

**Capital One Financial Corporation**  
**Financial Supplement**  
**Second Quarter 2013<sup>(1)(2)(3)</sup>**  
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(1) The information contained in this Financial Supplement is preliminary and based on data available at the time of the earnings presentation, and investors should refer to our Quarterly Report on Form 10-Q for the period ended June 30, 2013 once it is filed with the Securities and Exchange Commission.

(2) References to ING Direct refer to the business and assets acquired and liabilities assumed in the February 17, 2012 acquisition. References to the 2012 U.S. card acquisition refer to the May 1, 2012 transaction in which we acquired substantially all of HSBC's credit card and private-label credit card business in the United States.

(3) We use the term "acquired loans" to refer to a limited portion of the credit card loans acquired in the 2012 U.S. card acquisition and the substantial majority of loans acquired in the ING Direct and Chevy Chase Bank ("CCB") acquisitions, which were recorded at fair value at acquisition and subsequently accounted for based on estimated cash flows expected to be collected over the life of the loans (under the accounting standard formerly known as "SOP 03-3"). Because SOP 03-3 takes into consideration future credit losses expected to be incurred over the life of the loans, there are no charge-offs or an allowance associated with these loans unless the estimated cash flows expected to be collected decrease subsequent to acquisition. In addition, these loans are not classified as delinquent or nonperforming even though the customer may be contractually past due because we expect that we will fully collect the carrying value of these loans. The accounting and classification of these loans may significantly alter some of our reported credit quality metrics. We therefore supplement certain reported credit quality metrics with metrics adjusted to exclude the impact of these acquired loans.

