
Goodwill and other intangible assets <sup>(1)</sup>	(15,226)	(15,356)	(15,289)
Noncumulative perpetual preferred stock	(4,845)	(4,845)	(4,845)
Tangible common equity	\$ 37,910	\$ 34,358	\$ 37,955
<b>Tangible Assets (Period-End):</b>			
Total assets	\$ 480,018	\$ 467,800	\$ 478,464
Goodwill and other intangible assets <sup>(1)</sup>	(15,226)	(15,356)	(15,289)
Tangible assets	\$ 464,792	\$ 452,444	\$ 463,175
<b>Tangible Book Value per Common Share:</b>			
Tangible common equity (period-end)	\$ 37,910	\$ 34,358	\$ 37,955
Outstanding Common Shares	381.9	381.4	380.4
Tangible book value per common share	\$ 99.28	\$ 90.07	\$ 99.78
<b>TCE Ratio</b>			
Tangible common equity (Period-end)	\$ 37,910	\$ 34,358	\$ 37,955
Tangible Assets (Period-end)	464,792	452,444	463,175
TCE Ratio <sup>(4)</sup>	8.2%	7.6%	8.2%

<sup>(1)</sup> Includes impact of related deferred taxes.

<sup>(2)</sup> Return on average tangible common equity is a non-GAAP measure calculated based on annualized net income (loss) available to common stockholders less annualized income (loss) from discontinued operations, net of tax, for the period, divided by average TCE.

<sup>(3)</sup> Return on average tangible assets is a non-GAAP measure calculated based on annualized income (loss) from continuing operations, net of tax, for the period divided by average tangible assets for the period.

<sup>(4)</sup> TCE ratio is a non-GAAP measure calculated based on TCE divided by period-end tangible assets.

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## Glossary and Acronyms

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**2019 Cybersecurity Incident:** The unauthorized access by an outside individual who obtained certain types of personal information relating to people who had applied for our credit card products and to our credit card customers that we announced on July 29, 2019.

**2022 Call Report:** Consolidated Reports of Condition and Income as of December 31, 2022.

**Allowance coverage ratio:** Allowance as a percentage of loans held for investment.

**Amortized cost:** The amount at which a financing receivable or investment is originated or acquired, adjusted for applicable accrued interest, accretion, or amortization of premium, discount, and net deferred fees or costs, collection of cash, write-offs, foreign exchange and fair value hedge accounting adjustments.

**Annual Report:** References to our “2023 Form 10-K” are to our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

**Bank:** CONA, Capital One Financial Corporation’s principal operating subsidiary.

**Basel Committee:** The Basel Committee on Banking Supervision.

**Basel III Capital Rules:** The regulatory capital requirements established by the Federal Banking Agencies in July 2013 to implement the Basel III capital framework developed by the Basel Committee as well as certain Dodd-Frank Act and other capital provisions.

**Basel III Finalization Proposal:** The notice of proposed rulemaking released by the Federal Banking Agencies on July 27, 2023 to revise the Basel III Capital Rules applicable to banking organizations with total assets of \$100 billion or more and their subsidiary depository institutions.

**Basel III standardized approach:** The Basel III Capital Rules modified Basel I to create the Basel III standardized approach.

**Capital One** or the **Company:** Capital One Financial Corporation and its subsidiaries.

**Carrying value (with respect to loans):** The amount at which a loan is recorded on the consolidated balance sheets. For loans recorded at amortized cost, carrying value is the unpaid principal balance net of unamortized deferred loan origination fees and costs, and unamortized purchase premium or discount. For loans that are or have been on nonaccrual status, the carrying value is also reduced by any net charge-offs that have been recorded and the amount of interest payments applied as a reduction of principal under the cost recovery method. For credit card loans, the carrying value also includes interest that has been billed to the customer, net of any related reserves. Loans held for sale are recorded at either fair value (if we elect the fair value option) or at the lower of cost or fair value.

**CECL:** In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments—Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*. This ASU requires an impairment model (known as the CECL model) that is based on expected rather than incurred losses, with an anticipated result of more timely loss recognition. This guidance was effective for us on January 1, 2020.

**CECL Transition Election:** The optional five-year transition period provided to banking institutions to phase in the impact of the CECL standard on their regulatory capital.

**CECL Transition Rule:** A rule adopted by the Federal Banking Agencies and effective in 2020 that provides banking institutions an optional five-year transition period to phase in the impact of the CECL standard on their regulatory capital.

**Common equity Tier 1 (“CET1”) capital:** CET1 capital primarily includes qualifying common shareholders’ equity, retained earnings and certain AOCI amounts less certain deductions for goodwill, intangible assets, and certain deferred tax assets.

**CONA:** Capital One, National Association, one of our wholly-owned subsidiaries, which offers a broad spectrum of banking products and financial services to consumers, small businesses and commercial clients.

**CONA Bank Merger:** The merger of Discover Bank, a Delaware-chartered and wholly owned subsidiary of Discover, with and into CONA, with CONA as the surviving entity.

**Credit risk:** The risk to current or projected financial condition and resilience arising from an obligor's failure to meet the terms of any contract with the Company or otherwise perform as agreed.

**Deposit Insurance Fund ("DIF"):** A fund maintained by the FDIC to provide insurance coverage for certain deposits. It is funded through assessments on banks.

**Derivative:** A contract or agreement whose value is derived from changes in interest rates, foreign exchange rates, prices of securities or commodities, credit worthiness for credit default swaps or financial or commodity indices.

**Discontinued operations:** The operating results of a component of an entity, as defined by Accounting Standards Codification 205, that are removed from continuing operations when that component has been disposed of or it is management's intention to sell the component.

**Discover:** Discover Financial Services, a Delaware corporation.

**Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"):** Regulatory reform legislation signed into law on July 21, 2010. This law broadly affects the financial services industry and contains numerous provisions aimed at strengthening the sound operation of the financial services sector.

**Exchange Act:** The Securities Exchange Act of 1934, as amended.

**eXtensible Business Reporting Language ("XBRL"):** A language for the electronic communication of business and financial data.

**Federal Banking Agencies:** The Federal Reserve, Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation.

**Federal Deposit Insurance Corporation ("FDIC"):** An independent U.S. governmental agency that administers the Deposit Insurance Fund.

**Federal Reserve:** The Board of Governors of the Federal Reserve System.

**FICO score:** A measure of consumer credit risk provided by credit bureaus, typically produced from statistical modeling software created by FICO (formerly known as "Fair Isaac Corporation") utilizing data collected by the credit bureaus.

**Financial difficulty modification ("FDM"):** A FDM is deemed to occur when a loan modification is made to a borrower experiencing financial difficulty in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, a term extension, or a combination of these modifications in the current reporting period. FDMs became effective with the adoption of ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* on January 1, 2023.

**Foreign exchange contracts:** Contracts that provide for the future receipt or delivery of foreign currency at previously agreed-upon terms.

**Framework:** The Capital One enterprise-wide risk management framework.

**GSE or Agency:** A government-sponsored enterprise or agency is a financial services corporation created by the United States Congress. Examples of U.S. government agencies include Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac"), Government National Mortgage Association ("Ginnie Mae") and the Federal Home Loan Banks ("FHLB").

**Interest rate sensitivity:** The exposure to interest rate movements.

**Interest rate swaps:** Contracts in which a series of interest rate flows in a single currency are exchanged over a prescribed period. Interest rate swaps are the most common type of derivative contract that we use in our asset/liability management activities.

**Investment grade:** Represents a Moody's long-term rating of Baa3 or better; and/or a S&P long-term rating of BBB- or better; and/or a Fitch long-term rating of BBB- or better; or if unrated, an equivalent rating using our internal risk ratings. Instruments that fall below these levels are considered to be non-investment grade.

**Investor Entities:** Entities that invest in community development entities ("CDE") that provide debt financing to businesses and non-profit entities in low-income and rural communities.

**LCR Rule:** The final rules published by the Basel Committee and as implemented by the Federal Banking Agencies in 2014 for the Basel III Liquidity Coverage Ratio ("LCR") in the United States. The LCR is calculated by dividing the amount of an institution's high quality, unencumbered liquid assets by its estimated net cash outflow, as defined and calculated in accordance with the LCR Rule.

**Leverage ratio:** Tier 1 capital divided by average assets after certain adjustments, as defined by regulators.

**Liquidity risk:** The risk that the Company will not be able to meet its future financial obligations as they come due, or invest in future asset growth because of an inability to obtain funds at a reasonable price within a reasonable time.

**Loan-to-value ("LTV") ratio:** The relationship, expressed as a percentage, between the principal amount of a loan and the appraised value of the collateral securing the loan.

**Loss severity:** Loss given default.

**Managed presentation:** A non-GAAP presentation of business segment results derived from our internal management accounting and reporting process, which employs various allocation methodologies, including funds transfer pricing, to assign certain balance sheet assets, deposits and other liabilities and their related revenues and expenses directly or indirectly attributable to each business segment. The results of our individual businesses reflect the manner in which management evaluates performance and makes decisions about funding our operations and allocating resources and are intended to reflect each segment as if it were a stand-alone business.

**Market risk:** The risk that an institution's earnings or the economic value of equity could be adversely impacted by changes in interest rates, foreign exchange rates or other market factors.

**Master netting agreement:** An agreement between two counterparties that have multiple contracts with each other that provides for the net settlement of all contracts through a single payment in the event of default or termination of any one contract.

**Merger Agreement:** Agreement and Plan of Merger, dated as of February 19, 2024, by and among Discover, Capital One and Merger Sub.

**Merger:** The merger of Merger Sub with and into Discover, with Discover as the surviving entity, pursuant to the Merger Agreement.

**Merger Sub:** Vega Merger Sub, Inc.

**Mortgage servicing rights ("MSRs"):** The right to service a mortgage loan when the underlying loan is sold or securitized. Servicing includes collections for principal, interest and escrow payments from borrowers and accounting for and remitting principal and interest payments to investors.

**Net charge-off rate:** Represents (annualized) net charge-offs divided by average loans held for investment for the period. Negative net charge-offs and related rates are captioned as net recoveries.

**Net interest margin:** Represents (annualized) net interest income divided by average interest-earning assets for the period.

**Nonperforming loans:** Generally include loans that have been placed on nonaccrual status. We do not report loans classified as held for sale as nonperforming.



**NSFR Rule:** The final rules published by the Basel Committee and as issued by the Federal Banking Agencies in October 2020 implementing the net stable funding ratio ("NSFR") in the United States. The NSFR measures the stability of our funding profile and requires us to maintain minimum amounts of stable funding to support our assets, commitments and derivatives exposures over a one-year period.

**PR Rules:** The U.S. prudential regulators' margin rules for uncleared derivatives.

**Public Fund Deposits:** Deposits that are derived from a variety of political subdivisions such as school districts and municipalities.

**Purchase volume:** Consists of purchase transactions, net of returns, for the period, and excludes cash advance and balance transfer transactions.

**Rating agency:** An independent agency that assesses the credit quality and likelihood of default of an issue or issuer and assigns a rating to that issue or issuer.

**Repurchase agreement:** An instrument used to raise short-term funds whereby securities are sold with an agreement for the seller to buy back the securities at a later date.

**Restructuring charges:** Charges associated with the realignment of resources supporting various businesses, primarily consisting of severance and related benefits pursuant to our ongoing benefit programs and impairment of certain assets related to the business locations and/or activities being exited.

**Risk-weighted assets:** On- and off-balance sheet assets that are assigned to one of several broad risk categories and weighted by factors representing their risk and potential for default.

**Second Step Merger:** The merger of Discover with and into Capital One, with Capital One as the surviving entity.

**Securitized debt obligations:** A type of asset-backed security and structured credit product constructed from a portfolio of fixed-income assets.

**Stress capital buffer requirement:** A component of our standardized approach capital conservation buffer, which is recalibrated annually based on the results of our supervisory stress tests.

**Stress Capital Buffer Rule:** The final rule issued by the Federal Reserve in March 2020 to implement the stress capital buffer requirement.

**Subprime:** For purposes of lending in our Credit Card business, we generally consider FICO scores of 660 or below, or other equivalent risk scores, to be subprime. For purposes of auto lending in our Consumer Banking business, we generally consider FICO scores of 620 or below to be subprime.

**Tangible common equity ("TCE"):** A non-GAAP financial measure calculated as common equity less goodwill and other intangible assets inclusive of any related deferred tax liabilities.

**This Report:** Quarterly Report on Form 10-Q for the period ended June, 30 2024.

**Transaction:** On February 19, 2024, we entered into the Merger Agreement to acquire Discover in an all-stock transaction.

**Unfunded lending commitments:** Legally binding agreements to provide a defined level of financing until a specified future date.

**U.S. GAAP:** Accounting principles generally accepted in the United States of America. Accounting rules and conventions defining acceptable practices in preparing financial statements in the U.S.

**U.S. Real Gross Domestic Product ("GDP"):** An inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year.

**Variable interest entity ("VIE"):** An entity that, by design, either (i) lacks sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties; or (ii) has equity investors that do not have (a) the ability to make significant decisions relating to the entity's operations through voting rights, (b) the obligation to absorb the expected losses, and/or (c) the right to receive the residual returns of the entity.

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**Acronyms**

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**ABS:** Asset-backed securities  
**AOCI:** Accumulated other comprehensive income  
**ASU:** Accounting Standards Update  
**ATM:** Automated teller machine  
**BHC:** Bank holding company  
**bps:** Basis points  
**CAD:** Canadian dollar  
**CCP:** Central Counterparty Clearinghouse, or Central Clearinghouse  
**CDE:** Community development entities  
**CECL:** Current expected credit loss  
**CEO:** Chief Executive Officer  
**CET1:** Common equity Tier 1 capital  
**CFO:** Chief Financial Officer  
**CFPB:** Consumer Financial Protection Bureau  
**CMBS:** Commercial mortgage-backed securities  
**CME:** Chicago Mercantile Exchange  
**COEP:** Capital One (Europe) plc  
**COF:** Capital One Financial Corporation  
**CONA:** Capital One, National Association  
**CVA:** Credit valuation adjustment  
**DCF:** Discounted cash flow  
**DIIF:** Deposit Insurance Fund  
**DTCC:** Depository Trust and Clearing Corporation  
**DVA:** Debit valuation adjustment  
**EUR:** Euro  
**Fannie Mae:** Federal National Mortgage Association  
**FASB:** Financial Accounting Standards Board  
**FCA:** Financial Conduct Authority  
**FCM:** Futures commission merchant  
**FDM:** Financial difficulty modification  
**FDIC:** Federal Deposit Insurance Corporation  
**FFIEC:** Federal Financial Institutions Examination Council  
**FHLB:** Federal Home Loan Banks  
**FICC - GSD:** Fixed Income Clearing Corporation - Government Securities Division  
**FICO:** Fair Isaac Corporation  
**Fitch:** Fitch Ratings  
**Freddie Mac:** Federal Home Loan Mortgage Corporation  
**GAAP:** Generally accepted accounting principles in the U.S.  
**GBP:** Pound sterling  
**GDP:** U.S. Real Gross Domestic Product  
**Ginnie Mae:** Government National Mortgage Association  
**G-SIB:** Global systemically important banks  
**GSE or Agency:** Government-sponsored enterprise

**ICE:** Intercontinental Exchange  
**IRM:** Independent Risk Management  
**LCH:** LCH Group  
**LCR:** Liquidity coverage ratio  
**LTV:** Loan-to-Value  
**Moody's:** Moody's Investors Service  
**MSRs:** Mortgage servicing rights  
**NSFR:** Net stable funding ratio  
**OCC:** Office of the Comptroller of the Currency  
**OCI:** Other comprehensive income  
**OPC:** Canada's Office of Privacy Commissioner  
**OTC:** Over-the-counter  
**PCA:** Prompt corrective action  
**PCCR:** Purchased credit card relationship  
**PCD:** Purchased Credit-Deteriorated  
**PPI:** Payment protection insurance  
**RMBS:** Residential mortgage-backed securities  
**S&P:** Standard & Poor's  
**SEC:** U.S. Securities and Exchange Commission  
**SOFR:** Secured Overnight Financing Rate  
**TCE:** Tangible common equity  
**TDR:** Troubled debt restructuring  
**U.K.:** United Kingdom  
**U.S.:** United States of America  
**VaR:** Value-At-Risk  
**VIE:** Variable interest entity

**Item 1. Financial Statements**

	<b>Page</b>
Consolidated Financial Statements	77
Consolidated Statements of Income	77
Consolidated Statements of Comprehensive Income	78
Consolidated Balance Sheets	79
Consolidated Statements of Changes in Stockholders' Equity	80
Consolidated Statements of Cash Flows	82
Notes to Consolidated Financial Statements	84
Note 1—Summary of Significant Accounting Policies	84
Note 2—Business Combinations	85
Note 3—Investment Securities	86
Note 4—Loans	88
Note 5—Allowance for Credit Losses and Reserve for Unfunded Lending Commitments	102
Note 6—Variable Interest Entities and Securitizations	107
Note 7—Goodwill and Other Intangible Assets	111
Note 8—Deposits and Borrowings	112
Note 9—Derivative Instruments and Hedging Activities	113
Note 10—Stockholders' Equity	123
Note 11—Earnings Per Common Share	127
Note 12—Fair Value Measurement	128
Note 13—Business Segments and Revenue from Contracts with Customers	136
Note 14—Commitments, Contingencies, Guarantees and Others	140

**CAPITAL ONE FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(Dollars in millions, except per share-related data)</i>				
<b>Interest income:</b>				
Loans, including loans held for sale	\$ 9,993	\$ 9,057	\$ 19,913	\$ 17,780
Investment securities	700	639	1,387	1,254
Other	587	470	1,157	886
Total interest income	11,280	10,166	22,457	19,920
<b>Interest expense:</b>				
Deposits	2,874	2,277	5,686	4,133
Securitized debt obligations	258	236	519	447
Senior and subordinated notes	591	528	1,197	1,017
Other borrowings	11	12	21	24
Total interest expense	3,734	3,053	7,423	5,621
Net interest income	7,546	7,113	15,034	14,299
Provision for credit losses	3,909	2,490	6,592	5,285
Net interest income after provision for credit losses	3,637	4,623	8,442	9,014
<b>Non-interest income:</b>				
Interchange fees, net	1,249	1,213	2,394	2,352
Service charges and other customer-related fees	459	411	921	790
Other	252	275	559	474
Total non-interest income	1,960	1,899	3,874	3,616
<b>Non-interest expense:</b>				
Salaries and associate benefits	2,200	2,317	4,678	4,744
Occupancy and equipment	551	506	1,105	1,014
Marketing	1,064	886	2,074	1,783
Professional services	316	290	578	614
Communications and data processing	355	344	706	694
Amortization of intangibles	19	22	38	36
Other	441	429	904	854
Total non-interest expense	4,946	4,794	10,083	9,739
Income from continuing operations before income taxes	651	1,728	2,233	2,891
Income tax provision	54	297	356	500
<b>Net income</b>	<b>597</b>	<b>1,431</b>	<b>1,877</b>	<b>2,391</b>
Dividends and undistributed earnings allocated to participating securities	(9)	(23)	(32)	(39)
Preferred stock dividends	(57)	(57)	(114)	(114)
<b>Net income available to common stockholders</b>	<b>\$ 531</b>	<b>\$ 1,351</b>	<b>\$ 1,731</b>	<b>\$ 2,238</b>
<b>Basic earnings per common share:</b>				
Net income per basic common share	\$ 1.39	\$ 3.53	\$ 4.52	\$ 5.85
<b>Diluted earnings per common share:</b>				
Net income per diluted common share	\$ 1.38	\$ 3.52	\$ 4.51	\$ 5.83

See Notes to Consolidated Financial Statements.

CAPITAL ONE FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 597	\$ 1,431	\$ 1,877	\$ 2,391
Other comprehensive income (loss), net of tax:				
Net unrealized gains (losses) on securities available for sale	(184)	(888)	(1,028)	74
Net unrealized gains (losses) on hedging relationships	18	(424)	(392)	(23)
Foreign currency translation adjustments	(1)	34	(14)	47
Other	0	0	1	0
Other comprehensive income (loss), net of tax	(167)	(1,278)	(1,433)	98
Comprehensive income	\$ 430	\$ 153	\$ 444	\$ 2,489

See Notes to Consolidated Financial Statements.

**CAPITAL ONE FINANCIAL CORPORATION**  
**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(Dollars in millions, except per share-related data)

	June 30, 2024	December 31, 2023
<b>Assets:</b>		
Cash and cash equivalents:		
Cash and due from banks	\$ 5,298	\$ 4,903
Interest-bearing deposits and other short-term investments	40,116	38,394
Total cash and cash equivalents	45,414	43,297
Restricted cash for securitization investors	2,415	458
Securities available for sale (amortized cost of \$89.6 billion and \$88.1 billion and allowance for credit losses of \$3 million and \$4 million as of June 30, 2024 and December 31, 2023, respectively)	79,250	79,117
Loans held for investment:		
Unsecured loans held for investment	289,124	289,229
Loans held in consolidated trusts	29,062	31,243
Total loans held for investment	318,186	320,472
Allowance for credit losses	(16,649)	(15,296)
Net loans held for investment	301,537	305,176
Loans held for sale (\$394 million and \$347 million carried at fair value as of June 30, 2024 and December 31, 2023, respectively)	808	854
Premises and equipment, net	4,396	4,375
Interest receivable	2,494	2,478
Goodwill	15,062	15,065
Other assets	28,642	27,644
<b>Total assets</b>	<b>\$ 480,018</b>	<b>\$ 478,464</b>
<b>Liabilities:</b>		
Interest payable	\$ 668	\$ 649
Deposits:		
Non-interest-bearing deposits	27,005	28,024
Interest-bearing deposits	324,437	320,389
Total deposits	351,442	348,413
Securitized debt obligations	17,291	18,043
Other debt:		
Federal funds purchased and securities loaned or sold under agreements to repurchase	715	538
Senior and subordinated notes	29,925	31,248
Other borrowings	25	27
Total other debt	30,665	31,813
Other liabilities	21,971	21,457
<b>Total liabilities</b>	<b>422,037</b>	<b>420,375</b>
Commitments, contingencies and guarantees (see Note 14)		
<b>Stockholders' equity:</b>		
Preferred stock (par value \$0.01 per share; 50,000,000 shares authorized; 4,975,000 shares issued and outstanding as of both June 30, 2024 and December 31, 2023)	0	0
Common stock (par value \$0.01 per share; 1,000,000,000 shares authorized; 700,703,094 and 696,242,668 shares issued as of June 30, 2024 and December 31, 2023, respectively; 381,856,146 and 380,389,609 shares outstanding as of June 30, 2024 and December 31, 2023, respectively)	7	7
Additional paid-in capital, net	36,012	35,541
Retained earnings	62,211	60,945
Accumulated other comprehensive loss	(9,701)	(8,268)
Treasury stock, at cost (par value \$0.01 per share; 318,846,948 and 315,853,059 shares as of June 30, 2024 and December 31, 2023, respectively)	(30,548)	(30,136)
<b>Total stockholders' equity</b>	<b>57,981</b>	<b>58,089</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 480,018</b>	<b>\$ 478,464</b>

See Notes to Consolidated Financial Statements.



**CAPITAL ONE FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)**

	Preferred Stock		Common Stock			Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount						
(Dollars in millions)										
<b>Balance as of December 31, 2023</b>	4,975,000	\$ 0	696,242,668	\$ 7	\$	35,541	\$ 60,945	\$ (8,268)	\$ (30,136)	\$ 58,089
Cumulative effects of accounting standards adoption <sup>(1)</sup>							(25)			(25)
Comprehensive income (loss)							1,280	(1,266)		14
Dividends—common stock <sup>(2)</sup>			24,969	0		3	(238)			(235)
Dividends—preferred stock							(57)			(57)
Purchases of treasury stock									(249)	(249)
Issuances of common stock and restricted stock, net of forfeitures			3,470,983	0		80				80
Exercises of stock options			15,000	0		1				1
Compensation expense for restricted stock units						183				183
<b>Balance as of March 31, 2024</b>	4,975,000	\$ 0	699,753,620	\$ 7	\$	35,808	\$ 61,905	\$ (9,534)	\$ (30,385)	\$ 57,801
Comprehensive income (loss)							597	(167)		430
Dividends—common stock <sup>(2)</sup>			8,354	0		2	(234)			(232)
Dividends—preferred stock							(57)			(57)
Purchases of treasury stock									(163)	(163)
Issuances of common stock and restricted stock, net of forfeitures			941,120	0		95				95
Compensation expense for restricted stock units						107				107
<b>Balance as of June 30, 2024</b>	4,975,000	\$ 0	700,703,094	\$ 7	\$	36,012	\$ 62,211	\$ (9,701)	\$ (30,548)	\$ 57,981

	Preferred Stock		Common Stock			Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount						
(Dollars in millions)										
<b>Balance as of December 31, 2022</b>	4,975,000	\$ 0	690,334,422	\$ 7	\$	34,725	\$ 57,184	\$ (9,916)	\$ (29,418)	\$ 52,582
Cumulative effects of accounting standards adoption <sup>(3)</sup>							48			48
Comprehensive income							960	1,376		2,336
Dividends—common stock <sup>(2)</sup>			26,635	0		3	(237)			(234)
Dividends—preferred stock							(57)			(57)
Purchases of treasury stock									(246)	(246)
Issuances of common stock and restricted stock, net of forfeitures			2,972,149	0		76				76
Compensation expense for restricted stock units						148				148
<b>Balance as of March 31, 2023</b>	4,975,000	\$ 0	693,333,206	\$ 7	\$	34,952	\$ 57,898	\$ (8,540)	\$ (29,664)	\$ 54,653
Cumulative effects of accounting standards adoption <sup>(4)</sup>							(11)			(11)
Comprehensive income (loss)							1,431	(1,278)		153
Dividends—common stock <sup>(2)</sup>			4,745	0		1	(233)			(232)
Dividends—preferred stock							(57)			(57)
Purchases of treasury stock									(157)	(157)
Issuances of common stock and restricted stock, net of forfeitures			989,004	0		88				88
Compensation expense for restricted stock units						122				122
<b>Balance as of June 30, 2023</b>	4,975,000	\$ 0	694,326,955	\$ 7	\$	35,163	\$ 59,028	\$ (9,818)	\$ (29,821)	\$ 54,559

See Notes to Consolidated Financial Statements.

CAPITAL ONE FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

- <sup>(1)</sup> Impact from the adoption of Accounting Standards Update ("ASU") 2023-02, *Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method* as of January 1, 2024.
- <sup>(2)</sup> We declared dividends per share on our common stock of \$0.60 in the second quarter of 2024 and 2023, and \$1.20 in the first six months of 2024 and 2023.
- <sup>(3)</sup> Impact from the adoption of ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings ("TDR") and Vintage Disclosures* as of January 1, 2023.
- <sup>(4)</sup> We have equity method investments in certain non-public entities which adopted ASU 2019-10, *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)* as of January 1, 2023. The impact to retained earnings was recorded in the second quarter of 2023, on a one quarter lag consistent with our standard operating procedures for equity method investments.

See Notes to Consolidated Financial Statements.

**CAPITAL ONE FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Six Months Ended June 30,	
	2024	2023
<i>(Dollars in millions)</i>		
<b>Operating activities:</b>		
Income from continuing operations, net of tax	\$ 1,877	\$ 2,391
Net income	1,877	2,391
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Provision for credit losses	6,592	5,285
Depreciation and amortization, net	1,617	1,576
Deferred tax provision (benefit)	(353)	(400)
Loss (gain) on sales of loans	27	(3)
Stock-based compensation expense	298	277
Other	31	(48)
Loans held for sale:		
Originations and purchases	(2,068)	(3,339)
Proceeds from sales and paydowns	1,997	2,975
Changes in operating assets and liabilities:		
Changes in interest receivable	(16)	(178)
Changes in other assets	(444)	(55)
Changes in interest payable	19	110
Changes in other liabilities	(324)	(2,245)
<b>Net cash from operating activities</b>	<b>9,253</b>	<b>6,346</b>
<b>Investing activities:</b>		
Securities available for sale:		
Purchases	(6,859)	(5,947)
Proceeds from paydowns and maturities	5,347	4,282
Loans:		
Net changes in loans originated as held for investment	(4,683)	(2,749)
Principal recoveries of loans previously charged off	1,374	1,133
Changes in premises and equipment	(536)	(441)
Net cash used in acquisition activities	0	(2,785)
Net cash used in other investing activities	(500)	(652)
<b>Net cash used in investing activities</b>	<b>\$ (5,857)</b>	<b>\$ (7,159)</b>

See Notes to Consolidated Financial Statements.

**CAPITAL ONE FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Six Months Ended June 30,	
	2024	2023
<i>(Dollars in millions)</i>		
<b>Financing activities:</b>		
Deposits and borrowings:		
Changes in deposits	\$ 3,050	\$ 10,743
Issuance of securitized debt obligations	0	2,444
Maturities and paydowns of securitized debt obligations	(812)	(1,551)
Issuance of senior and subordinated notes	1,993	5,727
Maturities and paydowns of senior and subordinated notes	(2,911)	(4,886)
Changes in other borrowings	175	(53)
Common stock:		
Net proceeds from issuances	175	164
Dividends paid	(467)	(466)
Preferred stock:		
Dividends paid	(114)	(114)
Purchases of treasury stock	(412)	(403)
Proceeds from share-based payment activities	1	0
<b>Net cash from financing activities</b>	<b>678</b>	<b>11,605</b>
Changes in cash, cash equivalents and restricted cash for securitization investors	4,074	10,792
Cash, cash equivalents and restricted cash for securitization investors, beginning of the period	43,755	31,256
Cash, cash equivalents and restricted cash for securitization investors, end of the period	\$ 47,829	\$ 42,048
<b>Supplemental cash flow information:</b>		
Interest paid	\$ 6,485	\$ 6,324
Income tax paid	226	631

See Notes to Consolidated Financial Statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Capital One Financial Corporation, a Delaware corporation established in 1994 and headquartered in McLean, Virginia, is a diversified financial services holding company with banking and non-banking subsidiaries. Capital One Financial Corporation and its subsidiaries (the "Company" or "Capital One") offer a broad array of financial products and services to consumers, small businesses and commercial clients through digital channels, branch locations, cafés and other distribution channels.

As of June 30, 2024, Capital One Financial Corporation's principal operating subsidiary was Capital One, National Association ("CONA"). The Company is hereafter collectively referred to as "we," "us" or "our." CONA is referred to as the "Bank."

We also offer products outside of the United States of America ("U.S.") principally through Capital One (Europe) plc ("COEP"), an indirect subsidiary of CONA organized and located in the United Kingdom ("U.K."), and through a branch of CONA in Canada. Both COEP and our Canadian branch of CONA have the authority to provide credit card loans.

Our principal operations are organized for management reporting purposes into three major business segments, which are defined primarily based on the products and services provided or the types of customer served: Credit Card, Consumer Banking and Commercial Banking. We provide details on our business segments, the integration of recent acquisitions, if any, into our business segments and the allocation methodologies and accounting policies used to derive our business segment results in "Note 13—Business Segments and Revenue from Contracts with Customers."

Basis of Presentation and Use of Estimates

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP"). The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and in the related disclosures. These estimates are based on information available as of the date of the consolidated financial statements. While management makes its best judgments, actual amounts or results could differ from these estimates. In the opinion of management, all normal, recurring adjustments have been included for a fair statement of this interim financial information.

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements, and related notes thereto, included in Capital One Financial Corporation's 2023 Annual Report on Form 10-K ("2023 Form 10-K").

Newly Adopted Accounting Standards During the Six Months Ended June 30, 2024

Standard	Guidance	Adoption Timing and Financial Statement Impacts
<b>Tax Credit Investments</b>  ASU No. 2023-02, Investments - Equity Method and Joint Ventures (Topic 323): <i>Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method</i>  <i>Issued March 2023</i>	Permits entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method, if certain criteria are met. Previously, only Low-Income Housing Tax Credit investments were eligible for application of the proportional amortization method.	We adopted this standard on its effective date of January 1, 2024 using a modified retrospective transition method, which results in a cumulative-effect adjustment to retained earnings in the period of adoption.  Our adoption of this standard did not have a material impact on our consolidated financial statements.  See "Consolidated Statements of Changes in Stockholders' Equity" and "Note 6—Variable Interest Entities and Securitizations" for additional disclosures.

**NOTE 2—BUSINESS COMBINATIONS**

On February 19, 2024, the Company entered into an agreement and plan of merger (the "Merger Agreement"), by and among Capital One, Discover Financial Services, a Delaware corporation ("Discover") and Vega Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which (a) Merger Sub will merge with and into Discover, with Discover as the surviving entity in the merger (the "Merger"); (b) immediately following the Merger, Discover, as the surviving entity, will merge with and into Capital One, with Capital One as the surviving entity in the second-step merger (the "Second Step Merger"); and (c) immediately following the Second Step Merger, Discover Bank, a Delaware-chartered and wholly owned subsidiary of Discover, will merge with and into CONA, with CONA as the surviving entity in the merger (the "CONA Bank Merger," and collectively with the Merger and the Second Step Merger, the "Transaction"). The Merger Agreement was unanimously approved by the Boards of Directors of each of Capital One and Discover.

At the effective time of the Merger, each share of common stock of Discover outstanding immediately prior to the effective time of the Merger, other than certain shares held by Discover or Capital One, will be converted into the right to receive 1.0192 shares of common stock of Capital One. Holders of Discover common stock will receive cash in lieu of fractional shares. At the effective time of the Second Step Merger, each share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, of Discover, and each share of 6.125% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series D, of Discover, in each case outstanding immediately prior to the effective time of the Second Step Merger, will be converted into the right to receive a share of newly created series of preferred stock of Capital One having terms that are not materially less favorable than the applicable series of Discover preferred stock. The closing of the Transaction is subject to the satisfaction of customary closing conditions, including receipt of required regulatory approvals and approval by the stockholders of each of Capital One and Discover.

For the three and six months ended June 30, 2024, we have incurred \$ 31 million of integration expenses related to the agreement to acquire Discover, which are included in Operating Expense in our Consolidated Statements of Income.

# NOTE 3—INVESTMENT SECURITIES

Our investment securities portfolio consists of the following: U.S. government-sponsored enterprise or agency ("GSE" or "Agency") and non-agency residential mortgage-backed securities ("RMBS"), agency commercial mortgage-backed securities ("CMBS"), U.S. Treasury securities and other securities. Agency securities include Government National Mortgage Association ("Ginnie Mae") guaranteed securities, Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac") issued securities. The carrying value of our investments in Agency and U.S. Treasury securities represented 96% and 97% of our total investment securities portfolio as of June 30, 2024 and December 31, 2023, respectively.

The table below presents the amortized cost, allowance for credit losses, gross unrealized gains and losses, and fair value aggregated by major security type as of June 30, 2024 and December 31, 2023. Accrued interest receivable of \$ 245 million as of June 30, 2024 and December 31, 2023, respectively, is not included in the table below.

**Table 3.1: Investment Securities Available for Sale**

	June 30, 2024				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in millions)					
<b>Investment securities available for sale:</b>					
U.S. Treasury securities	\$ 6,053	\$ 0	\$ 2	\$ (26)	\$ 6,029
<b>RMBS:</b>					
Agency	71,516	0	56	(9,756)	61,816
Non-agency	589	(3)	78	(6)	658
Total RMBS	72,105	(3)	134	(9,762)	62,474
Agency CMBS	8,853	0	22	(675)	8,200
Other securities <sup>(1)</sup>	2,543	0	4	0	2,547
<b>Total investment securities available for sale</b>	<b>\$ 89,554</b>	<b>\$ (3)</b>	<b>\$ 162</b>	<b>\$ (10,463)</b>	<b>\$ 79,250</b>
	December 31, 2023				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in millions)					
<b>Investment securities available for sale:</b>					
U.S. Treasury securities	\$ 5,330	\$ 0	\$ 1	\$ (49)	\$ 5,282
<b>RMBS:</b>					
Agency	71,294	0	104	(8,450)	62,948
Non-agency	610	(4)	89	(5)	690
Total RMBS	71,904	(4)	193	(8,455)	63,638
Agency CMBS	8,961	0	14	(652)	8,323
Other securities <sup>(1)</sup>	1,868	0	6	0	1,874
<b>Total investment securities available for sale</b>	<b>\$ 88,063</b>	<b>\$ (4)</b>	<b>\$ 214</b>	<b>\$ (9,156)</b>	<b>\$ 79,117</b>

<sup>(1)</sup> Includes \$2.1 billion and \$1.4 billion of asset-backed securities ("ABS") as of June 30, 2024 and December 31, 2023, respectively. The remaining amount is primarily comprised of supranational bonds, foreign government bonds and U.S. agency debt bonds.

### Investment Securities in a Gross Unrealized Loss Position

The table below provides the gross unrealized losses and fair value of our securities available for sale aggregated by major security type and the length of time that individual securities have been in a continuous unrealized loss position as of June 30, 2024 and December 31, 2023. The amounts include securities available for sale without an allowance for credit losses.

**Table 3.2: Securities in a Gross Unrealized Loss Position**

	June 30, 2024					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>(Dollars in millions)</i>						
<b>Investment securities available for sale without an allowance for credit losses:</b>						
U.S. Treasury securities	\$ 1,329	\$ (3)	\$ 2,014	\$ (23)	\$ 3,343	\$ (26)
<b>RMBS:</b>						
Agency	5,024	(42)	53,037	(9,714)	58,061	(9,756)
Non-agency	4	0	12	(1)	16	(1)
<b>Total RMBS</b>	<b>5,028</b>	<b>(42)</b>	<b>53,049</b>	<b>(9,715)</b>	<b>58,077</b>	<b>(9,757)</b>
Agency CMBS	632	(7)	6,262	(668)	6,894	(675)
Other securities	713	0	96	0	809	0
<b>Total investment securities available for sale in a gross unrealized loss position without an allowance for credit losses<sup>(1)</sup></b>	<b>\$ 7,702</b>	<b>\$ (52)</b>	<b>\$ 61,421</b>	<b>\$ (10,406)</b>	<b>\$ 69,123</b>	<b>\$ (10,458)</b>
	December 31, 2023					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>(Dollars in millions)</i>						
<b>Investment securities available for sale without an allowance for credit losses:</b>						
U.S. Treasury securities	\$ 733	\$ 0	\$ 2,242	\$ (49)	\$ 2,975	\$ (49)
<b>RMBS:</b>						
Agency	3,511	(43)	53,987	(8,407)	57,498	(8,450)
Non-agency	1	0	13	(1)	14	(1)
<b>Total RMBS</b>	<b>3,512</b>	<b>(43)</b>	<b>54,000</b>	<b>(8,408)</b>	<b>57,512</b>	<b>(8,451)</b>
Agency CMBS	547	(7)	6,465	(645)	7,012	(652)
Other securities	276	0	4	0	280	0
<b>Total investment securities available for sale in a gross unrealized loss position without an allowance for credit losses<sup>(1)</sup></b>	<b>\$ 5,068</b>	<b>\$ (50)</b>	<b>\$ 62,711</b>	<b>\$ (9,102)</b>	<b>\$ 67,779</b>	<b>\$ (9,152)</b>

<sup>(1)</sup> Consists of approximately 2,790 and 2,740 securities in gross unrealized loss positions as of June 30, 2024 and December 31, 2023, respectively.

### Maturities and Yields of Investment Securities

The table below summarizes, as of June 30, 2024, the fair value of our investment securities by major security type and contractual maturity as well as the total fair value, amortized cost and weighted-average yields of our investment securities by contractual maturity. Since borrowers may have the right to call or prepay certain obligations, the expected maturities of our securities are likely to differ from the scheduled contractual maturities presented below. The weighted-average yield below represents the effective yield for the investment securities and is calculated based on the amortized cost of each security.



**Table 3.3: Contractual Maturities and Weighted-Average Yields of Securities**

	June 30, 2024				
	Due in 1 Year or Less	Due > 1 Year through 5 Years	Due > 5 Years through 10 Years	Due > 10 Years	Total
<i>(Dollars in millions)</i>					
<b>Fair value of securities available for sale:</b>					
U.S. Treasury securities	\$ 4,004	\$ 1,128	\$ 897	\$ 0	\$ 6,029
<b>RMBS<sup>(1)</sup>:</b>					
Agency	2	79	1,058	60,677	61,816
Non-agency	0	0	8	650	658
Total RMBS	2	79	1,066	61,327	62,474
Agency CMBS <sup>(1)</sup>	523	2,643	3,082	1,952	8,200
Other securities	277	2,250	20	0	2,547
Total securities available for sale	\$ 4,806	\$ 6,100	\$ 5,065	\$ 63,279	\$ 79,250
<b>Amortized cost of securities available for sale</b>	\$ 4,825	\$ 6,277	\$ 5,441	\$ 73,011	\$ 89,554
<b>Weighted-average yield for securities available for sale</b>	4.44%	4.19%	3.77%	3.18%	3.36%

<sup>(1)</sup> As of June 30, 2024, the weighted-average expected maturities of RMBS and Agency CMBS were 7.9 years and 4.2 years, respectively.

#### Net Securities Gains or Losses and Proceeds from Sales

We had no sales of securities for the three and six months ended June 30, 2024 and 2023.

#### Securities Pledged and Received

We pledged investment securities totaling \$40.6 billion and \$45.1 billion as of June 30, 2024 and December 31, 2023, respectively. These securities are primarily pledged to support our access to FHLB advances and Public Fund Deposits, as well as for other purposes as required or permitted by law. We accepted pledges of securities with a fair value of approximately \$6 million and \$16 million as of June 30, 2024 and December 31, 2023, respectively, related to our derivative transactions.

#### NOTE 4—LOANS

Our loan portfolio consists of loans held for investment, including loans held in our consolidated trusts, and loans held for sale. We further divide our loans held for investment into three portfolio segments: Credit Card, Consumer Banking and Commercial Banking. Credit card loans consist of domestic and international credit card loans. Consumer banking loans consist of auto and retail banking loans. Commercial banking loans consist of commercial and multifamily real estate as well as commercial and industrial loans. The information presented in the tables in this note excludes loans held for sale, which are carried at either fair value (if we elect the fair value option) or at the lower of cost or fair value.

Accrued interest receivable of \$2.2 billion as of both June 30, 2024 and December 31, 2023, is not included in the tables in this note. The table below presents the composition and aging analysis of our loans held for investment portfolio as of June 30, 2024 and December 31, 2023. The delinquency aging includes all past due loans, both performing and nonperforming.

**Table 4.1: Loan Portfolio Composition and Aging Analysis**

	June 30, 2024						
	Delinquent Loans						
(Dollars in millions)	Current	30-59 Days	60-89 Days	≥ 90 Days	Total Delinquent Loans		Total Loans
Credit Card:							
Domestic credit card	\$ 140,978	\$ 1,770	\$ 1,350	\$ 2,967	\$ 6,087	\$	147,065
International card businesses	6,506	114	69	141	324		6,830

June 30, 2024						
(Dollars in millions)	Delinquent Loans					
	Current	30-59 Days	60-89 Days	≥ 90 Days	Total Delinquent Loans	Total Loans
Total credit card	147,484	1,884	1,419	3,108	6,411	153,895
<b>Consumer Banking:</b>						
Auto	69,615	2,873	1,462	435	4,770	74,385
Retail banking	1,243	22	4	9	35	1,278
Total consumer banking	70,858	2,895	1,466	444	4,805	75,663
<b>Commercial Banking:</b>						
Commercial and multifamily real estate	32,643	21	5	163	189	32,832
Commercial and industrial	55,656	8	0	132	140	55,796
Total commercial banking	88,299	29	5	295	329	88,628
Total loans <sup>(1)</sup>	\$ 306,641	\$ 4,808	\$ 2,890	\$ 3,847	\$ 11,545	\$ 318,186
% of Total loans	96.37%	1.51%	0.91%	1.21%	3.63%	100.00%

December 31, 2023						
(Dollars in millions)	Delinquent Loans					
	Current	30-59 Days	60-89 Days	≥ 90 Days	Total Delinquent Loans	Total Loans
<b>Credit Card:</b>						
Domestic credit card	\$ 140,860	\$ 1,968	\$ 1,471	\$ 3,367	\$ 6,806	\$ 147,666
International card businesses	6,552	116	76	137	329	6,881
Total credit card	147,412	2,084	1,547	3,504	7,135	154,547
<b>Consumer Banking:</b>						
Auto	68,768	3,268	1,555	484	5,307	74,075
Retail banking	1,329	15	3	15	33	1,362
Total consumer banking	70,097	3,283	1,558	499	5,340	75,437
<b>Commercial Banking:</b>						
Commercial and multifamily real estate	34,325	0	14	107	121	34,446
Commercial and industrial	55,861	0	0	181	181	56,042
Total commercial banking	90,186	0	14	288	302	90,488
Total loans <sup>(1)</sup>	\$ 307,695	\$ 5,367	\$ 3,119	\$ 4,291	\$ 12,777	\$ 320,472
% of Total loans	96.01%	1.68%	0.97%	1.34%	3.99%	100.00%

<sup>(1)</sup> Loans include unamortized premiums, discounts, and deferred fees and costs totaling \$1.3 billion and \$1.4 billion as of June 30, 2024 and December 31, 2023, respectively.

The following table presents our loans held for investment that are 90 days or more past due that continue to accrue interest, loans that are classified as nonperforming and loans that are classified as nonperforming without an allowance as of June 30, 2024 and December 31, 2023. Nonperforming loans generally include loans that have been placed on nonaccrual status.

**Table 4.2: 90+ Day Delinquent Loans Accruing Interest and Nonperforming Loans**

(Dollars in millions)	June 30, 2024			December 31, 2023		
	≥ 90 Days and Accruing	Nonperforming Loans <sup>(1)</sup>	Nonperforming Loans Without an Allowance	≥ 90 Days and Accruing	Nonperforming Loans <sup>(1)</sup>	Nonperforming Loans Without an Allowance
<b>Credit Card:</b>						
Domestic credit card	\$ 2,967	N/A	\$ 0	\$ 3,367	N/A	\$ 0
International card businesses	135	\$ 10	0	132	\$ 9	0
Total credit card	3,102	10	0	3,499	9	0
<b>Consumer Banking:</b>						
Auto	0	658	0	0	712	0
Retail banking	0	36	20	0	46	19
Total consumer banking	0	694	20	0	758	19
<b>Commercial Banking:</b>						
Commercial and multifamily real estate	0	422	321	0	425	335
Commercial and industrial	46	872	424	55	336	193
Total commercial banking	46	1,294	745	55	761	528
<b>Total</b>	<b>\$ 3,148</b>	<b>\$ 1,998</b>	<b>\$ 765</b>	<b>\$ 3,554</b>	<b>\$ 1,528</b>	<b>\$ 547</b>
% of Total loans held for investment	0.99 %	0.63 %	0.24 %	1.11 %	0.48 %	0.17 %

<sup>(1)</sup> We recognized interest income for loans classified as nonperforming of \$6 million and \$31 million for the three and six months ended June 30, 2024, respectively, and \$5 million and \$17 million for the three and six months ended June 30, 2023, respectively.

## Credit Quality Indicators

We closely monitor economic conditions and loan performance trends to assess and manage our exposure to credit risk. We discuss these risks and our credit quality indicator for each portfolio segment below.

### Credit Card

Our credit card loan portfolio is highly diversified across millions of accounts and numerous geographies without significant individual exposure. We therefore generally manage credit risk based on portfolios with common risk characteristics. The risk in our credit card loan portfolio correlates to broad economic trends, such as the U.S. unemployment rate and U.S. Real Gross Domestic Product ("GDP") growth rate, as well as consumers' financial condition, all of which can have a material effect on credit performance. The key indicator we assess in monitoring the credit quality and risk of our credit card loan portfolio is delinquency trends, including an analysis of loan migration between delinquency categories over time.

The table below presents our credit card portfolio by delinquency status as of June 30, 2024 and December 31, 2023.

**Table 4.3: Credit Card Delinquency Status**

	June 30, 2024			December 31, 2023		
	Revolving Loans	Revolving Loans Converted to Term	Total	Revolving Loans	Revolving Loans Converted to Term	Total
<i>(Dollars in millions)</i>						
<b>Credit Card:</b>						
<b>Domestic credit card:</b>						
Current	\$ 140,576	\$ 402	\$ 140,978	\$ 140,521	\$ 339	\$ 140,860
30-59 days	1,743	27	1,770	1,940	28	1,968
60-89 days	1,333	17	1,350	1,454	17	1,471
Greater than 90 days	2,940	27	2,967	3,339	28	3,367
Total domestic credit card	146,592	473	147,065	147,254	412	147,666
<b>International card businesses:</b>						
Current	6,470	36	6,506	6,521	31	6,552
30-59 days	109	5	114	112	4	116
60-89 days	66	3	69	72	4	76
Greater than 90 days	136	5	141	132	5	137
Total international card businesses	6,781	49	6,830	6,837	44	6,881
Total credit card	\$ 153,373	\$ 522	\$ 153,895	\$ 154,091	\$ 456	\$ 154,547

### Consumer Banking

Our consumer banking loan portfolio consists of auto and retail banking loans. Similar to our credit card loan portfolio, the risk in our consumer banking loan portfolio correlates to broad economic trends as well as consumers' financial condition, all of which can have a material effect on credit performance. The key indicator we consider when assessing the credit quality and risk of our auto loan portfolio is borrower credit scores as they measure the creditworthiness of borrowers. Delinquency trends are the key indicator we assess in monitoring the credit quality and risk of our retail banking loan portfolio.

The table below presents our consumer banking portfolio of loans held for investment by credit quality indicator as of June 30, 2024 and December 31, 2023. We present our auto loan portfolio by Fair Isaac Corporation ("FICO") scores at origination and our retail banking loan portfolio by delinquency status, which includes all past due loans, both performing and nonperforming.

**Table 4.4: Consumer Banking Portfolio by Vintage Year**

	June 30, 2024									
	Term Loans by Vintage Year								Revolving Loans Converted	
(Dollars in millions)	2024	2023	2022	2021	2020	Prior	Total Term Loans	Revolving Loans	to Term	Total
Auto—At origination FICO scores: <sup>(1)</sup>										
Greater than 660	\$ 8,444	\$ 10,154	\$ 10,305	\$ 7,455	\$ 2,227	\$ 823	\$ 39,408	\$ 0	\$ 0	\$ 39,408
621-660	2,848	4,175	3,639	2,625	974	452	14,713	0	0	14,713
620 or below	3,912	5,785	4,548	3,362	1,729	928	20,264	0	0	20,264
Total auto	15,204	20,114	18,492	13,442	4,930	2,203	74,385	0	0	74,385
Retail banking—Delinquency status:										
Current	85	80	94	55	57	513	884	355	4	1,243
30-59 days	0	0	0	0	0	14	14	8	0	22
60-89 days	0	0	0	0	0	1	1	3	0	4
Greater than 90 days	1	0	0	0	1	4	6	2	1	9
Total retail banking	86	80	94	55	58	532	905	368	5	1,278
Total consumer banking	\$ 15,290	\$ 20,194	\$ 18,586	\$ 13,497	\$ 4,988	\$ 2,735	\$ 75,290	\$ 368	\$ 5	\$ 75,663

December 31, 2023										
(Dollars in millions)	Term Loans by Vintage Year							Revolving Loans Converted		
	2023	2022	2021	2020	2019	Prior	Total Term Loans	Revolving Loans	to Term	Total
<b>Auto—At origination FICO scores:<sup>(1)</sup></b>										
Greater than 660	\$ 12,219	\$ 12,593	\$ 9,505	\$ 3,124	\$ 1,213	\$ 309	\$ 38,963	\$ 0	\$ 0	\$ 38,963
621-660	4,863	4,432	3,346	1,337	592	192	14,762	0	0	14,762
620 or below	6,647	5,539	4,283	2,349	1,131	401	20,350	0	0	20,350
<b>Total auto</b>	<b>23,729</b>	<b>22,564</b>	<b>17,134</b>	<b>6,810</b>	<b>2,936</b>	<b>902</b>	<b>74,075</b>	<b>0</b>	<b>0</b>	<b>74,075</b>
<b>Retail banking—Delinquency status:</b>										
Current	98	157	57	65	117	468	962	363	4	1,329
30-59 days	1	0	1	1	0	1	4	11	0	15
60-89 days	0	0	0	0	0	1	1	2	0	3
Greater than 90 days	0	0	0	0	0	8	8	6	1	15
<b>Total retail banking</b>	<b>99</b>	<b>157</b>	<b>58</b>	<b>66</b>	<b>117</b>	<b>478</b>	<b>975</b>	<b>382</b>	<b>5</b>	<b>1,362</b>
<b>Total consumer banking</b>	<b>\$ 23,828</b>	<b>\$ 22,721</b>	<b>\$ 17,192</b>	<b>\$ 6,876</b>	<b>\$ 3,053</b>	<b>\$ 1,380</b>	<b>\$ 75,050</b>	<b>\$ 382</b>	<b>\$ 5</b>	<b>\$ 75,437</b>

<sup>(1)</sup> Amounts represent period-end loans held for investment in each credit score category. Auto credit scores generally represent average FICO scores obtained from three credit bureaus at the time of application and are not refreshed thereafter. Balances for which no credit score is available or the credit score is invalid are included in the 620 or below category.

## Commercial Banking

The key credit quality indicator for our commercial loan portfolios is our internal risk ratings. We assign internal risk ratings to loans based on relevant information about the ability of the borrowers to repay their debt. In determining the risk rating of a particular loan, some of the factors considered are the borrower's current financial condition, historical and projected future credit performance, prospects for support from financially responsible guarantors, the estimated realizable value of any collateral and current economic trends. The scale based on our internal risk rating system is as follows:

- **Noncriticized:** Loans that have not been designated as criticized, frequently referred to as "pass" loans.
- **Criticized performing:** Loans in which the financial condition of the obligor is stressed, affecting earnings, cash flows or collateral values. The borrower currently has adequate capacity to meet near-term obligations; however, the stress, left unabated, may result in deterioration of the repayment prospects at some future date.
- **Criticized nonperforming:** Loans that are not adequately protected by the current net worth and paying capacity of the obligor or the collateral pledged, if any. Loans classified as criticized nonperforming have a well-defined weakness, or weaknesses, which jeopardize the full repayment of the debt. These loans are characterized by the distinct possibility that we will sustain a credit loss if the deficiencies are not corrected and are generally placed on nonaccrual status.