# CAPITAL ONE FINANCIAL CORPORATION (COF)

## Table 1: Financial Summary—Consolidated <sup>(1)(2)</sup>

|   | 2013       | 2013       | 2012       | 2012       | 2012       |
|---|------------|------------|------------|------------|------------|
|   | Q2         | Q1         | Q4         | Q3         | Q2         |
| <i>(Dollars in millions, except per share data and as noted) (unaudited)</i>              |            |            |            |            |            |
| <b>Earnings</b>   |            |            |            |            |            |
| Net interest income   | \$ 4,553   | \$ 4,570   | \$ 4,528   | \$ 4,646   | \$ 4,001   |
| Non-interest income <sup>(3)</sup>  | 1,085      | 981        | 1,096      | 1,136      | 1,054      |
| Total net revenue <sup>(4)</sup>  | 5,638      | 5,551      | 5,624      | 5,782      | 5,055      |
| Provision for credit losses   | 762        | 885        | 1,151      | 1,014      | 1,677      |
| Non-interest expense:   |            |            |            |            |            |
| Marketing   | 330        | 317        | 393        | 316        | 334        |
| Amortization of intangibles <sup>(5)</sup>  | 167        | 177        | 191        | 199        | 157        |
| Acquisition-related <sup>(6)</sup>  | 50         | 46         | 69         | 48         | 133        |
| Operating expenses  | 2,512      | 2,488      | 2,602      | 2,482      | 2,518      |
| Total non-interest expense  | 3,059      | 3,028      | 3,255      | 3,045      | 3,142      |
| Income from continuing operations before income taxes                                     | 1,817      | 1,638      | 1,218      | 1,723      | 236        |
| Income tax provision  | 581        | 494        | 370        | 535        | 43         |
| Income from continuing operations, net of tax   | 1,236      | 1,144      | 848        | 1,188      | 193        |
| Loss from discontinued operations, net of tax <sup>(3)</sup>                              | (119)      | (78)       | (5)        | (10)       | (100)      |
| Net income  | 1,117      | 1,066      | 843        | 1,178      | 93         |
| Dividends and undistributed earnings allocated to participating securities <sup>(7)</sup> | (4)        | (5)        | (3)        | (5)        | (1)        |
| Preferred stock dividends   | (13)       | (13)       | (15)       | —          | —          |
| Net income available to common stockholders   | \$ 1,100   | \$ 1,048   | \$ 825     | \$ 1,173   | \$ 92      |
| <b>Common Share Statistics</b>  |            |            |            |            |            |
| Basic EPS: <sup>(7)</sup>   |            |            |            |            |            |
| Income from continuing operations, net of tax   | \$ 2.09    | \$ 1.94    | \$ 1.43    | \$ 2.05    | \$ 0.33    |
| Loss from discontinued operations, net of tax   | (0.20)     | (0.13)     | (0.01)     | (0.02)     | (0.17)     |
| Net income per common share   | \$ 1.89    | \$ 1.81    | \$ 1.42    | \$ 2.03    | \$ 0.16    |
| Diluted EPS: <sup>(7)</sup>   |            |            |            |            |            |
| Income from continuing operations, net of tax   | \$ 2.07    | \$ 1.92    | \$ 1.42    | \$ 2.03    | \$ 0.33    |
| Loss from discontinued operations, net of tax   | (0.20)     | (0.13)     | (0.01)     | (0.02)     | (0.17)     |
| Net income per common share   | \$ 1.87    | \$ 1.79    | \$ 1.41    | \$ 2.01    | \$ 0.16    |
| Weighted average common shares outstanding (in millions) for:                             |            |            |            |            |            |
| Basic EPS   | 581.5      | 580.5      | 579.2      | 578.3      | 577.7      |
| Diluted EPS   | 588.8      | 586.3      | 585.6      | 584.1      | 582.8      |
| Common shares outstanding (period end, in millions)                                       | 584.9      | 584.0      | 582.2      | 581.3      | 580.7      |
| Dividends per common share  | \$ 0.30    | \$ 0.05    | \$ 0.05    | \$ 0.05    | \$ 0.05    |
| Tangible book value per common share (period end) <sup>(8)</sup>                          | 41.57      | 41.87      | 40.23      | 38.70      | 35.67      |
| <b>Balance Sheet (Period End)</b>   |            |            |            |            |            |
| Loans held for investment <sup>(9)</sup>  | \$ 191,512 | \$ 191,333 | \$ 205,889 | \$ 203,132 | \$ 202,749 |
| Interest-earning assets   | 265,693    | 268,479    | 280,096    | 270,661    | 264,331    |
| Total assets  | 296,542    | 300,163    | 312,918    | 301,989    | 296,572    |
| Interest-bearing deposits   | 187,768    | 191,093    | 190,018    | 192,488    | 193,859    |
| Total deposits  | 209,865    | 212,410    | 212,485    | 213,255    | 213,931    |
| Borrowings  | 36,231     | 37,492     | 49,910     | 38,377     | 35,874     |
| Common equity   | 40,188     | 40,443     | 39,646     | 38,819     | 37,192     |
| Total stockholders' equity  | 41,041     | 41,296     | 40,499     | 39,672     | 37,192     |
| <b>Balance Sheet (Quarterly Average Balances)</b>   |            |            |            |            |            |
| Loans held for investment <sup>(9)</sup>  | \$ 190,562 | \$ 195,997 | \$ 202,944 | \$ 202,856 | \$ 192,632 |
| Interest-earning assets   | 266,544    | 272,345    | 277,886    | 266,803    | 265,019    |
| Total assets  | 297,766    | 303,223    | 308,096    | 297,154    | 295,306    |
| Interest-bearing deposits   | 189,311    | 190,612    | 192,122    | 193,700    | 195,597    |
| Total deposits  | 210,650    | 211,555    | 213,494    | 213,323    | 214,914    |
| Borrowings  | 36,915     | 41,574     | 44,189     | 36,451     | 35,418     |
| Common equity   | 40,726     | 40,107     | 39,359     | 38,079     | 37,533     |
| Total stockholders' equity  | 41,579     | 40,960     | 40,212     | 38,535     | 37,533     |

# CAPITAL ONE FINANCIAL CORPORATION (COF)

## Table 2: Selected Metrics—Consolidated <sup>(1)(2)</sup>

|  | 2013     | 2013     | 2012     | 2012     | 2012     |
|--|----------|----------|----------|----------|----------|
|  | Q2       | Q1       | Q4       | Q3       | Q2       |
| <i>(Dollars in millions, except per share data and as noted) (unaudited)</i>     |          |          |          |          |          |
| <b>Performance Metrics</b>   |          |          |          |          |          |
| Net interest income growth (quarter over quarter)                                | — %      | 1 %      | (3) %    | 16 %     | 17 %     |
| Non-interest income growth (quarter over quarter)                                | 11       | (10)     | (4)      | 8        | (31)     |
| Total net revenue growth (quarter over quarter)                                  | 2        | (1)      | (3)      | 14       | 2        |
| Total net revenue margin <sup>(10)</sup>   | 8.46     | 8.15     | 8.10     | 8.67     | 7.63     |
| Net interest margin <sup>(11)</sup>  | 6.83     | 6.71     | 6.52     | 6.97     | 6.04     |
| Return on average assets <sup>(12)</sup>   | 1.66     | 1.51     | 1.10     | 1.60     | 0.26     |
| Return on average common equity <sup>(13)</sup>                                  | 11.97    | 11.23    | 8.44     | 12.43    | 2.05     |
| Return on average tangible common equity <sup>(14)</sup>                         | 19.70    | 18.79    | 14.42    | 21.84    | 3.52     |
| Non-interest expense as a % of average loans held for investment <sup>(15)</sup> | 6.42     | 6.18     | 6.42     | 6.00     | 6.52     |
| Efficiency ratio <sup>(16)</sup>   | 54.26    | 54.55    | 57.88    | 52.66    | 62.16    |
| Effective income tax rate  | 32.0     | 30.2     | 30.4     | 31.1     | 18.2     |
| Full-time equivalent employees (in thousands), period end                        | 39.6     | 39.3     | 39.6     | 37.6     | 37.4     |
| <b>Credit Quality Metrics<sup>(9)(17)</sup></b>                                  |          |          |          |          |          |
| Allowance for loan and lease losses  | \$ 4,407 | \$ 4,606 | \$ 5,156 | \$ 5,154 | \$ 4,998 |
| Allowance as a % of loans held for investment                                    | 2.30 %   | 2.41 %   | 2.50 %   | 2.54 %   | 2.47 %   |
| Allowance as a % of loans held for investment (excluding acquired loans)         | 2.74     | 2.91     | 3.02     | 3.11     | 3.08     |
| Net charge-offs  | \$ 969   | \$ 1,079 | \$ 1,150 | \$ 887   | \$ 738   |
| Net charge-off rate <sup>(18)</sup>  | 2.03 %   | 2.20 %   | 2.26 %   | 1.75 %   | 1.53 %   |
| Net charge-off rate (excluding acquired loans) <sup>(18)</sup>                   | 2.46     | 2.69     | 2.78     | 2.18     | 1.96     |
| 30+ day performing delinquency rate  | 2.35     | 2.37     | 2.70     | 2.54     | 2.06     |
| 30+ day performing delinquency rate (excluding acquired loans)                   | 2.83     | 2.90     | 3.29     | 3.15     | 2.59     |
| 30+ day delinquency rate <sup>(19)</sup>   | **       | 2.74     | 3.09     | 2.92     | 2.43     |
| 30+ day delinquency rate (excluding acquired loans) <sup>(19)</sup>              | **       | 3.35     | 3.77     | 3.62     | 3.06     |
| <b>Capital Ratios<sup>(20)</sup></b>   |          |          |          |          |          |
| Tier 1 common ratio  | 12.1 %   | 11.8 %   | 11.0 %   | 10.7 %   | 9.9 %    |
| Tier 1 risk-based capital ratio  | 12.4     | 12.2     | 11.3     | 12.7     | 11.6     |
| Total risk-based capital ratio   | 14.7     | 14.4     | 13.6     | 15.0     | 14.0     |
| Tangible common equity ("TCE") ratio   | 8.7      | 8.6      | 7.9      | 7.9      | 7.4      |