We use our internal risk rating system for regulatory reporting, determining the frequency of credit exposure reviews, and evaluating and determining the allowance for credit losses. Generally, loans that are designated as criticized performing and criticized nonperforming are reviewed quarterly by management to determine if they are appropriately classified/rated and whether any impairment exists. Noncriticized loans are also generally reviewed, at least annually, to determine the appropriate risk rating. In addition, we evaluate the risk rating during the renewal process of any loan or if a loan becomes past due.

The following table presents our commercial banking portfolio of loans held for investment by internal risk ratings as of June 30, 2024 and December 31, 2023. The internal risk rating status includes all past due loans, both performing and nonperforming.

**Table 4.5: Commercial Banking Portfolio by Internal Risk Ratings**

	June 30, 2024										
	Term Loans by Vintage Year									Revolving Loans	
(Dollars in millions)	2024	2023	2022	2021	2020	Prior	Total Term Loans	Revolving Loans	Converted to Term	Total	
Internal risk rating <sup>(d)</sup>											
Commercial and multifamily real estate											
Noncriticized	\$ 1,134	\$ 2,511	\$ 3,821	\$ 2,245	\$ 914	\$ 4,974	\$ 15,599	\$ 12,499	\$ 25	\$ 28,123	
Criticized performing	72	60	1,555	713	217	1,351	3,968	221	98	4,287	
Criticized nonperforming	12	10	25	106	0	261	414	8	0	422	
Total commercial and multifamily real estate	1,218	2,581	5,401	3,064	1,131	6,586	19,981	12,728	123	32,832	
Commercial and industrial											
Noncriticized	2,674	6,610	10,576	6,008	3,018	7,547	36,433	15,082	57	51,572	
Criticized performing	30	92	750	747	173	576	2,368	941	43	3,352	
Criticized nonperforming	31	75	121	23	181	168	599	273	0	872	
Total commercial and industrial	2,735	6,777	11,447	6,778	3,372	8,291	39,400	16,296	100	55,796	
Total commercial banking	\$ 3,953	\$ 9,358	\$ 16,848	\$ 9,842	\$ 4,503	\$ 14,877	\$ 59,381	\$ 29,024	\$ 223	\$ 88,628	

December 31, 2023										
Term Loans by Vintage Year										
(Dollars in millions)	2023	2022	2021	2020	2019	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total
<b>Internal risk rating:<sup>(1)</sup></b>										
Commercial and multifamily real estate										
Noncriticized	\$ 3,068	\$ 4,665	\$ 2,773	\$ 1,019	\$ 2,104	\$ 3,670	\$ 17,299	\$ 12,565	\$ 25	\$ 29,889
Criticized performing	148	1,494	706	284	463	904	3,999	133	0	4,132
Criticized nonperforming	65	26	124	0	47	163	425	0	0	425
Total commercial and multifamily real estate	3,281	6,185	3,603	1,303	2,614	4,737	21,723	12,698	25	34,446
Commercial and industrial										
Noncriticized	6,909	11,935	6,994	3,566	2,359	5,117	36,880	14,822	167	51,869
Criticized performing	353	706	655	237	348	349	2,648	1,189	0	3,837
Criticized nonperforming	13	53	30	18	123	68	305	31	0	336
Total commercial and industrial	7,275	12,694	7,679	3,821	2,830	5,534	39,833	16,042	167	56,042
Total commercial banking	\$ 10,556	\$ 18,879	\$ 11,282	\$ 5,124	\$ 5,444	\$ 10,271	\$ 61,556	\$ 28,740	\$ 192	\$ 90,488

<sup>(1)</sup> Criticized exposures correspond to the "Special Mention," "Substandard" and "Doubtful" asset categories defined by bank regulatory authorities.



## Financial Difficulty Modifications to Borrowers

As part of our loss mitigation efforts, we may provide short-term (one to twelve months) or long-term (greater than twelve months) modifications to a borrower experiencing financial difficulty to improve long-term collectability of the loan and to avoid the need for repossession or foreclosure of collateral.

We consider the impact of all loan modifications when estimating the credit quality of our loan portfolio and establishing allowance levels. For our Commercial Banking customers, loan modifications are also considered in the assignment of an internal risk rating.

For additional information on Financial Difficulty Modifications (“FDMs”), see “Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies” in our 2023 Form 10-K.

The following tables present the major modification types, amortized cost amounts for each modification type and financial effects for all FDMs undertaken during the three and six months ended June 30, 2024 and 2023.

**Table 4.6: Financial Difficulty Modifications to Borrowers**

Three Months Ended June 30, 2024										
(Dollars in millions)	Credit Card			Consumer Banking			Commercial Banking			Total
	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer Banking	Commercial and Multifamily Real Estate	Commercial and Industrial	Total Commercial Banking	
Interest rate reduction	\$ 178	\$ 57	\$ 235	—	—	—	—	—	—	\$ 235
Term extension	—	—	—	\$ 5	—	\$ 5	\$ 214	\$ 188	\$ 402	\$ 407
Principal balance reduction	—	—	—	8	—	8	—	15	15	23
Interest rate reduction and term extension	5	—	5	195	—	195	—	6	6	206
Other <sup>(2)</sup>	—	—	—	2	\$ 1	3	53	115	168	171
Total loans modified	\$ 183	\$ 57	\$ 240	\$ 210	\$ 1	\$ 211	\$ 267	\$ 324	\$ 591	\$ 1,042
% of total class of receivables	0.12 %	0.83 %	0.16 %	0.28 %	0.08 %	0.28 %	0.81 %	0.58 %	0.67 %	0.33 %

  

Six Months Ended June 30, 2024										
(Dollars in millions)	Credit Card			Consumer Banking			Commercial Banking			Total
	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer Banking	Commercial and Multifamily Real Estate	Commercial and Industrial	Total Commercial Banking	
Interest rate reduction	\$ 361	\$ 86	\$ 447	—	—	—	—	—	—	\$ 447
Term extension	—	—	—	\$ 10	\$ 2	\$ 12	\$ 373	\$ 327	\$ 700	712
Principal balance reduction	—	—	—	14	—	14	—	16	16	30
Interest rate reduction and term extension	8	—	8	410	—	410	26	6	32	450
Other <sup>(2)</sup>	—	—	—	2	1	3	142	115	257	260
Total loans modified	\$ 369	\$ 86	\$ 455	\$ 436	\$ 3	\$ 439	\$ 541	\$ 464	\$ 1,005	\$ 1,899
% of total class of receivables	0.25 %	1.26 %	0.30 %	0.59 %	0.21 %	0.58 %	1.65 %	0.83 %	1.14 %	0.60 %

  

Three Months Ended June 30, 2023										
(Dollars in millions)	Credit Card			Consumer Banking			Commercial Banking			Total
	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer Banking	Commercial and Multifamily Real Estate	Commercial and Industrial	Total Commercial Banking	
Interest rate reduction	\$ 154	\$ 40	\$ 194	—	—	—	—	—	—	\$ 194
Term extension	—	—	—	\$ 41	\$ 1	\$ 42	\$ 147	\$ 172	\$ 319	361
Principal balance reduction	—	—	—	7	—	7	64	—	64	71
Interest rate reduction and term extension	—	—	—	173	—	173	—	—	—	173
Other <sup>(2)</sup>	—	—	—	1	—	1	54	21	75	76
Total loans modified	\$ 154	\$ 40	\$ 194	\$ 222	\$ 1	\$ 223	\$ 265	\$ 193	\$ 458	\$ 875
% of total class of receivables	0.11 %	0.61 %	0.14 %	0.29 %	0.08 %	0.29 %	0.74 %	0.35 %	0.50 %	0.28 %

Six Months Ended June 30, 2023										
(Dollars in millions)	Credit Card			Consumer Banking			Commercial Banking			
	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer Banking	Commercial and Multifamily Real Estate	Commercial and Industrial	Total Commercial Banking	Total
Interest rate reduction	\$ 285	\$ 61	\$ 346	—	—	—	—	—	—	\$ 346
Term extension	—	—	—	\$ 77	\$ 3	\$ 80	\$ 246	\$ 237	\$ 483	563
Principal balance reduction	—	—	—	12	—	12	64	—	64	76
Principal balance reduction and term extension	—	—	—	—	—	—	—	17	17	17
Interest rate reduction and term extension	—	—	—	330	—	330	—	—	—	330
Other <sup>(1)</sup>	—	—	—	2	—	2	54	146	200	202
Total loans modified	\$ 285	\$ 61	\$ 346	\$ 421	\$ 3	\$ 424	\$ 364	\$ 400	\$ 764	\$ 1,534
% of total class of receivables	0.21 %	0.94 %	0.24 %	0.55 %	0.21 %	0.55 %	1.01 %	0.72 %	0.83 %	0.49 %

<sup>(1)</sup> Primarily consists of modifications or combinations of modifications not categorized above, such as increases in committed exposure, forbearances and other types of modifications in Commercial Banking.

**Table 4.7: Financial Effects of Financial Difficulty Modifications to Borrowers**

Three Months Ended June 30, 2024						
(Dollars in millions)	Credit Card		Consumer Banking		Commercial Banking	
	Domestic Card	International Card Businesses	Auto	Retail Banking	Commercial and Multifamily Real Estate	Commercial and Industrial
Weighted-average interest rate reduction	20.13%	27.08%	8.89%	3.48%	—%	1.50%
Payment delay duration (in months)	12	—	6	36	9	15
Principal balance reduction	—	—	—	—	—	\$1

  

Six Months Ended June 30, 2024						
(Dollars in millions)	Credit Card		Consumer Banking		Commercial Banking	
	Domestic Card	International Card Businesses	Auto	Retail Banking	Commercial and Multifamily Real Estate	Commercial and Industrial
Weighted-average interest rate reduction	20.06%	26.62%	8.75%	3.48%	0.79%	1.50%
Payment delay duration (in months)	12	—	6	11	7	14
Principal balance reduction	—	—	—	—	—	\$15

  

Three Months Ended June 30, 2023						
(Dollars in millions)	Credit Card		Consumer Banking		Commercial Banking	
	Domestic Card	International Card Businesses	Auto	Retail Banking	Commercial and Multifamily Real Estate	Commercial and Industrial
Weighted-average interest rate reduction	19.06%	27.99%	8.82%	2.00%	—%	—%
Payment delay duration (in months)	—	—	6	20	16	4
Principal balance reduction	—	—	—	—	\$20	—

  

Six Months Ended June 30, 2023						
(Dollars in millions)	Credit Card		Consumer Banking		Commercial Banking	
	Domestic Card	International Card Businesses	Auto	Retail Banking	Commercial and Multifamily Real Estate	Commercial and Industrial
Weighted-average interest rate reduction	19.04%	26.90%	8.78%	2.00%	—%	—%
Payment delay duration (in months)	—	—	6	15	16	6
Principal balance reduction	—	—	—	—	\$23	—

#### Performance of Financial Difficulty Modifications to Borrowers

We monitor loan performance trends, including FDMs, to assess and manage our exposure to credit risk. See "Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K for additional information on how the allowance for modified loans is calculated for each portfolio segment. FDMs are accumulated and the performance of each loan that received an FDM is reported on a rolling twelve month basis.

For the interim reporting period ended June 30, 2024, the delinquency status as of this date is shown in the table below for FDMs entered into over the preceding twelve month period. For the interim reporting period ended June 30, 2023, the delinquency status as of this date is shown in the table below for FDMs entered into during the first six months of 2023.

**Table 4.8 Delinquency Status of Financial Difficulty Modifications to Borrowers<sup>(1)</sup>**

(Dollars in millions)	June 30, 2024					
	Delinquent Loans				Total Delinquent Loans	Total Loans
	Current	30-59 Days	60-89 Days	≥ 90 Days		
<b>Credit Card:</b>						
Domestic credit card	\$ 438	\$ 61	\$ 45	\$ 102	\$ 208	\$ 646
International card businesses	61	11	11	34	56	117
Total credit card	499	72	56	136	264	763
<b>Consumer Banking:</b>						
Auto	564	105	68	24	197	761
Retail banking	8	0	0	1	1	9
Total consumer banking	572	105	68	25	198	770
<b>Commercial Banking:</b>						
Commercial and multifamily real estate	622	19	0	0	19	641
Commercial and industrial	863	7	0	72	79	942
Total commercial banking	1,485	26	0	72	98	1,583
<b>Total</b>	<b>\$ 2,556</b>	<b>\$ 203</b>	<b>\$ 124</b>	<b>\$ 233</b>	<b>\$ 560</b>	<b>\$ 3,116</b>

June 30, 2023						
(Dollars in millions)	Delinquent Loans					
	Current	30-59 Days	60-89 Days	≥ 90 Days	Total Delinquent Loans	Total Loans
<b>Credit Card:</b>						
Domestic credit card	\$ 160	\$ 42	\$ 27	\$ 56	\$ 125	\$ 285
International card businesses	24	6	6	25	37	61
Total credit card	184	48	33	81	162	346
<b>Consumer Banking:</b>						
Auto	337	49	26	9	84	421
Retail banking	3	0	0	0	0	3
Total consumer banking	340	49	26	9	84	424
<b>Commercial Banking:</b>						
Commercial and multifamily real estate	339	0	0	25	25	364
Commercial and industrial	275	0	13	112	125	400
Total commercial banking	614	0	13	137	150	764
Total	\$ 1,138	\$ 97	\$ 72	\$ 227	\$ 396	\$ 1,534

<sup>(1)</sup> Commitments to lend additional funds on FDMs totaled \$193 million and \$48 million as of June 30, 2024 and 2023, respectively.

#### Subsequent Defaults of Financial Difficulty Modifications to Borrowers

FDMs may subsequently enter default. A default occurs if a FDM is either 90 days or more delinquent, has been charged off, or has been reclassified from accrual to nonaccrual status. Loans that entered a modification program while in default are not considered to have subsequently defaulted for purposes of this disclosure. The allowance for any FDMs that have subsequently defaulted is measured using the same methodology as the allowance for loans held for investment. See “Part II—Item 8.—Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies” in our 2023 Form 10-K for additional information.

The following table presents FDMs that entered subsequent default for the three and six months ended June 30, 2024 and 2023.

**Table 4.9 Subsequent Defaults of Financial Difficulty Modifications to Borrowers**

(Dollars in millions)	Three Months Ended June 30, 2024				
	Interest Rate Reduction	Term Extension	Interest Rate Reduction and Term Extension	Other Modifications	Total Loans
<b>Credit Card:</b>					
Domestic credit card	\$ 53	\$ 0	\$ 1	\$ 0	\$ 54
International card businesses	18	0	0	0	18
Total credit card	71	0	1	0	72
<b>Consumer Banking:</b>					
Auto	0	2	116	0	118
Retail banking	0	1	0	0	1
Total consumer banking	0	3	116	0	119
<b>Commercial Banking:</b>					
Commercial and multifamily real estate	0	0	0	0	0
Commercial and industrial	0	58	0	255	313
Total commercial banking	0	58	0	255	313
Total	\$ 71	\$ 61	\$ 117	\$ 255	\$ 504

  

(Dollars in millions)	Six Months Ended June 30, 2024				
	Interest Rate Reduction	Term Extension	Interest Rate Reduction and Term Extension	Other Modifications	Total Loans
<b>Credit Card:</b>					
Domestic credit card	\$ 127	\$ 0	\$ 2	\$ 0	\$ 129
International card businesses	35	0	0	0	35
Total credit card	162	0	2	0	164
<b>Consumer Banking:</b>					
Auto	0	5	219	0	224
Retail banking	0	1	0	0	1
Total consumer banking	0	6	219	0	225
<b>Commercial Banking:</b>					
Commercial and multifamily real estate	0	0	0	0	0
Commercial and industrial	0	125	0	255	380
Total commercial banking	0	125	0	255	380
Total	\$ 162	\$ 131	\$ 221	\$ 255	\$ 769

(Dollars in millions)	Three Months and Six Months Ended June 30, 2023			
	Interest Rate Reduction	Term Extension	Interest Rate Reduction and Term Extension	Total Loans
<b>Credit Card:</b>				
Domestic credit card	\$ 37	\$ 0	\$ 0	\$ 37
International card businesses	4	0	0	4
Total credit card	41	0	0	41
<b>Consumer Banking:</b>				
Auto	0	3	51	54
Total consumer banking	0	3	51	54
Total	\$ 41	\$ 3	\$ 51	\$ 95

#### Loans Pledged

We pledged loan collateral of \$7.3 billion and \$7.4 billion to secure a portion of our FHLB borrowing capacity of \$36.9 billion and \$32.1 billion as of June 30, 2024 and December 31, 2023, respectively. We also pledged loan collateral of \$ 83.3 billion and \$78.3 billion to secure our Federal Reserve Discount Window borrowing capacity of \$ 41.1 billion and \$41.4 billion as of June 30, 2024 and December 31, 2023, respectively. In addition to loans pledged, we have securitized a portion of our credit card and auto loan portfolios. See "Note 6—Variable Interest Entities and Securitizations" for additional information.

#### Revolving Loans Converted to Term Loans

For the three and six months ended June 30, 2024, we converted \$ 205 million and \$321 million of revolving loans to term loans, respectively, primarily in our domestic credit card and commercial banking loan portfolios. For the three and six months ended June 30, 2023, we converted \$159 million and \$342 million of revolving loans to term loans, respectively, primarily in our domestic credit card and commercial banking loan portfolios.

## NOTE 5—ALLOWANCE FOR CREDIT LOSSES AND RESERVE FOR UNFUNDED LENDING COMMITMENTS

Our allowance for credit losses represents management's current estimate of expected credit losses over the contractual terms of our loans held for investment as of each balance sheet date. Expected recoveries of amounts previously charged off or expected to be charged off are recognized within the allowance. Significant judgment is applied in our estimation of lifetime credit losses. When developing an estimate of expected credit losses, we use both quantitative and qualitative methods in considering all available information relevant to assessing collectability. This may include internal information, external information, or a combination of both relating to past events, current conditions and reasonable and supportable forecasts. Our estimate of expected credit losses includes a reasonable and supportable forecast period of one year and then reverts over a one-year period to historical losses at each relevant loss component of the estimate. Management will consider and may qualitatively adjust for conditions, changes and trends in loan portfolios that may not be captured in modeled results. These adjustments are referred to as qualitative factors and represent management's judgment of the imprecision and risks inherent in the processes and assumptions used in establishing the allowance for credit losses.

We have unfunded lending commitments in our Commercial Banking business that are not unconditionally cancellable by us and for which we estimate expected credit losses in establishing a reserve. This reserve is measured using the same measurement objectives as the allowance for loans held for investment. We build or release the reserve for unfunded lending commitments through the provision for credit losses in our consolidated statements of income, and the related reserve for unfunded lending commitments is included in other liabilities on our consolidated balance sheets.

See "Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K for further discussion of the methodology and policies for determining our allowance for credit losses for each of our loan portfolio segments, as well as information on our reserve for unfunded lending commitments.

### Allowance for Credit Losses and Reserve for Unfunded Lending Commitments Activity

The table below summarizes changes in the allowance for credit losses and reserve for unfunded lending commitments by portfolio segment for the three and six months ended June 30, 2024 and 2023. Our allowance for credit losses increased by \$1.4 billion to \$16.6 billion as of June 30, 2024 from December 31, 2023 .

**Table 5.1: Allowance for Credit Losses and Reserve for Unfunded Lending Commitments Activity**

	Three Months Ended June 30, 2024			
	Credit Card	Consumer Banking	Commercial Banking	Total
<i>(Dollars in millions)</i>				
<b>Allowance for credit losses:</b>				
Balance as of March 31, 2024	\$ 11,754	\$ 2,088	\$ 1,538	\$ 15,380
Charge-offs	(2,686)	(636)	(39)	(3,361)
Recoveries <sup>(1)</sup>	428	283	6	717
Net charge-offs	(2,258)	(353)	(33)	(2,644)
Provision for credit losses	3,545	330	39	3,914
Allowance build (release) for credit losses <sup>(2)</sup>	1,287	(23)	6	1,270
Other changes <sup>(3)</sup>	(1)	0	0	(1)
Balance as of June 30, 2024	13,040	2,065	1,544	16,649
<b>Reserve for unfunded lending commitments:</b>				
Balance as of March 31, 2024	0	0	134	134
Provision (benefit) for losses on unfunded lending commitments	0	0	(5)	(5)
Balance as of June 30, 2024	0	0	129	129
<b>Combined allowance and reserve as of June 30, 2024</b>	<b>\$ 13,040</b>	<b>\$ 2,065</b>	<b>\$ 1,673</b>	<b>\$ 16,778</b>

(Dollars in millions)	Six Months Ended June 30, 2024			
	Credit Card	Consumer Banking	Commercial Banking	Total
<b>Allowance for credit losses:</b>				
Balance as of December 31, 2023	\$ 11,709	\$ 2,042	\$ 1,545	\$ 15,296
Charge-offs	(5,260)	(1,296)	(78)	(6,634)
Recoveries <sup>(1)</sup>	795	563	16	1,374
Net charge-offs	(4,465)	(733)	(62)	(5,260)
Provision for credit losses	5,804	756	61	6,621
Allowance build (release) for credit losses <sup>(2)</sup>	1,339	23	(1)	1,361
Other changes <sup>(3)</sup>	(8)	0	0	(8)
Balance as of June 30, 2024	13,040	2,065	1,544	16,649
<b>Reserve for unfunded lending commitments:</b>				
Balance as of December 31, 2023	0	0	158	158
Provision (benefit) for losses on unfunded lending commitments	0	0	(29)	(29)
Balance as of June 30, 2024	0	0	129	129
<b>Combined allowance and reserve as of June 30, 2024</b>	<b>\$ 13,040</b>	<b>\$ 2,065</b>	<b>\$ 1,673</b>	<b>\$ 16,778</b>

(Dollars in millions)	Three Months Ended June 30, 2023			
	Credit Card	Consumer Banking	Commercial Banking	Total
<b>Allowance for credit losses:</b>				
Balance as of March 31, 2023	\$ 10,410	\$ 2,205	\$ 1,703	\$ 14,318
Charge-offs	(1,868)	(526)	(378)	(2,772)
Recoveries <sup>(1)</sup>	340	247	0	587
Net charge-offs	(1,528)	(279)	(378)	(2,185)
Provision for credit losses	2,084	259	160	2,503
Allowance build (release) for credit losses	556	(20)	(218)	318
Other changes <sup>(3)</sup>	10	0	0	10
Balance as of June 30, 2023	10,976	2,185	1,485	14,646
<b>Reserve for unfunded lending commitments:</b>				
Balance as of March 31, 2023	0	0	211	211
Provision (benefit) for losses on unfunded lending commitments	0	0	(14)	(14)
Balance as of June 30, 2023	0	0	197	197
<b>Combined allowance and reserve as of June 30, 2023</b>	<b>\$ 10,976</b>	<b>\$ 2,185</b>	<b>\$ 1,682</b>	<b>\$ 14,843</b>



(Dollars in millions)	Six Months Ended June 30, 2023			
	Credit Card	Consumer Banking	Commercial Banking	Total
<b>Allowance for credit losses:</b>				
Balance as of December 31, 2022	\$ 9,545	\$ 2,237	\$ 1,458	\$ 13,240
Cumulative effects of accounting standards adoption <sup>(4)</sup>	(63)	0	0	(63)
Balance as of January 1, 2023	9,482	2,237	1,458	13,177
Charge-offs	(3,556)	(1,057)	(402)	(5,015)
Recoveries <sup>(1)</sup>	659	471	3	1,133
Net charge-offs	(2,897)	(586)	(399)	(3,882)
Provision for credit losses	4,345	534	426	5,305
Allowance build (release) for credit losses	1,448	(52)	27	1,423
Other changes <sup>(3)</sup>	46	0	0	46
Balance as of June 30, 2023	10,976	2,185	1,485	14,646
<b>Reserve for unfunded lending commitments:</b>				
Balance as of December 31, 2022	0	0	218	218
Provision (benefit) for losses on unfunded lending commitments	0	0	(21)	(21)
Balance as of June 30, 2023	0	0	197	197
<b>Combined allowance and reserve as of June 30, 2023</b>	<b>\$ 10,976</b>	<b>\$ 2,185</b>	<b>\$ 1,682</b>	<b>\$ 14,843</b>

<sup>(1)</sup> The amount and timing of recoveries are impacted by our collection strategies, which are based on customer behavior and risk profile and include direct customer communications, repossession of collateral, the periodic sale of charged off loans as well as additional strategies, such as litigation.

<sup>(2)</sup> The Walmart Program Termination resulted in an allowance for credit losses build in Domestic Card of \$826 million in the second quarter of 2024.

<sup>(3)</sup> Primarily represents foreign currency translation adjustments in the three and six months ended June 30, 2024 and the three months ended June 30, 2023 and the initial allowance for purchased credit-deteriorated ("PCD") loans in the six months ended June 30, 2023. The initial allowance of PCD loans was \$0 million and \$32 million for the six months ended June 30, 2024 and 2023, respectively.

<sup>(4)</sup> Impact from the adoption of ASU No. 2022-02, Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings ("TDR") and Vintage Disclosures as of January 1, 2023.

We charge off loans when we determine that the loan is uncollectible. The amortized cost basis, excluding accrued interest, is charged off as a reduction to the allowance for credit losses in accordance with our accounting policies. For more information, see "Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2023 Form 10-K.

Expected recoveries of amounts previously charged off or expected to be charged off are recognized within the allowance, with a corresponding reduction to our provision for credit losses.

The table below presents gross charge-offs for loans held for investment by vintage year during the six months ended June 30, 2024.

Table 5.2: Gross Charge-Offs by Vintage Year

(Dollars in millions)	Six Months Ended June 30, 2024									
	Term Loans by Vintage Year							Revolving Loans	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	2020	Prior	Total Term Loans			
Credit Card										
Domestic credit card	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 4,951	\$ 57	\$ 5,008
International card business	N/A	N/A	N/A	N/A	N/A	N/A	N/A	245	7	252
Total credit card	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,196	64	5,260
Consumer Banking										
Auto	\$ 18	\$ 293	\$ 420	\$ 309	\$ 126	\$ 91	\$ 1,257	0	0	1,257
Retail banking	0	0	0	0	0	2	2	37	0	39
Total consumer banking	18	293	420	309	126	93	1,259	37	0	1,296
Commercial Banking										
Commercial and multifamily real estate	0	0	4	0	0	38	42	0	0	42
Commercial and industrial	0	0	19	5	8	4	36	0	0	36
Total commercial banking	0	0	23	5	8	42	78	0	0	78
Total	\$ 18	\$ 293	\$ 443	\$ 314	\$ 134	\$ 135	\$ 1,337	\$ 5,233	\$ 64	\$ 6,634

Credit Card Partnership Loss Sharing Arrangements

We have certain credit card partnership agreements that are presented within our consolidated financial statements on a net basis, in which our partner agrees to share a portion of the credit losses on the underlying loan portfolio. The expected reimbursements from these partners are netted against our allowance for credit losses. Our methodology for estimating reimbursements is consistent with the methodology we use to estimate the allowance for credit losses on our credit card loan receivables. These expected reimbursements result in reductions in net charge-offs and the provision for credit losses. See “Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies” in our 2023 Form 10-K for further discussion of our credit card partnership agreements.

The table below summarizes the changes in the estimated reimbursements from these partners for the three and six months ended June 30, 2024 and 2023.