**CAPITAL ONE FINANCIAL CORPORATION (COF)**

**Table 3: Consolidated Statements of Income<sup>(1)(2)</sup>**

|   | Three Months Ended |                   |                  | Six Months Ended June 30, |                 |
|---|--------------------|-------------------|------------------|---------------------------|-----------------|
|   | June 30,<br>2013   | March 31,<br>2013 | June 30,<br>2012 | 2013                      | 2012            |
| <i>(Dollars in millions, except per share data) (unaudited)</i>                           |                    |                   |                  |                           |                 |
| <b>Interest income:</b>   |                    |                   |                  |                           |                 |
| Loans, including loans held for sale  | \$ 4,596           | \$ 4,649          | \$ 4,257         | \$ 9,245                  | \$ 7,914        |
| Investment securities   | 391                | 374               | 335              | 765                       | 633             |
| Other   | 23                 | 28                | 24               | 51                        | 48              |
| Total interest income   | <u>5,010</u>       | <u>5,051</u>      | <u>4,616</u>     | <u>10,061</u>             | <u>8,595</u>    |
| <b>Interest expense:</b>  |                    |                   |                  |                           |                 |
| Deposits  | 318                | 326               | 373              | 644                       | 684             |
| Securitized debt obligations  | 45                 | 56                | 69               | 101                       | 149             |
| Senior and subordinated notes   | 82                 | 82                | 87               | 164                       | 175             |
| Other borrowings  | 12                 | 17                | 86               | 29                        | 172             |
| Total interest expense  | <u>457</u>         | <u>481</u>        | <u>615</u>       | <u>938</u>                | <u>1,180</u>    |
| Net interest income   | 4,553              | 4,570             | 4,001            | 9,123                     | 7,415           |
| Provision for credit losses   | 762                | 885               | 1,677            | 1,647                     | 2,250           |
| Net interest income after provision for credit losses                                     | <u>3,791</u>       | <u>3,685</u>      | <u>2,324</u>     | <u>7,476</u>              | <u>5,165</u>    |
| <b>Non-interest income:</b>   |                    |                   |                  |                           |                 |
| Service charges and other customer-related fees   | 534                | 550               | 539              | 1,084                     | 954             |
| Interchange fees, net   | 486                | 445               | 408              | 931                       | 736             |
| Net other-than-temporary impairment losses recognized in earnings                         | (4)                | (25)              | (13)             | (29)                      | (27)            |
| Bargain purchase gain <sup>(21)</sup>   | —                  | —                 | —                | —                         | 594             |
| Other   | 69                 | 11                | 120              | 80                        | 318             |
| Total non-interest income   | <u>1,085</u>       | <u>981</u>        | <u>1,054</u>     | <u>2,066</u>              | <u>2,575</u>    |
| <b>Non-interest expense:</b>  |                    |                   |                  |                           |                 |
| Salaries and associate benefits   | 1,104              | 1,080             | 971              | 2,184                     | 1,835           |
| Occupancy and equipment   | 356                | 350               | 323              | 706                       | 593             |
| Marketing   | 330                | 317               | 334              | 647                       | 655             |
| Professional services   | 329                | 307               | 313              | 636                       | 606             |
| Communications and data processing  | 233                | 210               | 203              | 443                       | 375             |
| Amortization of intangibles <sup>(5)</sup>  | 167                | 177               | 157              | 344                       | 219             |
| Acquisition-related <sup>(6)</sup>  | 50                 | 46                | 133              | 96                        | 219             |
| Other   | 490                | 541               | 708              | 1,031                     | 1,144           |
| Total non-interest expense  | <u>3,059</u>       | <u>3,028</u>      | <u>3,142</u>     | <u>6,087</u>              | <u>5,646</u>    |
| Income from continuing operations before income taxes                                     | 1,817              | 1,638             | 236              | 3,455                     | 2,094           |
| Income tax provision  | 581                | 494               | 43               | 1,075                     | 396             |
| Income from continuing operations, net of tax   | 1,236              | 1,144             | 193              | 2,380                     | 1,698           |
| Loss from discontinued operations, net of tax <sup>(3)</sup>                              | (119)              | (78)              | (100)            | (197)                     | (202)           |
| <b>Net income</b>   | <u>1,117</u>       | <u>1,066</u>      | <u>93</u>        | <u>2,183</u>              | <u>1,496</u>    |
| Dividends and undistributed earnings allocated to participating securities <sup>(7)</sup> | (4)                | (5)               | (1)              | (9)                       | (8)             |
| Preferred stock dividends   | (13)               | (13)              | —                | (26)                      | —               |
| <b>Net income available to common stockholders</b>  | <u>\$ 1,100</u>    | <u>\$ 1,048</u>   | <u>\$ 92</u>     | <u>\$ 2,148</u>           | <u>\$ 1,488</u> |
| <b>Basic earnings per common share:<sup>(7)</sup></b>                                     |                    |                   |                  |                           |                 |
| Income from continuing operations   | \$ 2.09            | \$ 1.94           | \$ 0.33          | \$ 4.04                   | \$ 3.11         |
| Loss from discontinued operations   | (0.20)             | (0.13)            | (0.17)           | (0.34)                    | (0.37)          |
| Net income per basic common share   | <u>\$ 1.89</u>     | <u>\$ 1.81</u>    | <u>\$ 0.16</u>   | <u>\$ 3.70</u>            | <u>\$ 2.74</u>  |
| <b>Diluted earnings per common share:<sup>(7)</sup></b>                                   |                    |                   |                  |                           |                 |
| Income from continuing operations   | \$ 2.07            | \$ 1.92           | \$ 0.33          | \$ 3.99                   | \$ 3.09         |
| Loss from discontinued operations   | (0.20)             | (0.13)            | (0.17)           | (0.34)                    | (0.37)          |
| Net income per diluted common share   | <u>\$ 1.87</u>     | <u>\$ 1.79</u>    | <u>\$ 0.16</u>   | <u>\$ 3.65</u>            | <u>\$ 2.72</u>  |
| <b>Weighted average common shares outstanding (in millions) for:</b>                      |                    |                   |                  |                           |                 |
| Basic EPS   | 581.5              | 580.5             | 577.7            | 581.0                     | 543.3           |
| Diluted EPS   | 588.8              | 586.3             | 582.8            | 587.9                     | 548.0           |
| Dividends paid per common share   | \$ 0.30            | \$ 0.05           | \$ 0.05          | \$ 0.35                   | \$ 0.10         |