Table 5.3: Summary of Credit Card Partnership Loss Sharing Arrangements Impacts

(Dollars in millions)	Three Months Ended June 30,	
	2024	2023
Estimated reimbursements from partners, beginning of period	\$ 2,075	\$ 1,841
Amounts due from partners for charged off loans	(253)	(231)
Change in estimated partner reimbursements that (increased) decreased provision for credit losses	(612)	298
Estimated reimbursements from partners, end of period	\$ 1,210	\$ 1,908

  

(Dollars in millions)	Six Months Ended June 30,	
	2024	2023
Estimated reimbursements from partners, beginning of period	\$ 2,014	\$ 1,558
Amounts due from partners for charged off loans	(577)	(432)
Change in estimated partner reimbursements that (increased) decreased provision for credit losses	(227)	782
Estimated reimbursements from partners, end of period	\$ 1,210	\$ 1,908

## NOTE 6—VARIABLE INTEREST ENTITIES AND SECURITIZATIONS

In the normal course of business, we enter into various types of transactions with entities that are considered to be variable interest entities ("VIEs"). Our primary involvement with VIEs is related to our securitization transactions in which we transfer assets to securitization trusts. We primarily securitize credit card and auto loans, which provide a source of funding for us and enable us to transfer a certain portion of the economic risk of the loans or related debt securities to third parties.

The entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and is required to consolidate the VIE. The majority of the VIEs in which we are involved have been consolidated in our financial statements.

### Summary of Consolidated and Unconsolidated VIEs

The assets of our consolidated VIEs primarily consist of cash, loan receivables and the related allowance for credit losses, which we report on our consolidated balance sheets under restricted cash for securitization investors, loans held in consolidated trusts and allowance for credit losses, respectively. The assets of a particular VIE are the primary source of funds to settle its obligations. Creditors of these VIEs typically do not have recourse to our general credit. Liabilities primarily consist of debt securities issued by the VIEs, which we report under securitized debt obligations on our consolidated balance sheets. For unconsolidated VIEs, we present the carrying amount of assets and liabilities reflected on our consolidated balance sheets and our maximum exposure to loss. Our maximum exposure to loss is estimated based on the unlikely event that all of the assets in the VIEs become worthless and we are required to meet the maximum amount of any remaining funding obligations.

The tables below present a summary of VIEs in which we had continuing involvement or held a significant variable interest, aggregated based on VIEs with similar characteristics as of June 30, 2024 and December 31, 2023. We separately present information for consolidated and unconsolidated VIEs.

**Table 6.1: Carrying Amount of Consolidated and Unconsolidated VIEs**

	June 30, 2024				
	Consolidated		Unconsolidated		
	Carrying Amount of Assets	Carrying Amount of Liabilities	Carrying Amount of Assets	Carrying Amount of Liabilities	Maximum Exposure to Loss
<i>(Dollars in millions)</i>					
<b>Securitization-Related VIEs:<sup>(1)</sup></b>					
Credit card loan securitizations <sup>(2)</sup>	\$ 26,334	\$ 14,696	\$ 0	\$ 0	\$ 0
Auto loan securitizations	3,966	3,210	0	0	0
Total securitization-related VIEs	30,300	17,906	0	0	0
<b>Other VIEs:<sup>(3)</sup></b>					
Affordable housing entities	356	75	5,603	1,995	5,603
Entities that provide capital to low-income and rural communities	2,745	10	0	0	0
Other <sup>(4)</sup>	0	0	400	8	400
Total other VIEs	3,101	85	6,003	2,003	6,003
Total VIEs	\$ 33,401	\$ 17,991	\$ 6,003	\$ 2,003	\$ 6,003

	December 31, 2023				
	Consolidated		Unconsolidated		
	Carrying Amount of Assets	Carrying Amount of Liabilities	Carrying Amount of Assets	Carrying Amount of Liabilities	Maximum Exposure to Loss
(Dollars in millions)					
<b>Securitization-Related VIEs:<sup>(1)</sup></b>					
Credit card loan securitizations <sup>(2)</sup>	\$ 25,474	\$ 14,692	\$ 0	\$ 0	\$ 0
Auto loan securitizations	5,019	4,021	0	0	0
Total securitization-related VIEs	30,493	18,713	0	0	0
<b>Other VIEs:<sup>(3)</sup></b>					
Affordable housing entities	297	23	5,726	2,085	5,726
Entities that provide capital to low-income and rural communities	2,498	10	0	0	0
Other <sup>(4)</sup>	0	0	449	0	449
Total other VIEs	2,795	33	6,175	2,085	6,175
Total VIEs	\$ 33,288	\$ 18,746	\$ 6,175	\$ 2,085	\$ 6,175

<sup>(1)</sup> Excludes insignificant VIEs from previously exited businesses.

<sup>(2)</sup> Represents the carrying amount of assets and liabilities of the VIE, which includes the seller's interest and repurchased notes held by other related parties.

<sup>(3)</sup> In certain investment structures, we consolidate a VIE which in turn holds as its primary asset an investment in an unconsolidated VIE. In these instances, we disclose the carrying amount of assets and liabilities on our consolidated balance sheets as unconsolidated VIEs to avoid duplicating our exposure, as the unconsolidated VIEs are generally the operating entities generating the exposure. The carrying amount of assets and liabilities included in the unconsolidated VIE columns above related to these investment structures were \$2.7 billion of assets and \$1.0 billion of liabilities as of June 30, 2024, and \$2.6 billion of assets and \$989 million of liabilities as of December 31, 2023.

<sup>(4)</sup> Primarily consists of variable interests in companies that promote renewable energy sources and other equity method investments.

#### Securitization-Related VIEs

In a securitization transaction, assets are transferred to a trust, which generally meets the definition of a VIE. We engage in securitization activities as an issuer and an investor. Our primary securitization issuance activity includes credit card and auto securitizations, conducted through securitization trusts which we consolidate. Our continuing involvement in these securitization transactions mainly consists of acting as the primary servicer and holding certain retained interests.

In our multifamily agency business, we originate multifamily commercial real estate loans and transfer them to government-sponsored enterprises ("GSEs") who may, in turn, securitize them. We retain the related mortgage servicing rights ("MSRs") and service the transferred loans pursuant to the guidelines set forth by the GSEs. As an investor, we hold primarily RMBS, CMBS, and ABS in our investment securities portfolio, which represent variable interests in the respective securitization trusts from which those securities were issued. We do not consolidate the securitization trusts employed in these transactions as we do not have the power to direct the activities that most significantly impact the economic performance of these securitization trusts. We exclude these VIEs from the tables within this note because we do not consider our continuing involvement with these VIEs to be significant as we either solely invest in securities issued by the VIE and were not involved in the design of the VIE or no transfers have occurred between the VIE and ourselves. Our maximum exposure to loss as a result of our involvement with these VIEs is the carrying value of the MSRs and investment securities on our consolidated balance sheets as well as our contractual obligations under loss sharing arrangements. See "Note 14—Commitments, Contingencies, Guarantees and Others" for information about the loss sharing agreements, "Note 7—Goodwill and Other Intangible Assets" for information related to our MSRs associated with these securitizations and "Note 3—Investment Securities" for more information on the securities held in our investment securities portfolio. In addition, where we have certain lending arrangements in the normal course of business with entities that could be VIEs, we have also excluded these VIEs from the tables presented in this note. See "Note 4—Loans" for additional information regarding our lending arrangements in the normal course of business.

The table below presents our continuing involvement in certain securitization-related VIEs as of June 30, 2024 and December 31, 2023.

**Table 6.2: Continuing Involvement in Securitization-Related VIEs**

(Dollars in millions)

(Dollars in millions)	Credit Card		Auto	
June 30, 2024:				
Securities held by third-party investors	\$	14,087	\$	3,204
Receivables in the trusts		25,265		3,797
Cash balance of spread or reserve accounts		0		19
Retained interests		Yes		Yes
Servicing retained		Yes		Yes
December 31, 2023:				
Securities held by third-party investors	\$	14,029	\$	4,014
Receivables in the trusts		26,404		4,839
Cash balance of spread or reserve accounts		0		19
Retained interests		Yes		Yes
Servicing retained		Yes		Yes

#### **Credit Card Securitizations**

We securitize a portion of our credit card loans which provides a source of funding for us. Credit card securitizations involve the transfer of credit card receivables to securitization trusts. These trusts then issue debt securities collateralized by the transferred receivables to third-party investors. We hold certain retained interests in our credit card securitizations and continue to service the receivables in these trusts. We consolidate these trusts because we are deemed to be the primary beneficiary as we have the power to direct the activities that most significantly impact the economic performance of the trusts, and the right to receive benefits or the obligation to absorb losses that could potentially be significant to the trusts.

#### **Auto Securitizations**

Similar to our credit card securitizations, we securitize a portion of our auto loans which provides a source of funding for us. Auto securitizations involve the transfer of auto loans to securitization trusts. These trusts then issue debt securities collateralized by the transferred loans to third-party investors. We hold certain retained interests and continue to service the loans in these trusts. We consolidate these trusts because we are deemed to be the primary beneficiary as we have the power to direct the activities that most significantly impact the economic performance of the trusts, and the right to receive benefits or the obligation to absorb losses that could potentially be significant to the trusts.

#### **Other VIEs**

##### **Affordable Housing Entities**

As part of our community reinvestment initiatives, we invest in private investment funds that make equity investments in multifamily affordable housing properties, a majority of which are VIEs. We receive affordable housing tax credits for these investments. The activities of these entities are financed with a combination of invested equity capital and debt. We account for our investments in qualified affordable housing projects using the proportional amortization method, where costs of the investment are amortized over the period in which the investor expects to receive tax credits and other tax benefits, and the resulting amortization is recognized as a component of income tax expense attributable to continuing operations. For the six months ended June 30, 2024 and 2023, we recognized amortization of \$356 million and \$345 million, respectively, and tax credits of \$414 million and \$434 million, respectively, associated with these investments within income tax provision. The carrying value of our equity investments in these qualified affordable housing projects was \$5.4 billion and \$5.5 billion as of June 30, 2024 and December 31, 2023, respectively. We are periodically required to provide additional financial or other support during the period of the investments. Our liability for these unfunded commitments was \$2.2 billion and \$2.3 billion as of June 30, 2024 and December 31, 2023, respectively, and is largely expected to be paid from 2024 to 2027.

For those investment funds considered to be VIEs, we are not required to consolidate them if we do not have the power to direct the activities that most significantly impact the economic performance of those entities. We record our interests in these unconsolidated VIEs in loans held for investment, other assets and other liabilities on our consolidated balance sheets. Our maximum exposure to these entities is limited to our variable interests in the entities which consisted of assets of approximately \$5.6 billion and \$5.7 billion as of June 30, 2024 and December 31, 2023, respectively. The creditors of the VIEs have no recourse to our general credit and we do not provide additional financial or other support other than during the period that we are contractually required to provide it. The total assets of the unconsolidated VIE investment funds were approximately \$18.7 billion as of both June 30, 2024 and December 31, 2023.

***Entities that Provide Capital to Low-Income and Rural Communities***

We hold variable interests in entities ("Investor Entities") that invest in community development entities ("CDEs") that provide debt financing to businesses and non-profit entities in low-income and rural communities. Variable interests in the CDEs held by the consolidated Investor Entities are also our variable interests. The activities of the Investor Entities are financed with a combination of invested equity capital and debt. The activities of the CDEs are financed solely with invested equity capital. We receive federal and state tax credits for these investments. We consolidate the VIEs in which we have the power to direct the activities that most significantly impact the VIE's economic performance and where we have the obligation to absorb losses or right to receive benefits that could be potentially significant to the VIE. We consolidate other investments and CDEs that are not considered to be VIEs, but where we hold a controlling financial interest. The assets of the VIEs that we consolidated, which totaled approximately \$2.7 billion and \$2.5 billion as of June 30, 2024 and December 31, 2023, respectively, are reflected on our consolidated balance sheets in cash, loans held for investment, and other assets. The liabilities are reflected in other liabilities. The creditors of the VIEs have no recourse to our general credit. We have not provided additional financial or other support other than during the period that we are contractually required to provide it.

***Other***

We hold variable interests in other VIEs, including companies that promote renewable energy sources and other equity method investments. We are not required to consolidate these VIEs because we do not have the power to direct the activities that most significantly impact their economic performance. Our maximum exposure to these VIEs is limited to the investments on our consolidated balance sheets of \$400 million and \$449 million as of June 30, 2024 and December 31, 2023, respectively. The creditors of the other VIEs have no recourse to our general credit. We have not provided additional financial or other support other than during the period that we are contractually required to provide it.

## NOTE 7—GOODWILL AND OTHER INTANGIBLE ASSETS

The table below presents our goodwill, other intangible assets and MSRs as of June 30, 2024 and December 31, 2023. Goodwill is presented separately, while other intangible assets and MSRs are included in other assets on our consolidated balance sheets.

**Table 7.1: Components of Goodwill, Other Intangible Assets and MSRs**

	June 30, 2024		
	Carrying Amount of Assets	Accumulated Amortization	Net Carrying Amount
(Dollars in millions)			
Goodwill	\$ 15,062	N/A	\$ 15,062
Other intangible assets:			
Purchased credit card relationship ("PCCR") intangibles	369	\$ (130)	239
Other <sup>(1)</sup>	134	(102)	32
Total other intangible assets	503	(232)	271
Total goodwill and other intangible assets	\$ 15,565	\$ (232)	\$ 15,333
Commercial MSRs <sup>(2)</sup>	\$ 657	\$ (290)	\$ 367
December 31, 2023			
	Carrying Amount of Assets	Accumulated Amortization	Net Carrying Amount
(Dollars in millions)			
Goodwill	\$ 15,065	N/A	\$ 15,065
Other intangible assets:			
Purchased credit card relationship ("PCCR") intangibles	369	\$ (96)	273
Other <sup>(1)</sup>	171	(134)	37
Total other intangible assets	540	(230)	310
Total goodwill and other intangible assets	\$ 15,605	\$ (230)	\$ 15,375
Commercial MSRs <sup>(2)</sup>	\$ 653	\$ (263)	\$ 390

<sup>(1)</sup> Primarily consists of intangibles for sponsorship, customer and merchant relationships, domain names and licenses.

<sup>(2)</sup> Commercial MSRs are accounted for under the amortization method on our consolidated balance sheets.

Amortization expense for amortizable intangible assets, which is presented separately in our consolidated statements of income, totaled \$ 19 million and \$38 million for the three and six months ended June 30, 2024, respectively, and \$ 22 million and \$36 million for the three and six months ended June 30, 2023, respectively.

### Goodwill

The following table presents changes in the carrying amount of goodwill by each of our business segments as of June 30, 2024 and December 31, 2023.

**Table 7.2: Goodwill by Business Segments**

(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking	Total
Balance as of December 31, 2023	\$ 5,366	\$ 4,645	\$ 5,054	\$ 15,065
Other adjustments <sup>(1)</sup>	(3)	0	0	(3)
Balance as of June 30, 2024	\$ 5,363	\$ 4,645	\$ 5,054	\$ 15,062

<sup>(1)</sup> Primarily represents foreign currency translation adjustments.



## NOTE 8—DEPOSITS AND BORROWINGS

Our deposits, which include checking accounts, money market deposits, negotiable order of withdrawals, savings deposits and time deposits, represent our largest source of funding for our assets and operations. We also use a variety of other funding sources including short-term borrowings, senior and subordinated notes, securitized debt obligations and other borrowings. Securitized debt obligations are presented separately on our consolidated balance sheets, as they represent obligations of consolidated securitization trusts, while federal funds purchased and securities loaned or sold under agreements to repurchase, senior and subordinated notes and other borrowings, including FHLB advances, are included in other debt on our consolidated balance sheets.

Our total short-term borrowings generally consist of federal funds purchased, securities loaned or sold under agreements to repurchase and FHLB advances. Our long-term debt consists of borrowings with an original contractual maturity of greater than one year. The following tables summarize the components of our deposits, short-term borrowings and long-term debt as of June 30, 2024 and December 31, 2023. The carrying value presented below for these borrowings includes any unamortized debt premiums and discounts, net of debt issuance costs and fair value hedge accounting adjustments.

**Table 8.1: Components of Deposits, Short-Term Borrowings and Long-Term Debt**

(Dollars in millions)

	June 30, 2024	December 31, 2023
<b>Deposits:</b>		
Non-interest-bearing deposits	\$ 27,005	\$ 28,024
Interest-bearing deposits <sup>(1)</sup>	324,437	320,389
Total deposits	<u>\$ 351,442</u>	<u>\$ 348,413</u>
<b>Short-term borrowings:</b>		
Federal funds purchased and securities loaned or sold under agreements to repurchase	\$ 715	\$ 538
Total short-term borrowings	<u>\$ 715</u>	<u>\$ 538</u>

	June 30, 2024			December 31, 2023	
	Maturity Dates	Stated Interest Rates	Weighted-Average Interest Rate	Carrying Value	Carrying Value
<b>Long-term debt:</b>					
Securitized debt obligations	2024-2028	0.55% - 6.14%	2.97%	\$ 17,291	\$ 18,043
Senior and subordinated notes:					
Fixed unsecured senior debt <sup>(2)</sup>	2024-2035	1.65 - 7.62	4.70	26,221	27,168
Floating unsecured senior debt	—	—	—	0	349
Total unsecured senior debt			4.70	26,221	27,517
Fixed unsecured subordinated debt	2025-2032	2.36 - 4.20	3.57	3,704	3,731
Total senior and subordinated notes				29,925	31,248
Other long-term borrowings	2024-2031	1.20 - 9.91	6.53	25	27
Total long-term debt				<u>\$ 47,241</u>	<u>\$ 49,318</u>
Total short-term borrowings and long-term debt				<u>\$ 47,956</u>	<u>\$ 49,856</u>

<sup>(1)</sup> Some customers have time deposits in excess of the federal deposit insurance limit, making a portion of the deposit uninsured. As of June 30, 2024, the total time deposit amount with some portion in excess of the insured amount was \$14.5 billion and the portion of total time deposits estimated to be uninsured was \$9.3 billion. As of December 31, 2023, the total time deposit amount with some portion in excess of the insured amount was \$15.8 billion and the portion of total time deposits estimated to be uninsured was \$9.0 billion.

<sup>(2)</sup> Includes \$469 million and \$1.3 billion of Euro ("EUR") denominated unsecured notes as of June 30, 2024 and December 31, 2023, respectively.

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**NOTE 9—DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES**

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**Use of Derivatives and Accounting for Derivatives**

We regularly enter into derivative transactions to support our overall risk management activities. Our primary market risks stem from the impact on our earnings and economic value of equity due to changes in interest rates and, to a lesser extent, changes in foreign exchange rates. We manage our interest rate sensitivity by employing several techniques, which include changing the duration and re-pricing characteristics of various assets and liabilities by using interest rate derivatives. We also use foreign currency derivatives to limit our earnings and capital exposures to foreign exchange risk by hedging certain exposures denominated in foreign currencies. We primarily use interest rate and foreign currency swaps to perform these hedging activities, but we may also use a variety of other derivative instruments, including caps, floors, options, futures and forward contracts, to manage our interest rate and foreign exchange risks. We designate these risk management derivatives as either qualifying accounting hedges or free-standing derivatives. Qualifying accounting hedges are further designated as fair value hedges, cash flow hedges or net investment hedges. Free-standing derivatives are economic hedges that do not qualify for hedge accounting.

We also offer interest rate, commodity, foreign currency derivatives and other contracts as an accommodation to our customers within our Commercial Banking business. We enter into these derivatives with our customers primarily to help them manage their interest rate risks, hedge their energy and other commodities exposures, and manage foreign currency fluctuations. We offset the substantial majority of the market risk exposure of our customer accommodation derivatives through derivative transactions with other counterparties.

See below for additional information on our use of derivatives and how we account for them:

- *Fair Value Hedges:* We designate derivatives as fair value hedges when they are used to manage our exposure to changes in the fair value of certain financial assets and liabilities, which fluctuate in value as a result of movements in interest rates. Changes in the fair value of derivatives designated as fair value hedges are presented in the same line item in our consolidated statements of income as the earnings effect of the hedged items. We enter into receive-fixed, pay-float interest rate swaps to hedge changes in the fair value of outstanding fixed rate debt and deposits due to fluctuations in market interest rates. We also enter into pay-fixed, receive-float interest rate swaps to hedge changes in the fair value of fixed rate investment securities.
- *Cash Flow Hedges:* We designate derivatives as cash flow hedges when they are used to manage our exposure to variability in cash flows related to forecasted transactions. Changes in the fair value of derivatives designated as cash flow hedges are recorded as a component of accumulated other comprehensive income ("AOCI"). Those amounts are reclassified into earnings in the same period during which the hedged forecasted transactions impact earnings and presented in the same line item in our consolidated statements of income as the earnings effect of the hedged items. We enter into receive-fixed, pay-float interest rate swaps and interest rate floors to modify the interest rate characteristics of designated credit card and commercial loans from floating to fixed in order to reduce the impact of changes in forecasted future cash flows due to fluctuations in market interest rates. We also enter into foreign currency forward contracts to hedge our exposure to variability in cash flows related to intercompany borrowings denominated in foreign currencies.
- *Net Investment Hedges:* We use net investment hedges to manage the foreign currency exposure related to our net investments in foreign operations that have functional currencies other than the U.S. dollar. Changes in the fair value of net investment hedges are recorded in the translation adjustment component of AOCI, offsetting the translation gain or loss from those foreign operations. We execute net investment hedges using foreign currency forward contracts to hedge the translation exposure of the net investment in our foreign operations under the forward method.
- *Free-Standing Derivatives:* Our free-standing derivatives primarily consist of our customer accommodation derivatives and other economic hedges. The customer accommodation derivatives and the related offsetting contracts are mainly interest rate, commodity and foreign currency contracts. The other free-standing derivatives are primarily used to economically hedge the risk of changes in the fair value of our commercial mortgage loan origination and purchase commitments as well as other interests held. Changes in the fair value of free-standing derivatives are recorded in earnings as a component of other non-interest income.

## Derivatives Counterparty Credit Risk

### Counterparty Types

Derivative instruments contain an element of credit risk that stems from the potential failure of a counterparty to perform according to the terms of the contract, including making payments due upon maturity of certain derivative instruments. We execute our derivative contracts primarily in "over-the-counter" ("OTC") markets. We also execute interest rate and commodity futures in the exchange-traded derivative markets. Our OTC derivatives consist of both trades cleared through central counterparty clearinghouses ("CCPs") and uncleared bilateral contracts. The Chicago Mercantile Exchange ("CME"), the Intercontinental Exchange ("ICE") and the LCH Group ("LCH") are our CCPs for our centrally cleared contracts. In our uncleared bilateral contracts, we enter into agreements directly with our derivative counterparties.

### Counterparty Credit Risk Management

We manage the counterparty credit risk associated with derivative instruments by entering into legally enforceable master netting agreements, where applicable, and exchanging collateral with our counterparties, typically in the form of cash or high-quality liquid securities. We exchange collateral in two primary forms: variation margin, which accounts for changes in market value due to daily market movements, and initial margin, which offsets the potential future exposure of a derivative. We exchange variation margin and initial margin on our cleared derivatives. For uncleared bilateral derivatives executed after September 1, 2021 and in scope for initial margin, we exchange variation margin and initial margin.

The amount of collateral exchanged for variation margin is dependent upon the fair value of the derivative instruments as well as the fair value of the pledged collateral and will vary over time as market variables change. The amount of the initial margin exchanged is dependent upon 1) the calculation of initial margin exposure, as prescribed by 1(a) the U.S. prudential regulators' margin rules for uncleared derivatives ("PR Rules") or 1(b) the CCPs for cleared derivatives and 2) the fair value of the pledged collateral; it will vary over time as market variables change. When valuing collateral, an estimate of the variation in price and liquidity over time is subtracted in the form of a "haircut" to discount the value of the collateral pledged. Our exposure to derivative counterparty credit risk, at any point in time, is equal to the amount reported as a derivative asset on our balance sheet. The fair value of our derivatives is adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements and any associated collateral received or pledged. See Table 9.3 for our net exposure associated with derivatives.

The terms under which we collateralize our exposures differ between cleared exposures and uncleared bilateral exposures.

- **CCPs:** We clear eligible OTC derivatives with CCPs as part of our regulatory requirements. We also clear exchange-traded instruments, like futures, with CCPs. Futures commission merchants ("FCMs") serve as the intermediary between CCPs and us. CCPs require that we post initial and variation margin through our FCMs to mitigate the risk of non-payment or default. Initial margin is required by CCPs as collateral against potential losses on our exchange-traded and cleared derivative contracts and variation margin is exchanged on a daily basis to account for mark-to-market changes in those derivative contracts. For CME, ICE and LCH-cleared OTC derivatives, variation margin cash payments are required to be characterized as settlements. Our FCM agreements governing these derivative transactions include provisions that may require us to post additional collateral under certain circumstances.
- **Bilateral Counterparties:** We enter into master netting agreements and collateral agreements with bilateral derivative counterparties, where applicable, to mitigate the risk of default. These bilateral agreements typically provide the right to offset exposure with the same counterparty and require the party in a net liability position to post collateral. Agreements with certain bilateral counterparties require both parties to maintain collateral in the event the fair values of uncleared derivatives exceed established exposure thresholds. Certain of these bilateral agreements include provisions requiring that our debt maintain a credit rating of investment grade or above by each of the major credit rating agencies. In the event of a downgrade of our debt credit rating below investment grade, some of our counterparties would have the right to terminate their derivative contract and close out existing positions.

## Credit Risk Valuation Adjustments

We record counterparty credit valuation adjustments ("CVAs") on our derivative assets to reflect the credit quality of our counterparties. We consider collateral and legally enforceable master netting agreements that mitigate our credit exposure to each counterparty in determining CVAs, which may be adjusted due to changes in the fair values of the derivative contracts, collateral, and creditworthiness of the counterparty. We also record debit valuation adjustments ("DVAs") to adjust the fair values of our derivative liabilities to reflect the impact of our own credit quality.

## Balance Sheet Presentation

The following table summarizes the notional amounts and fair values of our derivative instruments as of June 30, 2024 and December 31, 2023, which are segregated by derivatives that are designated as accounting hedges and those that are not, and are further segregated by type of contract within those two categories. The total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements and any associated cash collateral received or pledged. Derivative assets and liabilities are included in other assets and other liabilities, respectively, on our consolidated balance sheets, and their related gains or losses are included in operating activities as changes in other assets and other liabilities in the consolidated statements of cash flows.

**Table 9.1: Derivative Assets and Liabilities at Fair Value**

	June 30, 2024			December 31, 2023		
(Dollars in millions)	Notional or Contractual Amount	Derivative <sup>(1)</sup>		Notional or Contractual Amount	Derivative <sup>(1)</sup>	
		Assets	Liabilities		Assets	Liabilities
Derivatives designated as accounting hedges:						
Interest rate contracts:						
Fair value hedges	\$ 65,916	\$ 11	\$ 101	\$ 68,987	\$ 18	\$ 26
Cash flow hedges	86,050	141	100	70,350	216	23
Total interest rate contracts	151,966	152	201	139,337	234	49
Foreign exchange contracts:						
Fair value hedges	536	0	106	1,380	0	113
Cash flow hedges	2,519	5	12	2,488	0	66
Net investment hedges	4,875	35	25	4,870	1	89
Total foreign exchange contracts	7,930	40	143	8,738	1	268
Total derivatives designated as accounting hedges	159,896	192	344	148,075	235	317
Derivatives not designated as accounting hedges:						
Customer accommodation:						
Interest rate contracts	101,533	1,154	1,382	103,489	1,188	1,382
Commodity contracts	35,200	1,022	993	33,495	1,161	1,147
Foreign exchange and other contracts	5,769	46	34	5,153	50	47
Total customer accommodation	142,502	2,222	2,409	142,137	2,399	2,576
Other interest rate exposures <sup>(2)</sup>	1,143	20	12	872	21	31
Other contracts	2,963	22	8	2,955	20	8
Total derivatives not designated as accounting hedges	146,608	2,264	2,429	145,964	2,440	2,615
Total derivatives	\$ 306,504	\$ 2,456	\$ 2,773	\$ 294,039	\$ 2,675	\$ 2,932
Less: netting adjustment <sup>(3)</sup>		(1,034)	(371)		(1,005)	(597)
Total derivative assets/liabilities		\$ 1,422	\$ 2,402		\$ 1,670	\$ 2,335

<sup>(1)</sup> Does not reflect \$3 million and \$2 million recognized as a net valuation allowance on derivative assets and liabilities for non-performance risk as of June 30, 2024 and December 31, 2023, respectively. This net valuation allowance is included as part of other assets and other liabilities on the consolidated balance sheets, and is offset through non-interest income in the consolidated statements of income.

<sup>(2)</sup> Other interest rate exposures include commercial mortgage-related derivatives and interest rate swaps.

<sup>(2)</sup> Represents balance sheet netting of derivative assets and liabilities, and related payables and receivables for cash collateral held or placed with the same counterparty.

The following table summarizes the carrying value of our hedged assets and liabilities in fair value hedges and the associated cumulative basis adjustments included in those carrying values, excluding basis adjustments related to foreign currency risk, as of June 30, 2024 and December 31, 2023.

**Table 9.2: Hedged Items in Fair Value Hedging Relationships**

	June 30, 2024			December 31, 2023		
	Cumulative Amount of Basis Adjustments Included in the			Cumulative Amount of Basis Adjustments Included in the		
	Carrying Amount			Carrying Amount		
	Carrying Amount Assets/(Liabilities)	Total Assets/(Liabilities)	Discontinued-Hedging Relationships	Carrying Amount Assets/(Liabilities)	Total Assets/(Liabilities)	Discontinued-Hedging Relationships
<i>(Dollars in millions)</i>						
<b>Line item on our consolidated balance sheets in which the hedged item is included:</b>						
Investment securities available for sale <sup>(1)(2)</sup>	\$ 6,058	\$ (51)	\$ 91	\$ 6,108	\$ (8)	\$ 126
Interest-bearing deposits	(14,291)	310	0	(17,374)	277	0
Securitized debt obligations	(13,432)	453	0	(13,375)	503	0
Senior and subordinated notes	(29,925)	1,355	(294)	(30,899)	971	(372)

<sup>(1)</sup> These amounts include the amortized cost basis of our investment securities designated in hedging relationships for which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. The amortized cost basis of this portfolio was \$1.8 billion and \$2.2 billion as of June 30, 2024 and December 31, 2023, respectively. The amount of the designated hedged items was \$1.3 billion and \$1.5 billion as of June 30, 2024 and December 31, 2023, respectively. The cumulative basis adjustments associated with these hedges was \$3 million and \$33 million as of June 30, 2024 and December 31, 2023, respectively.

<sup>(2)</sup> Carrying value represents amortized cost.

**Balance Sheet Offsetting of Financial Assets and Liabilities**

Derivative contracts and repurchase agreements that we execute bilaterally in the OTC market are generally governed by enforceable master netting agreements where we generally have the right to offset exposure with the same counterparty. Either counterparty can generally request to net settle all contracts through a single payment upon default on, or termination of, any one contract. We elect to offset the derivative assets and liabilities under master netting agreements for balance sheet presentation where a right of setoff exists. For derivative contracts entered into under master netting agreements for which we have not been able to confirm the enforceability of the setoff rights, or those not subject to master netting agreements, we do not offset our derivative positions for balance sheet presentation.

The following table presents the gross and net fair values of our derivative assets, derivative liabilities, resale and repurchase agreements and the related offsetting amounts permitted under U.S. GAAP as of June 30, 2024 and December 31, 2023. The table also includes cash and non-cash collateral received or pledged in accordance with such arrangements. The amount of collateral presented, however, is limited to the amount of the related net derivative fair values or outstanding balances; therefore, instances of over-collateralization are excluded.

**Table 9.3: Offsetting of Financial Assets and Financial Liabilities**

(Dollars in millions)	Gross Amounts	Gross Amounts Offset in the Balance Sheet		Net Amounts as Recognized	Securities Collateral Held Under Master Netting Agreements	Net Exposure
		Financial Instruments	Cash Collateral Received			
As of June 30, 2024						
Derivative assets <sup>(1)</sup>	\$ 2,456	\$ (236)	\$ (798)	\$ 1,422	\$ (9)	\$ 1,413
As of December 31, 2023						
Derivative assets <sup>(1)</sup>	2,675	(433)	(572)	1,670	(22)	1,648

(Dollars in millions)	Gross Amounts	Gross Amounts Offset in the Balance Sheet		Net Amounts as Recognized	Securities Collateral Pledged Under Master Netting Agreements	Net Exposure
		Financial Instruments	Cash Collateral Pledged			
As of June 30, 2024						
Derivative liabilities <sup>(1)</sup>	\$ 2,773	\$ (236)	\$ (135)	\$ 2,402	\$ (24)	\$ 2,378
Repurchase agreements <sup>(2)</sup>	715	0	0	715	(715)	0
As of December 31, 2023						
Derivative liabilities <sup>(1)</sup>	2,932	(433)	(164)	2,335	(13)	2,322
Repurchase agreements <sup>(2)</sup>	538	0	0	538	(538)	0

<sup>(1)</sup> We received cash collateral from derivative counterparties totaling \$1.1 billion and \$858 million as of June 30, 2024 and December 31, 2023, respectively. We also received securities from derivative counterparties with a fair value of approximately \$5 million and \$16 million as of June 30, 2024 and December 31, 2023, respectively, which we have the ability to re-pledge. We posted \$1.6 billion and \$1.7 billion of cash collateral as of June 30, 2024 and December 31, 2023, respectively.

<sup>(2)</sup> Under our customer repurchase agreements, which mature the next business day, we pledged collateral with a fair value of \$729 million and \$549 million as of June 30, 2024 and December 31, 2023, respectively, primarily consisting of agency RMBS securities.

## Income Statement and AOCI Presentation

### Fair Value and Cash Flow Hedges

The net gains (losses) recognized in our consolidated statements of income related to derivatives in fair value and cash flow hedging relationships are presented below for the three and six months ended June 30, 2024 and 2023.

**Table 9.4: Effects of Fair Value and Cash Flow Hedge Accounting**

	Three Months Ended June 30, 2024						
	Net Interest Income						Non-Interest Income
	Investment Securities	Loans, Including Loans Held for Sale	Other	Interest-bearing Deposits	Securitized Debt Obligations	Senior and Subordinated Notes	Other
(Dollars in millions)							
<b>Total amounts presented in our consolidated statements of income</b>	<b>\$ 700</b>	<b>\$ 9,993</b>	<b>\$ 587</b>	<b>\$ (2,874)</b>	<b>\$ (258)</b>	<b>\$ (591)</b>	<b>\$ 252</b>
<b>Fair value hedging relationships:</b>							
Interest rate and foreign exchange contracts:							
Interest recognized on derivatives	\$ 41	\$ 0	\$ 0	\$ (97)	\$ (119)	\$ (256)	\$ 0
Gains (losses) recognized on derivatives	(14)	0	0	37	70	48	(8)
Gains (losses) recognized on hedged items <sup>(1)</sup>	(3)	0	0	(38)	(70)	(10)	8
Excluded component of fair value hedges <sup>(2)</sup>	0	0	0	0	0	8	0
Net income (expense) recognized on fair value hedges	\$ 24	\$ 0	\$ 0	\$ (98)	\$ (119)	\$ (210)	\$ 0
<b>Cash flow hedging relationships:<sup>(3)</sup></b>							
Interest rate contracts:							
Realized gains (losses) reclassified from AOCI into net income	\$ 0	\$ (313)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Foreign exchange contracts:							
Realized gains (losses) reclassified from AOCI into net income <sup>(4)</sup>	0	0	3	0	0	0	0
Net income (expense) recognized on cash flow hedges	\$ 0	\$ (313)	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0

Six Months Ended June 30, 2024								
(Dollars in millions)	Net Interest Income						Non-Interest Income	
	Investment Securities	Loans, Including Loans Held for Sale	Other	Interest-bearing Deposits	Securitized Debt Obligations	Senior and Subordinated Notes	Other	
<b>Total amounts presented in our consolidated statements of income</b>	<b>\$ 1,387</b>	<b>\$ 19,913</b>	<b>\$ 1,157</b>	<b>\$ (5,686)</b>	<b>\$ (519)</b>	<b>\$ (1,197)</b>	<b>\$</b>	<b>559</b>
<b>Fair value hedging relationships:</b>								
Interest rate and foreign exchange contracts:								
Interest recognized on derivatives	\$ 86	\$ 0	\$ 0	\$ (204)	\$ (237)	\$ (523)	\$	0
Gains (losses) recognized on derivatives	7	0	0	(34)	51	(268)		(39)
Gains (losses) recognized on hedged items <sup>(1)</sup>	(42)	0	0	33	(51)	346		39
Excluded component of fair value hedges <sup>(2)</sup>	0	0	0	0	0	7		0
Net income (expense) recognized on fair value hedges	\$ 51	\$ 0	\$ 0	\$ (205)	\$ (237)	\$ (438)	\$	0
<b>Cash flow hedging relationships:<sup>(3)</sup></b>								
Interest rate contracts:								
Realized gains (losses) reclassified from AOCI into net income	\$ 0	\$ (622)	\$ 0	\$ 0	\$ 0	\$ 0	\$	0
Foreign exchange contracts:								
Realized gains (losses) reclassified from AOCI into net income <sup>(4)</sup>	0	0	5	0	0	0		0
Net income (expense) recognized on cash flow hedges	\$ 0	\$ (622)	\$ 5	\$ 0	\$ 0	\$ 0	\$	0



Three Months Ended June 30, 2023							
(Dollars in millions)	Net Interest Income						Non-Interest Income
	Investment Securities	Loans, Including Loans Held for Sale	Other	Interest-bearing Deposits	Securitized Debt Obligations	Senior and Subordinated Notes	Other
<b>Total amounts presented in our consolidated statements of income</b>	<b>\$ 639</b>	<b>\$ 9,057</b>	<b>\$ 470</b>	<b>\$ (2,277)</b>	<b>\$ (236)</b>	<b>\$ (528)</b>	<b>\$ 275</b>
<b>Fair value hedging relationships:</b>							
Interest rate and foreign exchange contracts:							
Interest recognized on derivatives	\$ 38	\$ 0	\$ 0	\$ (96)	\$ (101)	\$ (259)	\$ 0
Gains (losses) recognized on derivatives	29	0	0	(224)	(162)	(389)	8
Gains (losses) recognized on hedged items <sup>(1)</sup>	(47)	0	0	223	162	430	(8)
Excluded component of fair value hedges <sup>(2)</sup>	0	0	0	0	0	0	0
Net income (expense) recognized on fair value hedges	\$ 20	\$ 0	\$ 0	\$ (97)	\$ (101)	\$ (218)	\$ 0
<b>Cash flow hedging relationships:<sup>(3)</sup></b>							
Interest rate contracts:							
Realized gains (losses) reclassified from AOCI into net income	\$ 0	\$ (297)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Foreign exchange contracts:							
Realized gains (losses) reclassified from AOCI into net income <sup>(4)</sup>	0	0	3	0	0	0	0
Net income (expense) recognized on cash flow hedges	\$ 0	\$ (297)	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0

	Six Months Ended June 30, 2023							
	Net Interest Income							Non-Interest Income
	Investment Securities	Loans, Including Loans Held for Sale	Other	Interest-bearing Deposits	Securitized Debt Obligations	Senior and Subordinated Notes	Other	
(Dollars in millions)								
<b>Total amounts presented in our consolidated statements of income</b>	<b>\$ 1,254</b>	<b>\$ 17,780</b>	<b>\$ 886</b>	<b>\$ (4,133)</b>	<b>\$ (447)</b>	<b>\$ (1,017)</b>	<b>\$ 474</b>	
<b>Fair value hedging relationships:</b>								
Interest rate and foreign exchange contracts:								
Interest recognized on derivatives	\$ 71	\$ 0	\$ 0	\$ (174)	\$ (185)	\$ (479)	\$ 0	0
Gains (losses) recognized on derivatives	(20)	0	0	(46)	(14)	(2)	25	25
Gains (losses) recognized on hedged items <sup>(1)</sup>	(16)	0	0	43	13	75	(25)	(25)
Excluded component of fair value hedges <sup>(2)</sup>	0	0	0	0	0	(1)	0	0
Net income (expense) recognized on fair value hedges	\$ 35	\$ 0	\$ 0	\$ (177)	\$ (186)	\$ (407)	\$ 0	0
<b>Cash flow hedging relationships:<sup>(3)</sup></b>								
Interest rate contracts:								
Realized gains reclassified from AOCI into net income	\$ 0	\$ (559)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Foreign exchange contracts:								
Realized gains (losses) reclassified from AOCI into net income <sup>(4)</sup>	0	0	6	0	0	0	0	0
Net income (expense) recognized on cash flow hedges	\$ 0	\$ (559)	\$ 6	\$ 0	\$ 0	\$ 0	\$ 0	0

<sup>(1)</sup> Includes amortization benefit of \$18 million and \$41 million for the three and six months ended June 30, 2024, respectively, and amortization benefit of \$21 million and \$36 million for the three and six months ended June 30, 2023, respectively, related to basis adjustments on discontinued hedges.

<sup>(2)</sup> Changes in fair values of cross-currency swaps attributable to changes in cross-currency basis spreads are excluded from the assessment of hedge effectiveness and recorded in other comprehensive income ("OCI"). The initial value of the excluded component is recognized in earnings over the life of the swap under the amortization approach.

<sup>(3)</sup> See "Note 10—Stockholders' Equity" for the effects of cash flow and net investment hedges on AOCI and amounts reclassified to net income, net of tax.

<sup>(4)</sup> We recognized a loss of \$19 million and gain of \$55 million for the three and six months ended June 30, 2024, respectively, and loss of \$22 million and \$30 million for the three and six months ended June 30, 2023, respectively, on foreign exchange contracts reclassified from AOCI. These amounts were largely offset by the foreign currency transaction gains (losses) on our foreign currency denominated intercompany funding included in other non-interest income on our consolidated statements of income.

In the next 12 months, we expect to reclassify into earnings an after-tax loss of \$ 814 million recorded in AOCI as of June 30, 2024 associated with cash flow hedges of forecasted transactions. This amount will largely offset the cash flows associated with the forecasted transactions hedged by these derivatives. The maximum length of time over which forecasted transactions were hedged was approximately 9.7 years as of June 30, 2024. The amount we expect to reclassify into earnings may change as a result of changes in market conditions and ongoing actions taken as part of our overall risk management strategy.

Free-Standing Derivatives

The net impacts to our consolidated statements of income related to free-standing derivatives are presented below for the three and six months ended June 30, 2024 and 2023. These gains or losses are recognized in other non-interest income on our consolidated statements of income.

Table 9.5: Gains (Losses) on Free-Standing Derivatives

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Gains (losses) recognized in other non-interest income:				
Customer accommodation:				
Interest rate contracts	\$ 10	\$ 11	\$ 17	\$ 19
Commodity contracts	4	9	8	17
Foreign exchange and other contracts	6	5	12	8
Total customer accommodation	20	25	37	44
Other interest rate exposures	90	66	158	118
Other contracts	(9)	(12)	(20)	(17)
Total	\$ 101	\$ 79	\$ 175	\$ 145

## NOTE 10—STOCKHOLDERS' EQUITY

### Preferred Stock

The following table summarizes our preferred stock outstanding as of June 30, 2024 and December 31, 2023.

**Table 10.1: Preferred Stock Outstanding<sup>(1)</sup>**

Series	Description	Issuance Date	Redeemable by Issuer Beginning	Per Annum Dividend Rate	Dividend Frequency	Liquidation Preference per Share	Total Shares Outstanding as of June 30, 2024	Carrying Value (in millions)	
								June 30, 2024	December 31, 2023
<b>Series I</b>	5.000% Non-Cumulative	September 11, 2019	December 1, 2024	5.000%	Quarterly	\$ 1,000	1,500,000	\$ 1,462	\$ 1,462
<b>Series J</b>	4.800% Non-Cumulative	January 31, 2020	June 1, 2025	4.800	Quarterly	1,000	1,250,000	1,209	1,209
<b>Series K</b>	4.625% Non-Cumulative	September 17, 2020	December 1, 2025	4.625	Quarterly	1,000	125,000	122	122
<b>Series L</b>	4.375% Non-Cumulative	May 4, 2021	September 1, 2026	4.375	Quarterly	1,000	675,000	652	652
<b>Series M</b>	3.950% Fixed Rate Reset Non-Cumulative	June 10, 2021	September 1, 2026	3.950% through 8/31/2026; resets 9/1/2026 and every subsequent 5 year anniversary at 5-Year Treasury Rate +3.157%	Quarterly	1,000	1,000,000	988	988
<b>Series N</b>	4.250% Non-Cumulative	July 29, 2021	September 1, 2026	4.250%	Quarterly	1,000	425,000	412	412
<b>Total</b>								\$ 4,845	\$ 4,845

<sup>(1)</sup> Except for Series M, ownership is held in the form of depositary shares, each representing a 1/40th interest in a share of fixed-rate non-cumulative perpetual preferred stock.

### Accumulated Other Comprehensive Income

AOCI primarily consists of accumulated net unrealized gains or losses associated with securities available for sale, changes in fair value of derivatives in hedging relationships and foreign currency translation adjustments.

The following table presents the changes in AOCI by component for the three and six months ended June 30, 2024 and 2023.

**Table 10.2: AOCI**

(Dollars in millions)	Three Months Ended June 30, 2024				
	Securities Available for Sale	Hedging Relationships <sup>(1)</sup>	Foreign Currency Translation Adjustments <sup>(2)</sup>	Other	Total
AOCI as of March 31, 2024	\$ (7,613)	\$ (1,903)	\$ 13	\$ (31)	\$ (9,534)
Other comprehensive income (loss) before reclassifications	(184)	(225)	(1)	0	(410)
Amounts reclassified from AOCI into earnings	0	243	0	0	243
Other comprehensive income (loss), net of tax	(184)	18	(1)	0	(167)
AOCI as of June 30, 2024	\$ (7,797)	\$ (1,885)	\$ 12	\$ (31)	\$ (9,701)

	Six Months Ended June 30, 2024				
	Securities Available for Sale	Hedging Relationships <sup>(1)</sup>	Foreign Currency Translation Adjustments <sup>(2)</sup>	Other	Total
(Dollars in millions)					
AOCI as of December 31, 2023	\$ (6,769)	\$ (1,493)	\$ 26	\$ (32)	\$ (8,268)
Other comprehensive income (loss) before reclassifications	(1,028)	(812)	(14)	1	(1,853)
Amounts reclassified from AOCI into earnings	0	420	0	0	420
Other comprehensive income (loss), net of tax	(1,028)	(392)	(14)	1	(1,433)
AOCI as of June 30, 2024	\$ (7,797)	\$ (1,885)	\$ 12	\$ (31)	\$ (9,701)

	Three Months Ended June 30, 2023				
	Securities Available for Sale	Hedging Relationships <sup>(1)</sup>	Foreign Currency Translation Adjustments <sup>(2)</sup>	Other	Total
(Dollars in millions)					
AOCI as of March 31, 2023	\$ (6,714)	\$ (1,781)	\$ (7)	\$ (38)	\$ (8,540)
Other comprehensive income (loss) before reclassifications	(888)	(664)	34	0	(1,518)
Amounts reclassified from AOCI into earnings	0	240	0	0	240
Other comprehensive income (loss), net of tax	(888)	(424)	34	0	(1,278)
AOCI as of June 30, 2023	\$ (7,602)	\$ (2,205)	\$ 27	\$ (38)	\$ (9,818)

	Six Months Ended June 30, 2023				
	Securities Available for Sale	Hedging Relationships <sup>(1)</sup>	Foreign Currency Translation Adjustments <sup>(2)</sup>	Other	Total
(Dollars in millions)					
AOCI as of December 31, 2022	\$ (7,676)	\$ (2,182)	\$ (20)	\$ (38)	\$ (9,916)
Other comprehensive income (loss) before reclassifications	74	(466)	47	0	(345)
Amounts reclassified from AOCI into earnings	0	443	0	0	443
Other comprehensive income (loss), net of tax	74	(23)	47	0	98
AOCI as of June 30, 2023	\$ (7,602)	\$ (2,205)	\$ 27	\$ (38)	\$ (9,818)

<sup>(1)</sup> Includes amounts related to cash flow hedges as well as the excluded component of cross-currency swaps designated as fair value hedges.

<sup>(2)</sup> Includes other comprehensive gains of \$13 million and \$62 million for the three and six months ended June 30, 2024, respectively, and other comprehensive losses of \$78 million and \$116 million for the three and six months ended June 30, 2023, respectively, from hedging instruments designated as net investment hedges.

The following table presents amounts reclassified from each component of AOCI to our consolidated statements of income for the three and six months ended June 30, 2024 and 2023.

**Table 10.3: Reclassifications from AOCI**

(Dollars in millions)		Three Months Ended June 30,		Six Months Ended June 30,	
AOCI Components	Affected Income Statement Line Item	2024	2023	2024	2023
<b>Securities available for sale:</b>					
	Non-interest income (expense)	\$ 0	\$ 0	\$ 0	\$ 0
	Income tax provision (benefit)	0	0	0	0
	Net income (loss)	0	0	0	0
<b>Hedging relationships:</b>					
Interest rate contracts:	Interest income (expense)	(313)	(297)	(622)	(559)
Foreign exchange contracts:	Interest income	3	3	5	6
	Interest expense	8	0	7	(1)
	Non-interest income (expense)	(19)	(22)	55	(30)
	Income (Loss) from continuing operations before income taxes	(321)	(316)	(555)	(584)
	Income tax provision (benefit)	(78)	(76)	(135)	(141)
	Net income (loss)	(243)	(240)	(420)	(443)
<b>Other:</b>					
	Non-interest income and non-interest expense	0	0	0	0
	Income tax provision (benefit)	0	0	0	0
	Net income (loss)	0	0	0	0
Total reclassifications		\$ (243)	\$ (240)	\$ (420)	\$ (443)

**CAPITAL ONE FINANCIAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The table below summarizes other comprehensive income (loss) activity and the related tax impact for the three and six months ended June 30, 2024 and 2023.

**Table 10.4: Other Comprehensive Income (Loss)**

	Three Months Ended June 30,					
	2024			2023		
	Before Tax	Provision (Benefit)	After Tax	Before Tax	Provision (Benefit)	After Tax
<i>(Dollars in millions)</i>						
<b>Other comprehensive income (loss):</b>						
Net unrealized losses on securities available for sale	\$ (244)	\$ (60)	\$ (184)	\$ (1,171)	\$ (283)	\$ (888)
Net unrealized gains (losses) on hedging relationships	24	6	18	(558)	(134)	(424)
Foreign currency translation adjustments <sup>(1)</sup>	3	4	(1)	9	(25)	34
Other	0	0	0	0	0	0
Other comprehensive loss	<u>\$ (217)</u>	<u>\$ (50)</u>	<u>\$ (167)</u>	<u>\$ (1,720)</u>	<u>\$ (442)</u>	<u>\$ (1,278)</u>
	Six Months Ended June 30,					
	2024			2023		
	Before Tax	Provision (Benefit)	After Tax	Before Tax	Provision (Benefit)	After Tax
<i>(Dollars in millions)</i>						
<b>Other comprehensive income (loss):</b>						
Net unrealized gains (losses) on securities available for sale	\$ (1,359)	\$ (331)	\$ (1,028)	\$ 96	\$ 22	\$ 74
Net unrealized losses on hedging relationships	(518)	(126)	(392)	(30)	(7)	(23)
Foreign currency translation adjustments <sup>(1)</sup>	6	20	(14)	10	(37)	47
Other	1	0	1	0	0	0
Other comprehensive income (loss)	<u>\$ (1,870)</u>	<u>\$ (437)</u>	<u>\$ (1,433)</u>	<u>\$ 76</u>	<u>\$ (22)</u>	<u>\$ 98</u>

<sup>(1)</sup> Includes the impact of hedging instruments designated as net investment hedges.

# NOTE 11—EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share.

**Table 11.1: Computation of Basic and Diluted Earnings per Common Share**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(Dollars and shares in millions, except per share data)</i>				
Net income	\$ 597	\$ 1,431	\$ 1,877	\$ 2,391
Dividends and undistributed earnings allocated to participating securities	(9)	(23)	(32)	(39)
Preferred stock dividends	(57)	(57)	(114)	(114)
Net income available to common stockholders	\$ 531	\$ 1,351	\$ 1,731	\$ 2,238
Total weighted-average basic common shares outstanding	383.1	382.8	382.7	382.7
Effect of dilutive securities: <sup>(1)</sup>				
Stock options	0.2	0.1	0.2	0.1
Other contingently issuable shares	0.6	0.8	0.8	1.0
Total effect of dilutive securities	0.8	0.9	1.0	1.1
Total weighted-average diluted common shares outstanding	383.9	383.7	383.7	383.8
<b>Basic earnings per common share:</b>				
Net income per basic common share	\$ 1.39	\$ 3.53	\$ 4.52	\$ 5.85
<b>Diluted earnings per common share:<sup>(1)</sup></b>				
Net income per diluted common share	\$ 1.38	\$ 3.52	\$ 4.51	\$ 5.83

(1) Excluded from the computation of diluted earnings per share were awards of 64 thousand shares and 20 thousand shares for the six months ended June 30, 2024 and June 30, 2023, respectively, because their inclusion would be anti-dilutive. There were no awards excluded from the computation of diluted earnings per share for the three months ended June 30, 2024 and June 30, 2023.



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**NOTE 12—FAIR VALUE MEASUREMENT**

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Fair value, also referred to as an exit price, is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value accounting guidance provides a three-level fair value hierarchy for classifying financial instruments. This hierarchy is based on the markets in which the assets or liabilities trade and whether the inputs to the valuation techniques used to measure fair value are observable or unobservable. The fair value measurement of a financial asset or liability is assigned a level based on the lowest level of any input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are described below:

- |          |   |
|----------|---|
| Level 1: | Valuation is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.   |
| Level 2: | Valuation is based on observable market-based inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. |
| Level 3: | Valuation is generated from techniques that use significant assumptions not observable in the market. Valuation techniques include pricing models, discounted cash flow ("DCF") methodologies or similar techniques.  |

The accounting guidance for fair value measurements requires that we maximize the use of observable inputs and minimize the use of unobservable inputs in determining fair value. We consider all available information, including observable market data, indications of market liquidity and orderliness, and our understanding of the valuation techniques and significant inputs. Based upon the specific facts and circumstances of each instrument or instrument category, judgments are made regarding the significance of the observable or unobservable inputs to the instruments' fair value measurement in its entirety. If unobservable inputs are considered significant, the instrument is classified as Level 3. The process for determining fair value using unobservable inputs is generally more subjective and involves a high degree of management judgment and assumptions. The accounting guidance provides for the irrevocable option to elect, on a contract-by-contract basis, to measure certain financial assets and liabilities at fair value at inception of the contract and record any subsequent changes in fair value in earnings.