**CAPITAL ONE FINANCIAL CORPORATION (COF)**
**Table 4: Consolidated Balance Sheets**

| <i>(Dollars in millions)(unaudited)</i>  | <b>June 30,<br/>2013</b> | <b>December 31,<br/>2012</b> | <b>June 30,<br/>2012</b> |
|--|--------------------------|------------------------------|--------------------------|
| <b>Assets:</b>   |                          |                              |                          |
| Cash and cash equivalents:   |                          |                              |                          |
| Cash and due from banks  | \$ 2,176                 | \$ 3,440                     | \$ 2,297                 |
| Interest-bearing deposits with banks   | 2,279                    | 7,617                        | 3,352                    |
| Federal funds sold and securities purchased under agreements to resell               | 198                      | 1                            | 330                      |
| Total cash and cash equivalents  | <u>4,653</u>             | <u>11,058</u>                | <u>5,979</u>             |
| Restricted cash for securitization investors   | 377                      | 428                          | 370                      |
| Securities available for sale, at fair value   | 62,602                   | 63,979                       | 55,289                   |
| Loans held for investment:   |                          |                              |                          |
| Unsecuritized loans held for investment  | 151,231                  | 162,059                      | 158,680                  |
| Restricted loans for securitization investors  | 40,281                   | 43,830                       | 44,069                   |
| Total loans held for investment  | <u>191,512</u>           | <u>205,889</u>               | <u>202,749</u>           |
| Less: Allowance for loan and lease losses  | (4,407)                  | (5,156)                      | (4,998)                  |
| Net loans held for investment  | <u>187,105</u>           | <u>200,733</u>               | <u>197,751</u>           |
| Loans held for sale, at lower of cost or fair value                                  | 6,248                    | 201                          | 1,047                    |
| Premises and equipment, net  | 3,766                    | 3,587                        | 3,556                    |
| Interest receivable  | 1,454                    | 1,694                        | 1,623                    |
| Goodwill   | 13,900                   | 13,904                       | 13,864                   |
| Other  | 16,437                   | 17,334                       | 17,093                   |
| <b>Total assets</b>  | <u>\$ 296,542</u>        | <u>\$ 312,918</u>            | <u>\$ 296,572</u>        |
| <b>Liabilities:</b>  |                          |                              |                          |
| Interest payable   | \$ 324                   | \$ 450                       | \$ 462                   |
| Customer deposits:   |                          |                              |                          |
| Non-interest bearing deposits  | 22,097                   | 22,467                       | 20,072                   |
| Interest-bearing deposits  | 187,768                  | 190,018                      | 193,859                  |
| Total customer deposits  | <u>209,865</u>           | <u>212,485</u>               | <u>213,931</u>           |
| Securitized debt obligations   | 10,831                   | 11,398                       | 13,608                   |
| Other debt:  |                          |                              |                          |
| Federal funds purchased and securities loaned or sold under agreements to repurchase | 1,766                    | 1,248                        | 1,101                    |
| Senior and subordinated notes  | 12,406                   | 12,686                       | 12,079                   |
| Other borrowings   | 11,228                   | 24,578                       | 9,086                    |
| Total other debt   | <u>25,400</u>            | <u>38,512</u>                | <u>22,266</u>            |
| Other liabilities  | 9,081                    | 9,574                        | 9,113                    |
| <b>Total liabilities</b>   | <u>255,501</u>           | <u>272,419</u>               | <u>259,380</u>           |
| <b>Stockholders' equity:</b>   |                          |                              |                          |
| Preferred stock  | —                        | —                            | —                        |
| Common stock   | 6                        | 6                            | 6                        |
| Additional paid-in capital, net  | 26,339                   | 26,188                       | 25,217                   |
| Retained earnings  | 18,804                   | 16,853                       | 14,905                   |
| Accumulated other comprehensive income ("AOCI")                                      | (792)                    | 739                          | 350                      |
| Treasury stock, at cost  | (3,316)                  | (3,287)                      | (3,286)                  |
| <b>Total stockholders' equity</b>  | <u>41,041</u>            | <u>40,499</u>                | <u>37,192</u>            |
| <b>Total liabilities and stockholders' equity</b>                                    | <u>\$ 296,542</u>        | <u>\$ 312,918</u>            | <u>\$ 296,572</u>        |