The determination and classification of financial instruments in the fair value hierarchy is performed at the end of each reporting period. For additional information on the valuation techniques used in estimating the fair value of our financial assets and liabilities on a recurring basis, see "Part II—Item 8. Financial Statements and Supplementary Data—Note 16—Fair Value Measurement" in our 2023 Form 10-K.

# Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table displays our assets and liabilities measured on our consolidated balance sheets at fair value on a recurring basis as of June 30, 2024 and December 31, 2023.

**Table 12.1: Assets and Liabilities Measured at Fair Value on a Recurring Basis**

	June 30, 2024				
	Fair Value Measurements Using				
(Dollars in millions)	Level 1	Level 2	Level 3	Netting Adjustments <sup>(1)</sup>	Total
Assets:					
Securities available for sale:					
U.S. Treasury securities	\$ 6,029	\$ 0	\$ 0	\$ 0	\$ 6,029
RMBS	0	62,170	304	0	62,474
CMBS	0	8,198	2	0	8,200
Other securities	132	2,415	0	0	2,547
Total securities available for sale	6,161	72,783	306	0	79,250
Loans held for sale	0	394	0	0	394
Other assets:					
Derivative assets <sup>(2)</sup>	616	931	909	(1,034)	1,422
Other <sup>(2)</sup>	644	0	34	0	678
Total assets	\$ 7,421	\$ 74,108	\$ 1,249	\$ (1,034)	\$ 81,744
Liabilities:					
Other liabilities:					
Derivative liabilities <sup>(2)</sup>	\$ 511	\$ 1,422	\$ 840	\$ (371)	\$ 2,402
Total liabilities	\$ 511	\$ 1,422	\$ 840	\$ (371)	\$ 2,402

	December 31, 2023				
	Fair Value Measurements Using				
(Dollars in millions)	Level 1	Level 2	Level 3	Netting Adjustments <sup>(1)</sup>	Total
Assets:					
Securities available for sale:					
U.S. Treasury securities	\$ 5,282	\$ 0	\$ 0	\$ 0	\$ 5,282
RMBS	0	63,492	146	0	63,638
CMBS	0	8,191	132	0	8,323
Other securities	126	1,748	0	0	1,874
Total securities available for sale	5,408	73,431	278	0	79,117
Loans held for sale	0	347	0	0	347
Other assets:					
Derivative assets <sup>(2)</sup>	788	1,001	886	(1,005)	1,670
Other <sup>(2)</sup>	589	3	35	0	627
Total assets	\$ 6,785	\$ 74,782	\$ 1,199	\$ (1,005)	\$ 81,761
Liabilities:					
Other liabilities:					
Derivative liabilities <sup>(2)</sup>	\$ 449	\$ 1,655	\$ 828	\$ (597)	\$ 2,335
Total liabilities	\$ 449	\$ 1,655	\$ 828	\$ (597)	\$ 2,335

<sup>(1)</sup> Represents balance sheet netting of derivative assets and liabilities, and related payables and receivables for cash collateral held or placed with the same counterparty. See "Note 9—Derivative Instruments and Hedging Activities" for additional information.

<sup>(2)</sup> Does not reflect approximately \$3 million and \$2 million recognized as a net valuation allowance on derivative assets and liabilities for non-performance risk as of June 30, 2024 and December 31, 2023, respectively. Non-performance risk is included in the measurement of derivative assets and liabilities on our consolidated balance sheets, and is recorded through non-interest income in the consolidated statements of income.

<sup>(2)</sup> As of June 30, 2024 and December 31, 2023, other includes retained interests in securitizations of \$34 million and \$35 million, deferred compensation plan assets of \$644 million and \$578 million. As of December 31, 2023, other also included equity securities of \$14 million (including unrealized gains of \$5 million).

### Level 3 Recurring Fair Value Rollforward

The table below presents a reconciliation for all assets and liabilities measured and recognized at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and six months ended June 30, 2024 and 2023. Generally, transfers into Level 3 were primarily driven by the usage of unobservable assumptions in the pricing of these financial instruments as evidenced by wider pricing variations among pricing vendors and transfers out of Level 3 were primarily driven by the usage of assumptions corroborated by market observable information as evidenced by tighter pricing among multiple pricing sources.

**Table 12.2: Level 3 Recurring Fair Value Rollforward**

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)												
Three Months Ended June 30, 2024												
	Total Gains (Losses) (Realized/Unrealized)											
	Included in Net Income <sup>(2)</sup>	Included in OCI	Purchases	Sales	Issuances	Settlements	Transfers Into Level 3	Transfers Out of Level 3	Balance, June 30, 2024	Net Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2024 <sup>(1)</sup>		
(Dollars in millions)	Balance, April 1, 2024											
Securities available for sale: <sup>(2)</sup>												
RMBS	\$ 309	\$ 2	\$ (3)	\$ 0	\$ 0	\$ 0	\$ (2)	\$ 3	\$ (5)	\$ 304	\$ 2	
CMBS	129	0	(1)	0	0	0	(2)	0	(124)	2	0	
Total securities available for sale	438	2	(4)	0	0	0	(4)	3	(129)	306	2	
Other assets:												
Retained interests in securitizations	35	(1)	0	0	0	0	0	0	0	34	(1)	
Net derivative assets (liabilities) <sup>(2)</sup>	54	(3)	0	0	0	2	16	0	0	69	0	
Fair Value Measurements Using Significant Unobservable Inputs (Level 3)												
Six Months Ended June 30, 2024												
	Total Gains (Losses) (Realized/Unrealized)											
	Included in Net Income <sup>(2)</sup>	Included in OCI	Purchases	Sales	Issuances	Settlements	Transfers Into Level 3	Transfers Out of Level 3	Balance, June 30, 2024	Net Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2024 <sup>(1)</sup>		
(Dollars in millions)	Balance, January 1, 2024											
Securities available for sale: <sup>(2)</sup>												
RMBS	\$ 146	\$ 4	\$ (3)	\$ 0	\$ 0	\$ 0	\$ (5)	\$ 185	\$ (23)	\$ 304	\$ 4	
CMBS	132	0	(3)	0	0	0	(3)	0	(124)	2	0	
Total securities available for sale	278	4	(6)	0	0	0	(8)	185	(147)	306	4	
Other assets:												
Retained interests in securitizations	35	(1)	0	0	0	0	0	0	0	34	(1)	
Net derivative assets (liabilities) <sup>(2)</sup>	58	3	0	0	0	(3)	11	0	0	69	0	

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3)**

Three Months Ended June 30, 2023												
(Dollars in millions)	Balance, April 1, 2023	Total Gains (Losses) (Realized/Unrealized)		Purchases	Sales	Issuances	Settlements	Transfers Into Level 3	Transfers Out of Level 3	Balance, June 30, 2023	Net Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2023 <sup>(1)</sup>	
		Included in Net Income <sup>(2)</sup>	Included in OCI									
Securities available for sale: <sup>(2)</sup>												
RMBS	\$ 247	\$ 3	\$ (2)	\$ 0	\$ 0	\$ 0	\$ (6)	\$ 11	\$ (47)	\$ 206	\$ 2	
CMBS	145	0	(11)	0	0	0	(1)	0	0	133	0	
Total securities available for sale	392	3	(13)	0	0	0	(7)	11	(47)	339	2	
Other assets:												
Retained interests in securitizations	36	0	0	0	0	0	0	0	0	36	0	
Net derivative assets (liabilities) <sup>(3)(4)</sup>	18	(13)	0	0	0	69	45	(55)	0	64	6	

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3)**

Six Months Ended June 30, 2023												
(Dollars in millions)	Balance, January 1, 2023	Total Gains (Losses) (Realized/Unrealized)		Purchases	Sales	Issuances	Settlements	Transfers Into Level 3	Transfers Out of Level 3	Balance, June 30, 2023	Net Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2023 <sup>(1)</sup>	
		Included in Net Income <sup>(2)</sup>	Included in OCI									
Securities available for sale: <sup>(2)</sup>												
RMBS	\$ 236	\$ 4	\$ 1	\$ 0	\$ 0	\$ 0	\$ (11)	\$ 45	\$ (69)	\$ 206	\$ 4	
CMBS	142	0	(6)	0	0	0	(3)	0	0	133	0	
Total securities available for sale	378	4	(5)	0	0	0	(14)	45	(69)	339	4	
Other assets:												
Retained interests in securitizations	36	0	0	0	0	0	0	0	0	36	0	
Net derivative assets (liabilities) <sup>(3)(4)</sup>	5	(18)	0	0	0	173	57	(152)	(1)	64		51

<sup>(1)</sup> Realized gains (losses) on securities available for sale are included in net securities gains (losses) and retained interests in securitizations are reported as a component of non-interest income in our consolidated statements of income. Gains (losses) on derivatives are included as a component of net interest income or non-interest income in our consolidated statements of income.

<sup>(2)</sup> For the three and six months ended June 30, 2024, included in OCI related to Level 3 securities available for sale still held as of June 30, 2024 were net unrealized losses of \$2 million and \$9 million. For the three and six months ended June 30, 2023, included in OCI related to Level 3 securities available for sale still held as of June 30, 2023 were net unrealized losses of \$13 million and \$5 million, respectively.

<sup>(3)</sup> Includes derivative assets and liabilities of \$909 million and \$840 million, respectively, as of June 30, 2024 and \$1.2 billion and \$1.1 billion, respectively, as of June 30, 2023.

<sup>(4)</sup> Transfers into Level 3 primarily consist of term Secured Overnight Financing Rate ("SOFR")-indexed interest rate derivatives.

Significant Level 3 Fair Value Asset and Liability Inputs

Generally, uncertainties in fair value measurements of financial instruments, such as changes in unobservable inputs, may have a significant impact on fair value. Certain of these unobservable inputs will, in isolation, have a directionally consistent impact on the fair value of the instrument for a given change in that input. Alternatively, the fair value of the instrument may move in an opposite direction for a given change in another input. In general, an increase in the discount rate, default rates, loss severity or credit spreads, in isolation, would result in a decrease in the fair value measurement. In addition, an increase in default rates would generally be accompanied by a decrease in recovery rates, slower prepayment rates and an increase in liquidity spreads, and would lead to a decrease in the fair value measurement.

Techniques and Inputs for Level 3 Fair Value Measurements

The following table presents the significant unobservable inputs used to determine the fair values of our Level 3 financial instruments on a recurring basis. We utilize multiple vendor pricing services to obtain fair value for our securities. Several of our vendor pricing services are only able to provide unobservable input information for a limited number of securities due to software licensing restrictions. Other vendor pricing services are able to provide unobservable input information for all securities for which they provide a valuation. As a result, the unobservable input information for the securities available for sale presented below represents a composite summary of all information we are able to obtain. The unobservable input information for all other Level 3 financial instruments is based on the assumptions used in our internal valuation models.

Table 12.3: Quantitative Information about Level 3 Fair Value Measurements

Quantitative Information about Level 3 Fair Value Measurements					
(Dollars in millions)	Fair Value at June 30, 2024	Significant Valuation Techniques	Significant Unobservable Inputs	Range	Weighted Average <sup>(1)</sup>
Securities available for sale:					
RMBS	\$ 304	Discounted cash flows (vendor pricing)	Yield	5-13%	6%
			Voluntary prepayment rate	0-12%	7%
			Default rate	0-6%	1%
			Loss severity	30-90%	60%
CMBS	2	Discounted cash flows (vendor pricing)	Yield	6-9%	8%
Other assets:					
Retained interests in securitizations <sup>(2)</sup>	34	Discounted cash flows	Life of receivables (months)	31-70	N/A
			Voluntary prepayment rate	8-9%	
			Discount rate	5-14%	
			Default rate	1-2%	
			Loss severity	63-155%	
Net derivative assets (liabilities)	69	Discounted cash flows	Swap rates	4-5%	4%

Quantitative Information about Level 3 Fair Value Measurements						
(Dollars in millions)	Fair Value at December 31, 2023	Significant Valuation Techniques	Significant Unobservable Inputs	Range	Weighted Average <sup>(1)</sup>	
<b>Securities available for sale:</b>						
RMBS	\$ 146	Discounted cash flows (vendor pricing)	Yield	2-19%	7%	
			Voluntary prepayment rate	0-12%	7%	
			Default rate	0-10%	1%	
			Loss severity	30-80%	61%	
CMBS	132	Discounted cash flows (vendor pricing)	Yield	5-7%	5%	
<b>Other assets:</b>						
Retained interests in securitizations <sup>(2)</sup>	35	Discounted cash flows	Life of receivables (months)	33-69		
			Voluntary prepayment rate	9%		
			Discount rate	5-14%	N/A	
			Default rate	2%		
			Loss severity	53-163%		
Net derivative assets (liabilities)	58	Discounted cash flows	Swap rates	3-5%	4%	

<sup>(1)</sup> Weighted averages are calculated by using the product of the input multiplied by the relative fair value of the instruments.

<sup>(2)</sup> Due to the nature of the various mortgage securitization structures in which we have retained interests, it is not meaningful to present a consolidated weighted average for the significant unobservable inputs.

#### Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

We are required to measure and recognize certain assets at fair value on a nonrecurring basis on the consolidated balance sheets. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, from the application of lower of cost or fair value accounting or when we evaluate for impairment).

The following table presents the carrying value of the assets measured at fair value on a nonrecurring basis and still held as of June 30, 2024 and December 31, 2023, and for which a nonrecurring fair value measurement was recorded during the six and twelve months then ended.

**Table 12.4: Nonrecurring Fair Value Measurements**

(Dollars in millions)	June 30, 2024		
	Estimated Fair Value Hierarchy		Total
	Level 2	Level 3	
Loans held for investment	\$ 0	\$ 514	\$ 514
Loans held for sale	10	0	10
Other assets <sup>(1)</sup>	0	101	101
<b>Total</b>	<b>\$ 10</b>	<b>\$ 615</b>	<b>\$ 625</b>
(Dollars in millions)	December 31, 2023		
	Estimated Fair Value Hierarchy		Total
	Level 2	Level 3	
Loans held for investment	\$ 0	\$ 545	\$ 545
Loans held for sale	37	0	37
Other assets <sup>(1)</sup>	0	214	214
<b>Total</b>	<b>\$ 37</b>	<b>\$ 759</b>	<b>\$ 796</b>

<sup>(1)</sup> As of June 30, 2024, other assets includes investments accounted for under measurement alternative of \$47 million and repossessed assets of \$54 million. As of December 31, 2023, other assets included investments accounted for under measurement alternative of \$46 million, repossessed assets of \$45 million and long-lived assets held for sale and right-of-use assets totaling \$123 million.

In the above table, loans held for investment are generally valued based in part on the estimated fair value of the underlying collateral and the non-recoverable rate, which is considered to be a significant unobservable input. The non-recoverable rate ranged from 8% to 59%, with a weighted average of 23%, and from 0% to 100%, with a weighted average of 18%, as of June 30, 2024 and December 31, 2023, respectively. The weighted average non-recoverable rate is calculated based on the estimated market value of the underlying collateral. The significant unobservable inputs and related quantitative information related to fair value of the other assets are not meaningful to disclose as they vary significantly across properties and collateral.

The following table presents total nonrecurring fair value measurements for the period, included in earnings, attributable to the change in fair value relating to assets that are still held at June 30, 2024 and 2023.

**Table 12.5: Nonrecurring Fair Value Measurements Included in Earnings**

(Dollars in millions)	Total Gains (Losses)	
	Six Months Ended June 30,	
	2024	2023
Loans held for investment	\$ (168)	\$ (275)
Loans held for sale	(10)	0
Other assets <sup>(1)</sup>	(66)	(45)
<b>Total</b>	<b>\$ (244)</b>	<b>\$ (320)</b>

<sup>(1)</sup> Other assets primarily include fair value adjustments related to repossessed assets and equity investments accounted for under the measurement alternative.

#### Fair Value of Financial Instruments

The following table presents the carrying value and estimated fair value, including the level within the fair value hierarchy, of our financial instruments that are not measured at fair value on a recurring basis on our consolidated balance sheets as of June 30, 2024 and December 31, 2023.

**Table 12.6: Fair Value of Financial Instruments**

(Dollars in millions)	June 30, 2024				
	Carrying Value	Estimated Fair Value	Estimated Fair Value Hierarchy		
			Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 45,414	\$ 45,414	\$ 5,298	\$ 40,116	\$ 0
Restricted cash for securitization investors	2,415	2,415	2,415	0	0
Net loans held for investment	301,537	306,948	0	0	306,948
Loans held for sale	414	426	0	426	0
Interest receivable	2,494	2,494	0	2,494	0
Other investments <sup>(1)</sup>	1,330	1,330	0	1,330	0
<b>Financial liabilities:</b>					
Deposits with defined maturities	79,848	79,639	0	79,639	0
Securitized debt obligations	17,291	17,323	0	17,323	0
Senior and subordinated notes	29,925	30,705	0	30,705	0
Federal funds purchased and securities loaned or sold under agreements to repurchase	715	715	0	715	0
Interest payable	668	668	0	668	0

(Dollars in millions)	December 31, 2023					
	Carrying Value	Estimated Fair Value	Estimated Fair Value Hierarchy			
			Level 1	Level 2	Level 3	
<b>Financial assets:</b>						
Cash and cash equivalents	\$ 43,297	\$ 43,297	\$ 4,903	\$ 38,394	\$ 0	0
Restricted cash for securitization investors	458	458	458	0		0
Net loans held for investment	305,176	308,044	0	0		308,044
Loans held for sale	507	515	0	515		0
Interest receivable	2,478	2,478	0	2,478		0
Other investments <sup>(1)</sup>	1,329	1,329	0	1,329		0
<b>Financial liabilities:</b>						
Deposits with defined maturities	83,014	82,990	0	82,990		0
Securitized debt obligations	18,043	18,067	0	18,067		0
Senior and subordinated notes	31,248	31,524	0	31,524		0
Federal funds purchased and securities loaned or sold under agreements to repurchase	538	538	0	538		0
Interest payable	649	649	0	649		0

<sup>(1)</sup> Other investments include FHLB and Federal Reserve stock. These investments are included in other assets on our consolidated balance sheets.



**NOTE 13—BUSINESS SEGMENTS AND REVENUE FROM CONTRACTS WITH CUSTOMERS**

Our principal operations are organized into three major business segments, which are defined primarily based on the products and services provided or the types of customers served: Credit Card, Consumer Banking and Commercial Banking. The operations of acquired businesses have been integrated into or managed as a part of our existing business segments. Certain activities that are not part of a business segment are included in the Other category, such as the management of our corporate investment portfolio and asset/liability positions performed by our centralized Corporate Treasury group and any residual tax expense or benefit beyond what is assessed to our business segments in order to arrive at the consolidated effective tax rate. The Other category also includes unallocated corporate expenses that do not directly support the operations of the business segments or for which the business segments are not considered financially accountable in evaluating their performance, such as certain restructuring charges.

**Basis of Presentation**

We report the results of each of our business segments on a continuing operations basis. The results of our individual businesses reflect the manner in which management evaluates performance and makes decisions about funding our operations and allocating resources.

**Business Segment Reporting Methodology**

The results of our business segments are intended to present each segment as if it were a stand-alone business. Our internal management and reporting process used to derive our segment results employs various allocation methodologies, including funds transfer pricing, to assign certain balance sheet assets, deposits and other liabilities and their related revenues and expenses directly or indirectly attributable to each business segment. Our funds transfer pricing process managed by our centralized Corporate Treasury group provides a funds credit for sources of funds, such as deposits generated by our Consumer Banking and Commercial Banking businesses, and a charge for the use of funds by each segment. The allocation is unique to each business segment and acquired business and is based on the composition of assets and liabilities. The funds transfer pricing process considers the interest rate and liquidity risk characteristics of assets and liabilities and off-balance sheet products. Periodically the methodology and assumptions utilized in the funds transfer pricing process are adjusted to reflect economic conditions and other factors, which may impact the allocation of net interest income to the business segments. Due to the integrated nature of our business segments, estimates and judgments have been made in allocating certain revenue and expense items. Transactions between segments are based on specific criteria or approximate market rates. We regularly assess the assumptions, methodologies and reporting classifications used for segment reporting, which may result in the implementation of refinements or changes in future periods. We provide additional information on the allocation methodologies used to derive our business segment results in "Part II—Item 8. Financial Statements and Supplementary Data—Note 17—Business Segments and Revenue from Contracts with Customers" in our 2023 Form 10-K.

**Segment Results and Reconciliation**

We may periodically change our business segments or reclassify business segment results based on modifications to our management reporting methodologies or changes in organizational alignment. The following table presents our business segment results for the three and six months ended June 30, 2024 and 2023, selected balance sheet data as of June 30, 2024 and 2023, and a reconciliation of our total business segment results to our reported consolidated income from continuing operations, loans held for investment and deposits.

**Table 13.1: Segment Results and Reconciliation**

(Dollars in millions)	Three Months Ended June 30, 2024				
	Credit Card	Consumer Banking	Commercial Banking <sup>(1)</sup>	Other <sup>(2)</sup>	Consolidated Total
Net interest income (loss)	\$ 5,294	\$ 2,025	\$ 609	\$ (382)	\$ 7,546
Non-interest income	1,506	172	271	11	1,960
Total net revenue (loss) <sup>(2)</sup>	6,800	2,197	880	(371)	9,506
Provision for credit losses	3,545	330	34	0	3,909
Non-interest expense	3,134	1,250	483	79	4,946
Income (loss) from continuing operations before income taxes	121	617	363	(450)	651
Income tax provision (benefit)	30	146	85	(207)	54
Income (loss) from continuing operations, net of tax	\$ 91	\$ 471	\$ 278	\$ (243)	\$ 597
Loans held for investment	\$ 153,895	\$ 75,663	\$ 88,628	\$ 0	\$ 318,186
Deposits	0	305,422	29,210	16,810	351,442

  

(Dollars in millions)	Six Months Ended June 30, 2024				
	Credit Card	Consumer Banking	Commercial Banking <sup>(1)</sup>	Other <sup>(2)</sup>	Consolidated Total
Net interest income (loss)	\$ 10,566	\$ 4,036	\$ 1,208	\$ (776)	\$ 15,034
Non-interest income	2,982	331	552	9	3,874
Total net revenue (loss) <sup>(2)</sup>	13,548	4,367	1,760	(767)	18,908
Provision for credit losses	5,804	756	32	0	6,592
Non-interest expense	6,363	2,496	998	226	10,083
Income (loss) from continuing operations before income taxes	1,381	1,115	730	(993)	2,233
Income tax provision (benefit)	329	263	172	(408)	356
Income (loss) from continuing operations, net of tax	\$ 1,052	\$ 852	\$ 558	\$ (585)	\$ 1,877
Loans held for investment	\$ 153,895	\$ 75,663	\$ 88,628	\$ 0	\$ 318,186
Deposits	0	305,422	29,210	16,810	351,442

  

(Dollars in millions)	Three Months Ended June 30, 2023				
	Credit Card	Consumer Banking	Commercial Banking <sup>(1)</sup>	Other <sup>(2)</sup>	Consolidated Total
Net interest income (loss)	\$ 4,727	\$ 2,269	\$ 632	\$ (515)	\$ 7,113
Non-interest income (loss)	1,499	149	257	(6)	1,899
Total net revenue (loss) <sup>(2)</sup>	6,226	2,418	889	(521)	9,012
Provision for credit losses	2,084	259	146	1	2,490
Non-interest expense	3,020	1,231	482	61	4,794
Income (loss) from continuing operations before income taxes	1,122	928	261	(583)	1,728
Income tax provision (benefit)	265	219	61	(248)	297
Income (loss) from continuing operations, net of tax	\$ 857	\$ 709	\$ 200	\$ (335)	\$ 1,431
Loans held for investment	\$ 142,491	\$ 77,280	\$ 91,552	\$ 0	\$ 311,323
Deposits	0	286,174	36,793	20,738	343,705

(Dollars in millions)	Six Months Ended June 30, 2023				
	Credit Card	Consumer Banking	Commercial Banking <sup>(1)</sup>	Other <sup>(1)</sup>	Consolidated Total
Net interest income (loss)	\$ 9,384	\$ 4,629	\$ 1,280	\$ (994)	\$ 14,299
Non-interest income	2,862	284	469	1	3,616
Total net revenue (loss) <sup>(2)</sup>	12,246	4,913	1,749	(993)	17,915
Provision for credit losses	4,345	534	405	1	5,285
Non-interest expense	6,058	2,514	1,012	155	9,739
Income (loss) from continuing operations before income taxes	1,843	1,865	332	(1,149)	2,891
Income tax provision (benefit)	437	440	78	(455)	500
Income (loss) from continuing operations, net of tax	\$ 1,406	\$ 1,425	\$ 254	\$ (694)	\$ 2,391
Loans held for investment	\$ 142,491	\$ 77,280	\$ 91,552	\$ 0	\$ 311,323
Deposits	0	286,174	36,793	20,738	343,705

<sup>(1)</sup> Some of our commercial investments generate tax-exempt income, tax credits or other tax benefits. Accordingly, we present our Commercial Banking revenue and yields on a taxable-equivalent basis, calculated using the federal statutory tax rate of 21% and state taxes where applicable, with offsetting reductions to the Other category.

<sup>(2)</sup> Total net revenue was reduced by \$649 million and \$1.3 billion in the three and six months ended June 30, 2024, respectively, and \$443 million and \$848 million in the three and six months ended June 30, 2023, respectively, for credit card finance charges and fees charged off as uncollectible.

#### Revenue from Contracts with Customers

The majority of our revenue from contracts with customers consists of interchange fees, service charges and other customer-related fees, and other contract revenue. Interchange fees are primarily from our Credit Card business and are recognized upon settlement with the interchange networks, net of rewards earned by customers. Service charges and other customer-related fees within our Consumer Banking business are primarily related to fees earned on consumer deposit accounts for account maintenance and various transaction-based services such as automated teller machine ("ATM") usage. Service charges and other customer-related fees within our Commercial Banking business are mostly related to fees earned on treasury management and capital markets services. Other contract revenue in our Credit Card business consists primarily of revenue from our partnership arrangements. Other contract revenue in our Consumer Banking business consists primarily of revenue earned from services provided to auto industry participants. Revenue from contracts with customers is included in non-interest income in our consolidated statements of income.

The following table presents revenue from contracts with customers and a reconciliation to non-interest income by business segment for the three and six months ended June 30, 2024 and 2023.

**Table 13.2: Revenue from Contracts with Customers and Reconciliation to Segment Results**

(Dollars in millions)	Three Months Ended June 30, 2024				
	Credit Card	Consumer Banking	Commercial Banking <sup>(1)</sup>	Other <sup>(1)</sup>	Consolidated Total
Contract revenue:					
Interchange fees, net <sup>(2)</sup>	\$ 1,116	\$ 107	\$ 26	\$ 0	\$ 1,249
Service charges and other customer-related fees	0	22	74	0	96
Other	83	38	2	0	123
Total contract revenue	1,199	167	102	0	1,468
Revenue from other sources	307	5	169	11	492
Total non-interest income	\$ 1,506	\$ 172	\$ 271	\$ 11	\$ 1,960

	Six Months Ended June 30, 2024				
(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking <sup>(1)</sup>	Other <sup>(2)</sup>	Consolidated Total
Contract revenue:					
Interchange fees, net <sup>(2)</sup>	\$ 2,136	\$ 205	\$ 53	\$ 0	\$ 2,394
Service charges and other customer-related fees	0	43	147	0	190
Other	204	65	5	0	274
Total contract revenue	2,340	313	205	0	2,858
Revenue from other sources	642	18	347	9	1,016
Total non-interest income	\$ 2,982	\$ 331	\$ 552	\$ 9	\$ 3,874

	Three Months Ended June 30, 2023				
(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking <sup>(1)</sup>	Other <sup>(2)</sup>	Consolidated Total
Contract revenue:					
Interchange fees, net <sup>(2)</sup>	\$ 1,111	\$ 92	\$ 10	\$ 0	\$ 1,213
Service charges and other customer-related fees	0	22	55	0	77
Other	91	27	8	0	126
Total contract revenue	1,202	141	73	0	1,416
Revenue (reduction) from other sources	297	8	184	(6)	483
Total non-interest income (loss)	\$ 1,499	\$ 149	\$ 257	\$ (6)	\$ 1,899

	Six Months Ended June 30, 2023				
(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking <sup>(1)</sup>	Other <sup>(2)</sup>	Consolidated Total
Contract revenue:					
Interchange fees, net <sup>(2)</sup>	\$ 2,136	\$ 178	\$ 37	\$ 1	\$ 2,352
Service charges and other customer-related fees	0	43	95	(1)	137
Other	146	46	13	0	205
Total contract revenue	2,282	267	145	0	2,694
Revenue from other sources	580	17	324	1	922
Total non-interest income	\$ 2,862	\$ 284	\$ 469	\$ 1	\$ 3,616

<sup>(1)</sup> Some of our commercial investments generate tax-exempt income, tax credits or other tax benefits. Accordingly, we present our Commercial Banking revenue and yields on a taxable-equivalent basis, calculated using the federal statutory tax rate of 21% and state taxes where applicable, with offsetting reductions to the Other category.

<sup>(2)</sup> Interchange fees are presented net of customer reward expenses.

## NOTE 14—COMMITMENTS, CONTINGENCIES, GUARANTEES AND OTHERS

### Commitments to Lend

Our unfunded lending commitments primarily consist of credit card lines, loan commitments to customers of both our Commercial Banking and Consumer Banking businesses, as well as standby and commercial letters of credit. These commitments, other than credit card lines and certain other unconditionally cancellable lines of credit, are legally binding conditional agreements that have fixed expirations or termination dates and specified interest rates and purposes. The contractual amount of these commitments represents the maximum possible credit risk to us should the counterparty draw upon the commitment. We generally manage the potential risk of unfunded lending commitments by limiting the total amount of arrangements, monitoring the size and maturity structure of these portfolios and applying the same credit standards for all of our credit activities.

For unused credit card lines, we have not experienced and do not anticipate that all of our customers will access their entire available line at any given point in time. Commitments to extend credit other than credit card lines generally require customers to maintain certain credit standards. Collateral requirements and loan-to-value ("LTV") ratios are the same as those for funded transactions and are established based on management's credit assessment of the customer. These commitments may expire without being drawn upon; therefore, the total commitment amount does not necessarily represent future funding requirements.

We also issue letters of credit, such as financial standby, performance standby and commercial letters of credit, to meet the financing needs of our customers. Standby letters of credit are conditional commitments issued by us to guarantee the performance of a customer to a third party in a borrowing arrangement. Commercial letters of credit are short-term commitments issued primarily to facilitate trade finance activities for customers and are generally collateralized by the goods being shipped to the customer. These collateral requirements are similar to those for funded transactions and are established based on management's credit assessment of the customer. Management conducts regular reviews of all outstanding letters of credit and the results of these reviews are considered in assessing the adequacy of reserves for unfunded lending commitments.

The following table presents the contractual amount and carrying value of our unfunded lending commitments as of June 30, 2024 and December 31, 2023. The carrying value represents our reserve and deferred revenue on legally binding commitments.

**Table 14.1: Unfunded Lending Commitments**

	Contractual Amount		Carrying Value	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
<i>(Dollars in millions)</i>				
Credit card lines	\$ 412,030	\$ 392,867	N/A	N/A
Other loan commitments <sup>(1)</sup>	45,823	46,951	\$ 68	\$ 99
Standby letters of credit and commercial letters of credit <sup>(2)</sup>	1,360	1,465	25	23
Total unfunded lending commitments	\$ 459,213	\$ 441,283	\$ 93	\$ 122

<sup>(1)</sup> Includes \$5.3 billion and \$4.7 billion of advised lines of credit as of June 30, 2024 and December 31, 2023, respectively.

<sup>(2)</sup> These financial guarantees have expiration dates that range from 2024 to 2027 as of June 30, 2024.

### Commercial Loss Sharing Agreements

Within our Commercial Banking business, we originate multifamily commercial real estate loans with the intent to sell them to the GSEs. We enter into loss sharing agreements with the GSEs upon the sale of these originated loans. Beginning January 1, 2020, we elected the fair value option on new loss sharing agreements entered into. Unrealized gains and losses are recorded in other non-interest income in our consolidated statements of income. For those loss sharing agreements entered into as of and prior to December 31, 2019, we amortize the liability recorded at inception into non-interest income as we are released from risk of having to make a payment and record our estimate of expected credit losses each period through the provision for credit losses in our consolidated statements of income. The liability recognized on our consolidated balance sheets for these loss sharing agreements was \$137 million as of both June 30, 2024 and December 31, 2023. See "Note 5—Allowance for Credit Losses and Reserve for Unfunded Lending Commitments" for information related to our credit card partnership loss sharing arrangements.

**Litigation**

In accordance with the current accounting standards for loss contingencies, we establish reserves for litigation related matters that arise from the ordinary course of our business activities when it is probable that a loss associated with a claim or proceeding has been incurred and the amount of the loss can be reasonably estimated. None of the amounts we currently have recorded individually or in the aggregate are considered to be material to our financial condition. Litigation claims and proceedings of all types are subject to many uncertain factors that generally cannot be predicted with assurance. Below we provide a description of potentially material legal proceedings and claims.

For some of the matters disclosed below, we are able to estimate reasonably possible losses above existing reserves, and for other disclosed matters, such an estimate is not possible at this time. For those matters below where an estimate is possible, management currently estimates the reasonably possible future losses beyond our reserves as of June 30, 2024 are approximately \$200 million. Our reserve and reasonably possible loss estimates involve considerable judgment and reflect that there is significant uncertainty regarding numerous factors that may impact the ultimate loss levels. Notwithstanding our attempt to estimate a reasonably possible range of loss beyond our current accrual levels for some litigation matters based on current information, it is possible that actual future losses will exceed both the current accrual level and reasonably possible losses disclosed here. Given the inherent uncertainties involved in these matters and the very large or indeterminate damages sought in some of these, there is significant uncertainty as to the ultimate liability we may incur from these litigation matters and an adverse outcome in one or more of these matters could be material to our results of operations or cash flows for any particular reporting period.

**Interchange Litigation**

In 2005, a putative class of retail merchants filed antitrust lawsuits against MasterCard and Visa and several issuing banks, including Capital One, seeking both injunctive relief and monetary damages for an alleged conspiracy by defendants to fix the level of interchange fees. The Visa and MasterCard payment networks and issuing banks entered into settlement and judgment sharing agreements allocating the liabilities of any judgment or settlement arising from all interchange-related cases.

The lawsuits were consolidated before the U.S. District Court for the Eastern District of New York for certain purposes and were settled in 2012. The class settlement, however, was invalidated by the United States Court of Appeals for the Second Circuit in June 2016, and the suit was bifurcated into separate class actions seeking injunctive and monetary relief, respectively. In addition, numerous merchant groups opted out of the 2012 settlement.

The monetary relief class action settled for \$5.5 billion and was approved by the District Court in December 2019. The Second Circuit affirmed the settlement in March 2023, and it is final. Some of the merchants that opted out of the monetary relief class have brought cases, and some of those cases have settled and some remain pending. Visa created a litigation escrow account following its initial public offering of stock in 2008 that funds the portion of these settlements attributable to Visa-allocated transactions. Any settlement amounts based on MasterCard-allocated transactions that have not already been paid are reflected in our reserves. Visa and MasterCard reached a settlement with the injunctive relief class and filed a motion for preliminary approval, which was denied by the District Court in June 2024. The parties will continue to litigate unless a settlement is reached and approved.

**Cybersecurity Incident**

On July 29, 2019, we announced that on March 22 and 23, 2019 an outside individual gained unauthorized access to our systems. This individual obtained certain types of personal information relating to people who had applied for our credit card products and to our credit card customers (the "2019 Cybersecurity Incident"). As a result of the 2019 Cybersecurity Incident, we have been subject to numerous legal proceedings and other inquiries and could be the subject of additional proceedings and inquiries in the future.

*Consumer class actions.* We are named as a defendant in 5 putative consumer class action cases in Canadian courts alleging harm from the 2019 Cybersecurity Incident and seeking various remedies, including monetary and injunctive relief. The lawsuits allege breach of contract, negligence, violations of various privacy laws and a variety of other legal causes of action. In August 2021, a trial court in Ontario dismissed with prejudice one of these putative class actions, and on January 31, 2024, the Court of Appeals of Ontario affirmed the trial court's decision. The Plaintiffs have appealed to Canada's Supreme Court. In the second quarter of 2022, a trial court in British Columbia preliminarily certified a class of all impacted Canadian consumers except those in Quebec. The preliminary certification decision in British Columbia was appealed, with both sides contesting

portions of the ruling. On July 4, 2024, the British Columbia Court of Appeals denied both parties' appeals. In the third quarter of 2023, a trial court in Quebec preliminarily authorized a class of all impacted consumers in Quebec. This decision also has been appealed. The final two putative class actions, both of which are pending in Alberta, are continuing in parallel, but currently remain at a preliminary stage.

*Governmental inquiries.* In August 2020, we entered into consent orders with the Board of Governors of the Federal Reserve System ("Federal Reserve") and the Office of the Comptroller of the Currency ("OCC") resulting from regulatory reviews of the 2019 Cybersecurity Incident and relating to ongoing enhancements of our cybersecurity and operational risk management processes. We paid an \$80 million penalty to the U.S. Treasury as part of the OCC agreement. The Federal Reserve agreement did not contain a monetary penalty. The OCC lifted its consent order on August 31, 2022 and the Federal Reserve lifted its consent order on July 5, 2023. On August 12, 2019, Canada's Office of Privacy Commissioner ("OPC") also initiated an investigation into the 2019 Cybersecurity Incident. That investigation concluded in April 2024 with no further action required.

**Walmart Litigation**

On April 7, 2023, Walmart filed a lawsuit in the Southern District of New York seeking a declaratory judgment that it had the contractual right to early termination of the credit card program agreement under which we were the exclusive issuer of Walmart's private label and co-branded credit card program in the U.S. and shared in certain related economics. On May 21, 2024, our credit card program agreement with Walmart terminated. The program agreement included provisions for transition upon termination. Pursuant to the terms of the termination, Capital One will retain ownership and servicing of the existing credit card portfolio. Walmart and Capital One settled the litigation, which was dismissed by the court on June 20, 2024.

**U.K. PPI Litigation**

In the U.K., we previously sold payment protection insurance ("PPI"). For several years leading up to the claims submission deadline of August 29, 2019 (as set by the U.K. Financial Conduct Authority ("FCA")), we received customer complaints and regulatory claims relating to PPI. COEP has materially resolved the PPI complaints and regulatory claims received prior to the deadline. Some of the claimants in the U.K. PPI regulatory claims process have subsequently initiated legal proceedings, seeking additional redress. We are responding to these proceedings as we receive them.

**Savings Account Litigation**

On July 10, 2023, Capital One was sued in a putative class action in the Eastern District of Virginia by savings account holders alleging breach of contract and a variety of other causes of action relating to Capital One's introduction of a new savings account product with a higher interest rate than existing savings account products. Since the original suit, Capital One was also sued in six similar putative class actions in federal courts in California, Illinois, Ohio, Virginia, New Jersey and New York. On March 20, 2024, Capital One filed with the Judicial Panel on Multidistrict Litigation a motion to consolidate and transfer related actions to the Eastern District of Virginia. In June 2024, the Judicial Panel granted the motion and transferred the related actions to the Eastern District of Virginia. Plaintiffs filed a consolidated complaint on July 1, 2024 and the court set a trial date in July 2025.

**Other Pending and Threatened Litigation**

In addition, we are commonly subject to various pending and threatened legal actions relating to the conduct of our normal business activities. In the opinion of management, the ultimate aggregate liability, if any, arising out of all such other pending or threatened legal actions is not expected to be material to our consolidated financial position or our results of operations.

**Other Contingencies**

**Deposit Insurance Assessments**

On November 16, 2023, the FDIC finalized a rule to implement a special assessment to recover the loss to the Deposit Insurance Fund ("DIF") arising from the protection of uninsured depositors in connection with the systemic risk determination announced on March 12, 2023, following the closures of Silicon Valley Bank and Signature Bank. In December 2023, the FDIC provided notification that they would be collecting the special assessment at an annual rate of approximately 13.4 basis points ("bps") over eight quarterly collection periods, beginning with the first quarter of 2024 with the first payment due on June 28, 2024. In June 2024, the FDIC provided notification that the collection period will be extended an additional two

quarters beyond the initial eight quarterly collection periods at a lower annual rate. The special assessment base is equal to an insured depository institution's estimated uninsured deposits reported on its Consolidated Reports of Condition and Income as of December 31, 2022 ("2022 Call Report"), adjusted to exclude the first \$5 billion of uninsured deposits. We recognized \$289 million in operating expense in the fourth quarter of 2023 associated with the special assessment based on our 2022 Call Report, which was revised and refilled during 2023. In the first quarter of 2024, the FDIC announced an increase in their estimate of relevant DIF losses. We have recognized \$339 million of operating expenses related to the special assessment as of June 30, 2024, which includes the impact of the FDIC's updated estimate of DIF losses.

It is reasonably possible amendments will be needed to our 2022 Call Report due to future legal and regulatory developments, which could result in additional expenses associated with the special assessment. The ultimate amount of expenses associated with the special assessment will also be impacted by the finalization of the losses incurred by the FDIC in the resolutions of Silicon Valley Bank and Signature Bank. The amount of reasonably possible additional special assessment fees beyond our existing accrual due to these factors is approximately \$200 million.



**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

For a discussion of the quantitative and qualitative disclosures about market risk, see “Part I—Item 2. MD&A—Market Risk Profile.”

**Item 4. Controls and Procedures**

**Overview**

We are required under applicable laws and regulations to maintain controls and procedures, which include disclosure controls and procedures as well as internal control over financial reporting, as further described below.

**(a) Disclosure Controls and Procedures**

Disclosure controls and procedures refer to controls and other procedures designed to provide reasonable assurance that information required to be disclosed in our financial reports is recorded, processed, summarized and reported within the time periods specified by SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and we must apply judgment in evaluating and implementing possible controls and procedures.

***Evaluation of Disclosure Controls and Procedures***

As required by Rule 13a-15 of the Securities Exchange Act of 1934 (“Exchange Act”), our management, including the CEO and CFO, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of June 30, 2024, the end of the period covered by this Report. Based upon that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2024, at a reasonable level of assurance, in recording, processing, summarizing and reporting information required to be disclosed within the time periods specified by the SEC rules and forms.

**(b) Changes in Internal Control Over Financial Reporting**

We regularly review our disclosure controls and procedures and make changes intended to ensure the quality of our financial reporting. There were no changes in internal control over financial reporting that occurred in the second quarter of 2024 that materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

The information required by Item 103 of Regulation S-K is included in “Part I—Item 1. Financial Statements—Note 14—Commitments, Contingencies, Guarantees and Others.”

Item 1A. Risk Factors

We are not aware of any material changes from the risk factors set forth under “Part I—Item 1A. Risk Factors” in our 2023 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information related to the repurchases of shares of our common stock for each calendar month in the second quarter of 2024. Commission costs are excluded from the amounts presented below.

	Total Number of Shares Purchased <sup>(1)</sup>	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans <sup>(1)</sup>	Maximum Amount That May Yet be Purchased Under the Plan or Program <sup>(1)</sup> (in millions)
April	325,839	\$ 142.25	325,839	\$ 4,437
May	489,729	142.01	402,507	4,380
June	341,103	136.61	341,103	4,334
Total	1,156,671	137.59	1,069,449	

<sup>(1)</sup> In April 2022, our Board of Directors authorized the repurchase of up to \$5.0 billion of shares of our common stock. There were 87,222 shares withheld in May, to cover taxes on restricted stock awards whose restrictions lapsed. See “Part I—Item 2. MD&A—Capital Management—Dividend Policy and Stock Purchases” for more information.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the three months ended June 30, 2024, certain of our officers and directors adopted or terminated Rule 10b5-1 trading arrangements as follows:

Frank G. LaPrade, our Chief Enterprise Services Officer and Chief of Staff to the CEO, entered into a pre-arranged stock trading plan on May 14, 2024. Mr. LaPrade's plan provides for the associated sale of up to 15,751 shares of Capital One common stock in amounts and prices set forth in the plan and terminates on the earlier of the date all shares under the plan are sold and February 13, 2025.

Kevin S. Borgmann, a Senior Advisor to the CEO, entered into a pre-arranged stock trading plan on April 29, 2024. Mr. Borgmann's plan provides for the potential exercise of vested stock options and the associated sale of up to 61,532 shares of Capital One common stock in amounts and prices set forth in the plan and terminates on the earlier of the date all shares under the plan are sold and November 12, 2024.

Each of the trading plans was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended, and Capital One's policies regarding transactions in its securities.

**Item 6. Exhibits**

An index to exhibits has been filed as part of this Report and is incorporated herein by reference.

# EXHIBIT INDEX

Exhibit No.	Description
2.1	<a href="#">Agreement and Plan of Merger, dated as of February 19, 2024, by and among Discover Financial Services, Capital One Financial Corporation and Vega Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K, filed on February 22, 2024).</a>
3.1	<a href="#">Restated Certificate of Incorporation of Capital One Financial Corporation (as restated July 26, 2023) (incorporated by reference to Exhibit 3.1 of the Quarterly Report on Form 10-Q, filed on July 27, 2023).</a>
3.2	<a href="#">Amended and Restated Bylaws of Capital One Financial Corporation, dated September 23, 2021 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K, filed on September 29, 2021).</a>
4.1	Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, copies of instruments defining the rights of holders of long-term debt are not filed. The Company agrees to furnish a copy thereof to the SEC upon request.
10.1+*	<a href="#">Form of Restricted Stock Unit Award Agreement granted to our U.S. directors under the Amended and Restated 2004 Stock Incentive Plan</a>
10.2+*	<a href="#">Form of Restricted Stock Unit Award Agreement granted to our Non-US directors under the Amended and Restated 2004 Stock Incentive Plan</a>
31.1*	<a href="#">Certification of Richard D. Fairbank.</a>
31.2*	<a href="#">Certification of Andrew M. Young.</a>
32.1**	<a href="#">Certification of Richard D. Fairbank.</a>
32.2**	<a href="#">Certification of Andrew M. Young.</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page of Capital One Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL (included within the Exhibit 101 attachments).

Represents a management contract or compensatory plan or arrangement.

Indicates a document being filed with this Form 10-Q.

Indicates a document being furnished with this Form 10-Q. Information in this Form 10-Q furnished herewith shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section.

Such exhibit shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 13 of 15(d) 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

Date: August 1, 2024

By: /s/ ANDREW M. YOUNG  
Andrew M. Young  
Chief Financial Officer

CAPITAL ONE FINANCIAL CORPORATION  
2004 Stock Incentive Plan  
Restricted Stock Unit Award Agreement

THIS NOTICE OF RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Grant Notice" and, together with the Terms and Conditions (as defined below), (the "Agreement") between CAPITAL ONE FINANCIAL CORPORATION, a Delaware corporation ("Capital One" or the "Company"), and you, is made pursuant and subject to the provisions of the Company's 2004 Stock Incentive Plan, as amended and restated (the "Plan"). All capitalized terms used herein that are defined in the Plan shall have the same meaning given them in the Plan unless otherwise defined herein.

WHEREAS, Article 8 of the Plan provides for the award from time to time in the discretion of the Committee of Restricted Stock Units, representing shares of common stock of Capital One, \$.01 par value per share ("Common Stock"), the vesting and issuance of which is subject to conditions set forth on the following pages (the "Terms and Conditions").

1 <u>Award Summary.</u>	
Grantee ("you"):	[Name]
"Date of Grant":	May 2, 2024
Number of "Restricted Stock Units":	[# of Units]

2 Vesting Summary. The Units shall vest on the first anniversary of the Date of Grant (the "Vesting Date"), as outlined in the Terms and Conditions.

3 Acceptance and Agreement by Participant.

IN WITNESS WHEREOF, CAPITAL ONE FINANCIAL CORPORATION has caused this Agreement to be signed on its behalf.

CAPITAL ONE FINANCIAL CORPORATION

By:

Kaitlin Haggerty  
Chief Human Resources Officer

PARTICIPANT

By: [Name]

SIGNED BY ELECTRONIC SIGNATURE

BY ELECTRONICALLY ACCEPTING THE AWARD, YOU AGREE THAT (i) SUCH ACCEPTANCE CONSTITUTES YOUR ELECTRONIC SIGNATURE IN EXECUTION OF THIS AGREEMENT; (ii) YOU AGREE TO BE BOUND BY THE PROVISIONS OF THE PLAN AND THIS AGREEMENT; (iii) YOU HAVE REVIEWED THE PLAN AND THIS AGREEMENT IN THEIR ENTIRETY, HAVE HAD AN OPPORTUNITY TO OBTAIN THE ADVICE OF COUNSEL PRIOR TO ACCEPTING THE AWARD AND FULLY UNDERSTAND ALL OF THE PROVISIONS OF THE PLAN AND THIS AGREEMENT; (iv) YOU HAVE BEEN PROVIDED WITH A COPY OR ELECTRONIC ACCESS TO A COPY OF THE U.S. PROSPECTUS FOR THE PLAN; AND (v) YOU HEREBY AGREE TO ACCEPT AS BINDING, CONCLUSIVE AND FINAL ALL DECISIONS OR INTERPRETATIONS OF THE COMMITTEE UPON ANY QUESTIONS ARISING UNDER THE PLAN AND THIS AGREEMENT.

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TERMS AND CONDITIONS

1. Grant of Restricted Stock Units Pursuant and subject to the terms and conditions set forth in this Agreement and in the Plan, Capital One hereby grants to you [# Units] Restricted Stock Units (the "Restricted Stock Units"). The Restricted Stock Units shall vest, and the shares of common stock of the Company, \$.01 par value per share (the "Shares"), underlying the Restricted Stock Units shall be issuable, only in accordance with the provisions of this Agreement and of the Plan.

2. Issuance of Common Stock

(a) Vesting. Except as provided in Sections 2(b) and 2(c) below, all Restricted Stock Units shall, to the extent not previously vested or forfeited as provided herein, vest on the first anniversary of the Date of Grant.

The vesting of the Restricted Stock Units and the issuance of the underlying Shares shall be subject to Sections 6 through Section 9 of this Agreement.

(b) Share Issuance.

(i) Mandatory Deferral. To the extent that your stock ownership requirement has not been met, as determined by the Committee, the underlying Shares shall not be issued to you or be assignable or transferable by you until the date of termination of your service as a Director of the Company (the "Termination Date"), as provided in Section 2(c) below.

(ii) Voluntary Deferral. To the extent that your stock ownership requirement has been met, as determined by the Committee, the underlying Shares shall be issued to you, or be assignable or transferable by you per your election under the terms of the Non-Employee Director Deferred Compensation Plan (or any similar plan or program) in which you are eligible to participate.

(c) Effect of Termination of Service Upon your termination of service as a Director of the Company for any reason other than by removal for cause, all Restricted Stock Units shall,

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to the extent not previously vested or forfeited as provided herein, immediately vest, and the underlying Shares shall immediately be issuable to you in full without restrictions on transferability. Upon your termination of service as a Director by removal for cause, all Restricted Stock Units and the underlying Shares, including any Shares accrued in connection with the payment of dividends as provided in Section 5 below, shall immediately be forfeited, whether or not previously vested.

3. Non-Transferability. Subject to the provisions of Section 2 hereof, the rights represented by the Restricted Stock Units and the underlying Shares related thereto shall not be assignable or transferable, or otherwise alienated or pledged or hypothecated or otherwise encumbered under any circumstances. Any purported or attempted assignment, transfer, alienation, pledge, hypothecation or encumbrance of the Restricted Stock Units or the underlying Shares related thereto prior to their issuance to you shall be null and void and shall result in the immediate forfeiture of such Restricted Stock Units, including the underlying Shares, and cancellation of this Agreement.

4. Modification and Waiver. Except as provided in the Plan with respect to determinations of the board of directors of the Company (the "Board") or the Compensation Committee of the Board (the "Committee") and subject to the Committee's right to amend the Plan, neither this Agreement nor any provision hereof can be changed, modified, amended, discharged, terminated or waived orally or by any course of dealing or purported course of dealing, but only by an agreement in writing signed by you and the Company; provided that changes, modifications and amendments not detrimental to you may be made in writing signed only by the Company. No such agreement shall extend to or affect any provision of this Agreement not expressly changed, modified, amended, discharged, terminated or waived or impair any right consequent on such a provision. The waiver of or failure to enforce any breach of this Agreement shall not be deemed to be a waiver or acquiescence in any other breach thereof.

5. Dividends. Dividends with respect to the Restricted Stock Units shall accrue beginning on the Date of Grant through the Termination Date, at which time such accrued dividends shall be paid out in the form of additional Shares based on the Fair Market Value of a share of the Company's common stock on the business day prior to the Termination Date. The accrued dividends that shall be paid out to you shall be only such amount that has accrued with respect to the underlying Shares that vest on the Vesting Date or as described in Section 2(c) above.

6. Governing Law. This Agreement shall be governed by United States federal law and, to the extent not preempted thereby, by the laws of the State of Delaware. Capital One and you hereby consent and submit to the personal jurisdiction and venue of any state or federal court located in any city or county of Delaware for resolution of any and all claims, causes of action or disputes arising out of this Agreement. You and Capital One agree that the court shall not set aside the Committee's determinations unless there is clear and convincing evidence of bad faith or fraud.

7. Conflicts. In the event of any conflict between the provisions of the Plan as in effect on the Date of Grant and the provisions of this Agreement, except as provided otherwise herein, the provisions of the Plan shall govern. All references herein to the Plan shall mean the Plan as in effect on the date hereof.

8. Bound by Plan. In consideration of this grant of Restricted Stock Units, you agree that you will comply with such conditions as the Board and the Committee may impose on the Restricted Stock Units and be bound by the terms of the Plan.

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9. Binding Effect. This Agreement shall be binding upon, enforceable against and inure to the benefit of you and your legatees, distributees and personal representatives, and the Company and its successors and assigns.

10. Rights as a Stockholder. You shall have no rights of a stockholder with respect to the underlying Shares related to the Restricted Stock Units, including, but not limited to, the right to vote and to receive dividends, unless and until such Shares are transferred to you pursuant to the Plan and this Agreement.

11. Severability. This Agreement shall be enforceable to the fullest extent allowed by law. In the event that any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, then that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the validity, legality or enforceability of any other provision of this Agreement or the validity, legality or enforceability of such provision in any other jurisdiction. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be deemed severable from the remainder of this Agreement, and the remaining provisions contained in this Agreement shall be construed to preserve to the maximum permissible extent the intent and purposes of this Agreement.

12. Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

13. Miscellaneous. In accepting the grant, you acknowledge and agree that:

(a) this Agreement is intended to comply with the applicable requirements of Section 409A of the Code as it relates to U.S. taxpayers and shall be limited, construed and interpreted in a manner so as to comply therewith;

(b) your obligations under this Agreement shall survive any termination of your service for any reason;

(c) any of the Company's rights or remedies under this Agreement shall be cumulative and in addition to whatever other remedies the Company may have under law or equity;

(d) the Company may, to the maximum extent permitted by applicable law and Section 409A of the Code as it relates to U.S. taxpayers, retain for itself funds or securities otherwise payable to you pursuant to this Agreement to satisfy any obligation or debt that you owe the Company, including any obligations hereunder. The Company may not retain such funds or securities until such time as they would otherwise be distributable to you in accordance with this Agreement;

(e) the Company reserves the right to impose other requirements on the Restricted Stock Units, any Shares acquired pursuant to the Restricted Stock Units, and your participation in the Plan, to the extent Capital One determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the administration of the Restricted Stock Units and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing; and

(f) Capital One from time to time distributes and makes available disclosure documents, including a prospectus, relating to the Plan. You may also contact the HR Help Center to

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obtain copies of the Plan disclosure documents and the Plan. You represent that you are familiar with the terms of the Plan and have had the opportunity to ask questions and receive answers concerning the terms and conditions of the Restricted Stock Units. As a condition of this award and your right to receive Restricted Stock Units and the underlying Shares, you must accept this Agreement. By doing so, you confirm the accuracy of the statement set forth in the third sentence of this paragraph, acknowledge receipt of the Plan and the Plan disclosure documents and evidence your acceptance of and agreement to be bound by the terms of this Agreement and the Plan.

CAPITAL ONE FINANCIAL CORPORATION  
2004 Stock Incentive Plan  
Restricted Stock Unit Award Agreement

THIS NOTICE OF RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Grant Notice" and, together with the Terms and Conditions (as defined below), (the "Agreement"), between CAPITAL ONE FINANCIAL CORPORATION, a Delaware corporation ("Capital One" or the "Company"), and you, is made pursuant and subject to the provisions of the Company's 2004 Stock Incentive Plan, as amended and restated (the "Plan"). All capitalized terms used herein that are defined in the Plan shall have the same meaning given them in the Plan unless otherwise defined herein.

WHEREAS, Article 8 of the Plan provides for the award from time to time in the discretion of the Committee of Restricted Stock Units, representing shares of common stock of Capital One, \$.01 par value per share ("Common Stock"), the vesting and issuance of which is subject to conditions set forth on the following pages (the "Terms and Conditions").

1   Award Summary.

Grantee ("you"):	[Name]
"Date of Grant":	May 2, 2024
Number of "Restricted Stock Units":	[# of Units]

- 2   Vesting Summary. The Units shall vest on the first anniversary of the Date of Grant (the "Vesting Date"), as outlined in the Terms and Conditions.
- 3   Acceptance and Agreement by Participant.

IN WITNESS WHEREOF, CAPITAL ONE FINANCIAL CORPORATION has caused this Agreement to be signed on its behalf.

CAPITAL ONE FINANCIAL CORPORATION  
  
By:

\_\_\_\_\_  
Kaitlin Haggerty  
Chief Human Resources Officer

PARTICIPANT

By: [Name]  
SIGNED BY ELECTRONIC SIGNATURE

BY ELECTRONICALLY ACCEPTING THE AWARD, YOU AGREE THAT (i) SUCH ACCEPTANCE CONSTITUTES YOUR ELECTRONIC SIGNATURE IN EXECUTION OF THIS AGREEMENT; (ii) YOU AGREE TO BE BOUND BY THE PROVISIONS OF THE PLAN, THIS AGREEMENT AND THE ADDENDUM; (iii) YOU HAVE REVIEWED THE PLAN, THIS AGREEMENT AND THE ADDENDUM IN THEIR ENTIRETY, HAVE HAD AN OPPORTUNITY TO OBTAIN THE ADVICE OF COUNSEL PRIOR TO ACCEPTING THE AWARD AND FULLY UNDERSTAND ALL OF THE PROVISIONS OF THE PLAN, THIS AGREEMENT AND THE ADDENDUM; (iv) YOU HAVE BEEN PROVIDED WITH A COPY OR ELECTRONIC ACCESS TO A COPY OF THE U.S. PROSPECTUS FOR THE PLAN; AND (v) YOU HEREBY AGREE TO ACCEPT AS BINDING, CONCLUSIVE AND FINAL ALL DECISIONS OR INTERPRETATIONS OF THE COMMITTEE UPON ANY QUESTIONS ARISING UNDER THE PLAN, THIS AGREEMENT AND THE ADDENDUM.

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TERMS AND CONDITIONS

1. Grant of Restricted Stock Units Pursuant and subject to the terms and conditions set forth in this Agreement and in the Plan, Capital One hereby grants to you [# Units] Restricted Stock Units (the "Restricted Stock Units"). The Restricted Stock Units shall vest, and the shares of common stock of the Company, \$.01 par value per share (the "Shares"), underlying the Restricted Stock Units shall be issuable, only in accordance with the provisions of this Agreement and of the Plan.

2. Issuance of Common Stock

(a) Vesting. Except as provided in Section 2(b) below, all Restricted Stock Units shall, to the extent not previously vested or forfeited as provided herein, vest on the first anniversary of the Date of Grant (the "Vesting Date"); provided, however, that the underlying Shares shall not be issued to you or be assignable or transferable by you until the date of termination of your service as a Director of the Company (the "Termination Date"), as provided in Section 2(b) below.

The vesting of the Restricted Stock Units and the issuance of the underlying Shares shall be subject to Sections 6 through Section 9 of this Agreement.

(b) Effect of Termination of Service. Upon your termination of service as a Director of the Company for any reason other than by removal for cause, all Restricted Stock Units shall, to the extent not previously vested or forfeited as provided herein, immediately vest, and the underlying Shares shall immediately be issuable to you in full without restrictions on transferability. Upon your termination of service as a Director by removal for cause, all Restricted Stock Units and the underlying Shares, including any Shares accrued in connection with the payment of dividends as provided in Section 5 below, shall immediately be forfeited, whether or not previously vested.

3. Non-Transferability. Subject to the provisions of Section 2 hereof, the rights represented by the Restricted Stock Units and the underlying Shares related thereto shall not be assignable or transferable, or otherwise alienated or pledged or hypothecated or otherwise encumbered under any circumstances. Any purported or attempted assignment, transfer, alienation, pledge, hypothecation or encumbrance of the Restricted Stock Units or the underlying Shares related thereto prior to their issuance to you shall be null and void and shall result in the immediate forfeiture of such Restricted Stock Units, including the underlying Shares, and cancellation of this Agreement.

4. Modification and Waiver. Except as provided in the Plan with respect to determinations of the board of directors (the "Board") or the Compensation Committee of the Board (the "Committee")

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and subject to the Committee's right to amend the Plan, neither this Agreement nor any provision hereof can be changed, modified, amended, discharged, terminated or waived orally or by any course of dealing or purported course of dealing, but only by an agreement in writing signed by you and the Company; provided that changes, modifications and amendments not detrimental to you may be made in writing signed only by the Company. No such agreement shall extend to or affect any provision of this Agreement not expressly changed, modified, amended, discharged, terminated or waived or impair any right consequent on such a provision. The waiver of or failure to enforce any breach of this Agreement shall not be deemed to be a waiver or acquiescence in any other breach thereof.

5. Dividends. Dividends with respect to the Restricted Stock Units shall accrue beginning on the Date of Grant through the Termination Date, at which time such accrued dividends shall be paid out in the form of additional Shares based on the Fair Market Value of a share of the Company's common stock on the business day prior to the Termination Date. The accrued dividends that shall be paid out to you shall be only such amount that has accrued with respect to the underlying Shares that vest on the Vesting Date or as described in Section 2(b) above.

6. Governing Law. This Agreement shall be governed by United States federal law and, to the extent not preempted thereby, by the laws of the State of Delaware. Capital One and you hereby consent and submit to the personal jurisdiction and venue of any state or federal court located in any city or county of Delaware for resolution of any and all claims, causes of action or disputes arising out of this Agreement. You and Capital One agree that the court shall not set aside the Committee's determinations unless there is clear and convincing evidence of bad faith or fraud.

7. Conflicts. In the event of any conflict between the provisions of the Plan as in effect on the Date of Grant and the provisions of this Agreement, except as provided otherwise herein, the provisions of the Plan shall govern. All references herein to the Plan shall mean the Plan as in effect on the date hereof.

8. Bound by Plan. In consideration of this grant of Restricted Stock Units, you agree that you will comply with such conditions as the Board and the Committee may impose on the Restricted Stock Units and be bound by the terms of the Plan.

9. Binding Effect. This Agreement shall be binding upon, enforceable against and inure to the benefit of you and your legatees, distributees and personal representatives, and the Company and its successors and assigns.

10. Rights as a Stockholder. You shall have no rights of a stockholder with respect to the underlying Shares related to the Restricted Stock Units, including, but not limited to, the right to vote and to receive dividends, unless and until such Shares are transferred to you pursuant to the Plan and this Agreement.

11. Data Protection. You consent to the collection, processing and transfer (including international transfer) of your personally identifiable data in connection with the grant of the Restricted Stock Units and participation in the Plan. If you reside or perform services outside of the United States, your personal data is subject to the terms as set out in Appendix A for the purposes specified therein.

12. Severability. This Agreement shall be enforceable to the fullest extent allowed by law. In the event that any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, then that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the validity, legality or enforceability of any other provision of this Agreement or the validity, legality or enforceability of such provision in any other

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jurisdiction. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be deemed severable from the remainder of this Agreement, and the remaining provisions contained in this Agreement shall be construed to preserve to the maximum permissible extent the intent and purposes of this Agreement.

13. Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

14. Addendum to Agreement. If you reside or perform services outside of the United States, notwithstanding any provisions of this Agreement to the contrary, the Restricted Stock Units shall be subject to such special terms and conditions for your country of residence and country in which services are performed, as Capital One may determine in its sole discretion and which shall be set forth in Appendix B to this Agreement (the "Addendum"). If you transfer your residence and/or perform services in another country, any special terms and conditions for such country will apply to the Restricted Stock Units to the extent Capital One determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or Capital One may establish additional terms and conditions as may be necessary or advisable). In all circumstances, the Addendum shall constitute a part of these terms and conditions.

15. Miscellaneous. In accepting the grant, you acknowledge and agree that:

(a) this Agreement is intended to comply with the applicable requirements of Section 409A of the Code as it relates to U.S. taxpayers and shall be limited, construed and interpreted in a manner so as to comply therewith;

(b) your obligations under this Agreement shall survive any termination of your service for any reason;

(c) any of the Company's rights or remedies under this Agreement shall be cumulative and in addition to whatever other remedies the Company may have under law or equity;

(d) the Company may, to the maximum extent permitted by applicable law and Section 409A of the Code as it relates to U.S. taxpayers, retain for itself funds or securities otherwise payable to you pursuant to this Agreement to satisfy any obligation or debt that you owe the Company, including any obligations hereunder. The Company may not retain such funds or securities until such time as they would otherwise be distributable to you in accordance with this Agreement;

(e) the Company reserves the right to impose other requirements on the Restricted Stock Units, any Shares acquired pursuant to the Restricted Stock Units, and your participation in the Plan, to the extent Capital One determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the administration of the Restricted Stock Units and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing; and

(f) Capital One from time to time distributes and makes available disclosure documents, including a prospectus, relating to the Plan. You may also contact the HR Help Center to obtain copies of the Plan disclosure documents and the Plan. You represent that you are familiar with the

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terms of the Plan and have had the opportunity to ask questions and receive answers concerning the terms and conditions of the Restricted Stock Units. As a condition of this award and your right to receive Restricted Stock Units and the underlying Shares, you must accept this Agreement. By doing so, you confirm the accuracy of the statement set forth in the third sentence of this paragraph, acknowledge receipt of the Plan and the Plan disclosure documents and evidence your acceptance of and agreement to be bound by the terms of this Agreement and the Plan.

**APPENDIX A**

**DATA PROTECTION PROVISIONS**

**1 DATA PROTECTION PROVISION FOR PARTICIPANTS WHO RESIDE OR PERFORM SERVICES OUTSIDE OF THE UNITED STATES, EUROPEAN UNION, SWITZERLAND AND THE UNITED KINGDOM**

If you reside or perform services outside of the United States, European Union, Switzerland and United Kingdom, pursuant to applicable personal data protection laws, Capital One hereby notifies you of the following in relation to your personally identifiable data ("Personal Data") and the collection, processing and transfer of such data in relation to Capital One's grant of the Restricted Stock Units and participation in the Plan. The collection, processing and transfer of Personal Data is necessary for Capital One's administration of the Plan and your participation in the Plan, and although you have the right to deny or object to the collection, processing and transfer of Personal Data, your denial and/or objection to the collection, processing and transfer of Personal Data may affect your participation in the Plan. As such, you voluntarily acknowledge and consent (where required under applicable law) to the collection, use, processing and transfer of Personal Data as described herein:

Capital One collects, holds, uses and processes certain Personal Data about you, including (but not limited to) your name, home address, email address and telephone number, date of birth, social security number (social insurance number, resident registration number or tax identification number) passport number or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in Capital One, details of all entitlements to shares of Common Stock (or cash) awarded, canceled, purchased, vested, unvested or outstanding in your favor, for the purpose of managing and administering the Plan. The Personal Data may be provided by you or collected, where lawful, from Capital One, its Affiliates and/or third parties, and Capital One will process the Personal Data in this context for the exclusive purpose of implementing, administering and managing your participation in the Plan. The Personal Data processing will take place through electronic and non-electronic means correlated to the purposes for which Personal Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence or country in which services are performed. Personal Data will be accessible within the organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the participation in the Plan.

Capital One will transfer Personal Data internally as necessary for the purpose of implementation, administration and management of your participation in the Plan, and Capital One may further transfer Personal Data to any third parties assisting Capital One in the implementation, administration and management of the Plan. The third party recipients of Personal Data may be any Affiliate of Capital One or a broker/administrator that Capital One may engage to assist with the implementation, administration and management of the Plan from time to time, including, but not limited to, E\*TRADE (or its successor), and any third party vendors with whom E\*TRADE (or its successor) has contracted to provide services under the Plan. These recipients may be located in the European Economic Area, or in other countries, such as the United States, which may not be considered to provide the same level of privacy

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protection to Personal Data as that provided by your home country. You hereby authorize (where required under applicable law) such processing and transfer of Personal Data.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Personal Data, (ii) verify the content, origin and accuracy of the Personal Data, (iii) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Personal Data, (iv) oppose, for legal reasons, the collection, processing or transfer of the Personal Data which is not necessary or required for the implementation, administration and/or operation of the Plan and your participation in the Plan, and (v) withdraw your consent to the collection, processing or transfer of Personal Data as provided hereunder (in which case, the Restricted Stock Units will become null and void). Note that the only consequence of refusing or withdrawing your consent is that Capital One would not be able to grant Restricted Stock Units or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent will affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of your consent, or to exercise the rights described above, you may contact the equity administrator at [equityadministrator@capitalone.com](mailto:equityadministrator@capitalone.com).

**2 DATA PROTECTION PROVISION FOR PARTICIPANTS WHO RESIDE OR PERFORM SERVICES IN THE EUROPEAN UNION, SWITZERLAND OR THE UNITED KINGDOM**

Pursuant to applicable personal data protection laws, Capital One hereby notifies you of the following in relation to your Personal Data (defined below) and the collection, processing and transfer in electronic or other form of such Personal Data in relation to the grant of Restricted Stock Units and your participation in the Plan. The collection, processing and transfer of your Personal Data is necessary for the legitimate purpose of Capital One's administration of the Plan and your participation in the Plan, and your denial and/or objection to the collection, processing and transfer of Personal Data may affect your participation in the Plan. As such, by accepting the grant of Restricted Stock Units under the Plan, you acknowledge the collection, use, processing and transfer of Personal Data as described herein.

Capital One holds certain personally identifiable information about you, specifically your name, home address, email address and telephone number, date of birth, social security number (social insurance number, resident registration number or tax identification number), passport number or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in Capital One, details of all entitlements to shares of Common Stock (or cash) awarded, canceled, purchased, vested, unvested or outstanding in your favor, for the purpose of managing and administering the Plan ("Personal Data"). The Personal Data may be provided by you or collected, where lawful, from third parties. Capital One acts as controller of the Personal Data and will process the Personal Data in this context for the exclusive legitimate purpose of implementing, administering and managing your participation in the Plan and meeting related legal obligations associated with these actions.

The processing will take place through electronic and non-electronic means according to logics and procedures correlated to the purposes for which the Personal Data was collected and with confidentiality and security provisions as set forth by applicable laws and regulations. Personal Data will be accessible within Capital One's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and other aspects of the service relationship and for your participation in the Plan.

Capital One will transfer Personal Data amongst its Affiliates as necessary for the purpose of implementation, administration and management of your participation in the Plan, and Capital One may

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each further transfer Personal Data to third parties assisting Capital One in the implementation, administration and management of the Plan, including E\*TRADE (or its successor), and any third party vendors with whom E\*TRADE (or its successor) has contracted to provide services under the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States and the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. By accepting the grant of Restricted Stock Units under the Plan, you understand that these recipients may receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Personal Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the Plan. You further understand that you may request a list with the names and addresses of any potential recipients of Personal Data by contacting the equity administrator at equityadministrator@capitalone.com. When transferring Personal Data to these potential recipients, Capital One provides appropriate safeguards in accordance with EU Standard Contractual Clauses, or other legally binding and permissible arrangements. You may request a copy of such safeguards from the equity administrator at equityadministrator@capitalone.com.

To the extent provided by law, you may, at any time, have the right to request: access to Personal Data, rectification of Personal Data, erasure of Personal Data, restriction of processing of Personal Data, and portability of Personal Data. You also may have the right to object, on grounds related to a particular situation, to the processing of Personal Data, as well as opt-out of the Plan herein, in any case without cost, by contacting the equity administrator at equityadministrator@capitalone.com. Your provision of Personal Data is a contractual requirement. You understand, however, that the only consequence of refusing to provide Personal Data is that Capital One may not be able to grant Restricted Stock Units or other equity awards to you or administer or maintain such awards. For more information on the consequences of your refusal to provide Personal Data, you understand that you may contact the equity administrator at equityadministrator@capitalone.com.

When Capital One no longer needs to use Personal Data for the purposes above or does not need to retain it for compliance with any legal or regulatory purpose, Capital One will take reasonable steps to remove Personal Data from its systems and/or records containing the Personal Data and/or take steps to properly anonymize it so that you can no longer be identified from it.

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**APPENDIX B**

**ADDENDUM TO RESTRICTED STOCK UNIT AGREEMENT FOR PARTICIPANTS WHO RESIDE OR PERFORM SERVICES OUTSIDE OF THE UNITED STATES**

In addition to the terms of the Plan and the Agreement and unless otherwise determined by Capital One, in its sole discretion, the Restricted Stock Units are subject to the following additional terms and conditions as set forth in this addendum to the Agreement (the "Addendum") to the extent you reside or perform services in a country addressed herein. To the extent you transfer residence to or perform services in another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to you to the extent Capital One determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and/or regulations, or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or Capital One may establish alternative terms and conditions as may be necessary or advisable). All defined terms contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement.

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## ALL NON-U.S. COUNTRIES

Except to the extent superseded by a term or condition set forth herein for a country in which you reside or perform services, the following provisions apply if you reside or perform services outside of the United States (or transfer residence to or perform services in a country outside of the United States).

### 1. Taxation.

(a) You acknowledge that, regardless of any action that Capital One takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account, back-up withholding or other tax-related items related to the Restricted Stock Units legally applicable to you, and any Capital One taxes, the responsibility for which you agree to bear with respect to the Restricted Stock Units ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains your responsibility. You personally are responsible for paying all Tax-Related Items related to the Restricted Stock Units.

(b) You acknowledge that Capital One (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant of Restricted Stock Units, the vesting of the Restricted Stock Units, the settlement of the Restricted Stock Units, the receipt of any dividend equivalents or dividends, and the subsequent sale of Shares; and (ii) does not commit to and is under no obligation to structure the terms of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or to achieve any particular tax result.

(c) If withholding is required pursuant to applicable United States federal, state, local or non-U.S. law, Capital One will automatically withhold the number of Shares having a Fair Market Value on the date the tax withholding obligation is to be determined equal to the amount required to be withheld, rounded up to the nearest whole Share. In such case, for tax purposes, you will be deemed to have been issued the full number of Shares subject to the Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of covering the applicable withholding. You agree to pay to Capital One any amount that Capital One may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means described herein.

(d) If you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that you may be required to account for Tax-Related Items in more than one jurisdiction.

(e) To the extent applicable Tax-Related Items have not been withheld, you acknowledge and agree that you personally will be responsible for paying and remitting any and all Tax-Related Items payable in your country of residence and/or country outside of the United States in which you perform services, including (but not limited to) income tax and individual (and, if applicable, Capital One) social contributions and reporting the income recognized in connection with the Restricted Stock Units, if required pursuant to applicable law.

(f) You acknowledge and agree that Capital One may refuse to issue or deliver the Shares (or cash payment) or the proceeds from the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

2. Discretion to Settle in Cash. Notwithstanding any provision in the Agreement to the contrary, if you are resident or perform services outside of the United States, Capital One may, in its sole discretion, settle the Restricted Stock Units in the form of a cash payment to the extent settlement in Shares: (i) is prohibited under local law; (ii) would require you, Capital One and/or its Subsidiaries or Affiliates to obtain the approval of any governmental and/or regulatory body in your country of residence

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or country in which services are performed; (iii) would result in adverse tax consequences for you or Capital One; or (iv) is administratively burdensome. Alternatively, Capital One may, in its sole discretion, settle the Restricted Stock Units in the form of Shares but require you to sell such Shares immediately or within a specified period following your termination of service (in which case, the Agreement shall give Capital One the authority to issue sales instructions on your behalf).

3. No Advice Regarding Grant. No employee of Capital One is permitted to advise you regarding your participation in the Plan or your acquisition or sale of Shares underlying the Restricted Stock Units. You are hereby advised to consult with your own personal tax, legal and financial advisors before taking any action related to the Plan.

4. Insider Trading and Market Abuse Laws. By participating in the Plan, you agree to comply with the Company's policy on insider trading (to the extent that it applies to you). You acknowledge that, depending on your or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws that may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares during such times you are considered to have material nonpublic or inside information "inside information" regarding the Company as defined in the laws or regulations in your country of residence and country in which services are performed. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (a) disclosing the inside information to any third party and (b) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include employees of Capital One and its Affiliates. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company insider trading policy. You acknowledge that it is your responsibility to comply with any restrictions and you should speak to your personal advisor on this matter.

5. English Language. You acknowledge and agree that it is your express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units, be drawn up in English. If you have received the Agreement, the Plan or any other documents related to the Restricted Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

6. Not a Public Offering in Non-U.S. Jurisdictions. Neither the grant of the Restricted Stock Units under the Plan nor the issuance of the underlying Shares upon settlement of the Restricted Stock Units is intended to be a public offering of securities in your country of residence. Capital One has not submitted any registration statement, prospectus or other filings to the local securities authorities in jurisdictions outside of the United States unless otherwise required under local law.

7. Compliance with Local Law. You agree to repatriate all payments attributable to Shares and/or cash acquired under the Plan in accordance with local foreign exchange rules and regulations in your country of residence and country in which services are performed. In addition, you agree to take any and all actions, and consent to any and all actions taken by Capital One and its Subsidiaries and Affiliates, as may be required to allow Capital One and its Subsidiaries and Affiliates to comply with local laws, rules and regulations in your country of residence and country in which services are performed. You also agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence and country in which services are performed.

8. Nature of Grant. In accepting the grant of Restricted Stock Units, you acknowledge, understand and agree that:

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- (a) the Plan is established voluntarily by Capital One, it is discretionary in nature and it may be modified, suspended or terminated by the Committee at any time, as provided in the Plan and the Agreement;
- (b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;
- (c) all decisions with respect to future grants of Restricted Stock Units or other grants, if any, will be at the sole discretion of Capital One, including, but not limited to, the form and timing of an Award, the number of shares of Common Stock subject to an Award, and the vesting and settlement provisions applicable to the Award;
- (d) the grant of Restricted Stock Units and your participation in the Plan shall not create a right to provide continued service or be interpreted as forming a service contract with Capital One;
- (e) you are voluntarily participating in the Plan;
- (h) the future value of the Shares underlying the Restricted Stock Units is unknown, indeterminable and cannot be predicted with certainty;
- (i) the Committee shall have the exclusive discretion to determine when a termination of service occurs for purposes of this grant of Restricted Stock Units;
- (j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from your ceasing to have rights under or to be entitled to Restricted Stock Units, whether or not as a result of your termination of your service for any reason whatsoever;
- (k) if you reside or perform services outside the United States, you acknowledge and agree that Capital One shall not be liable for any exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

**SWITZERLAND**

1 Securities Law Information. Neither this Agreement nor any other materials related to the Restricted Stock Units (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee or director of the Company or an Affiliate or (iii) has been or will be filed with, approved, or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority, FINMA.

**NETHERLANDS**

1 No specific provisions.

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**CERTIFICATION FOR QUARTERLY REPORT ON FORM 10-Q OF CAPITAL ONE FINANCIAL CORPORATION AND CONSOLIDATED SUBSIDIARIES**

I, Richard D. Fairbank, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Capital One Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2024

By: /s/ RICHARD D. FAIRBANK

Richard D. Fairbank  
Chair and Chief Executive Officer

**CERTIFICATION FOR QUARTERLY REPORT ON FORM 10-Q OF CAPITAL ONE FINANCIAL CORPORATION AND CONSOLIDATED SUBSIDIARIES**

I, Andrew M. Young, certify that,

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Capital One Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2024

By: /s/ ANDREW M. YOUNG  
Andrew M. Young  
Chief Financial Officer

**Certification**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Richard D. Fairbank, Chairman and Chief Executive Officer of Capital One Financial Corporation ("Capital One"), a Delaware corporation, do hereby certify that:

1. The Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the "Form 10-Q") of Capital One fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Capital One.

Date: August 1, 2024

By: /s/ RICHARD D. FAIRBANK

Richard D. Fairbank  
Chair and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Capital One and will be retained by Capital One and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Andrew M. Young, Chief Financial Officer of Capital One Financial Corporation ("Capital One"), a Delaware corporation, do hereby certify that:

1. The Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the "Form 10-Q") of Capital One fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Capital One.

Date: August 1, 2024

By: /s/ ANDREW M. YOUNG

Andrew M. Young  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Capital One and will be retained by Capital One and furnished to the Securities and Exchange Commission or its staff upon request.