## CAPITAL ONE FINANCIAL CORPORATION (COF)

### Table 5: Notes to Financial & Selected Metrics and Consolidated Financial Statements (Tables 1 — 4)

- (1) Certain prior period amounts have been reclassified to conform to the current period presentation.
- (2) Results for Q2 2012 and thereafter include the impact of the May 1, 2012 closing of the 2012 U.S. card acquisition, which resulted in the addition of \$28.2 billion in credit card receivables at closing.
- (3) We recorded a provision for mortgage representation and warranty losses of \$183 million in Q2 2013, \$97 million in Q1 2013 and \$180 million in Q2 2012. We did not record a provision for mortgage representation and warranty losses in Q4 2012 or Q3 2012. The majority of the provision for representation and warranty losses is generally included net of tax in discontinued operations, with the remaining amount included pre-tax in non-interest income. The mortgage representation and warranty reserve increased to \$1.2 billion as of June 30, 2013, from \$994 million as of March 31, 2013 and \$899 million as of December 31, 2012.
- (4) Total net revenue was reduced by \$192 million in Q2 2013, \$265 million in Q1 2013, \$318 million in Q4 2012, \$185 million in Q3 2012 and \$311 million in Q2 2012 for the estimated uncollectible amount of billed finance charges and fees.
- (5) Includes purchased credit card relationship ("PCCR") intangible amortization of \$110 million in Q2 2013, \$116 million in Q1 2013, \$127 million in Q4 2012, \$131 million in Q3 2012 and \$88 million in Q2 2012, the substantial majority of which is attributable to the 2012 U.S. card acquisition. Includes core deposit intangible amortization of \$43 million in Q2 2013, \$44 million in Q1 2013, \$47 million in Q4 2012, \$49 million in Q3 2012 and \$51 million in Q2 2012.
- (6) Acquisition-related costs include transaction costs, legal and other professional or consulting fees, restructuring costs, and integration expense.
- (7) Dividends and undistributed earnings allocated to participating securities and EPS are computed independently for each period. Accordingly, the sum of each quarter may not agree to the year-to-date total.
- (8) Tangible book value per common share is a non-GAAP measure calculated based on tangible common equity divided by common shares outstanding. See "Table 13: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures Under Basel I" for additional information.
- (9) Loans held for investment includes acquired loans accounted for based on cash flows expected to be collected. See "Table 12: Notes to Loan and Business Segment Disclosures (Tables 7 — 11)" for information on the amount of acquired loans for each of the periods presented.
- (10) Calculated based on annualized total net revenue for the period divided by average interest-earning assets for the period.
- (11) Calculated based on annualized net interest income for the period divided by average interest-earning assets for the period.
- (12) Calculated based on annualized income from continuing operations, net of tax, for the period divided by average total assets for the period.
- (13) Prior to Q2 2013, we disclosed return on average total stockholders' equity, which we calculated based on annualized income from continuing operations, net of tax, for the period divided by average stockholders' equity for the period. Effective Q2 2013, we began disclosing return on average common equity ("ROCE"), which is calculated based on the annualized sum of (i) income from continuing operations, net of tax; (ii) less dividends and undistributed earnings allocated to participating securities; (iii) less preferred stock dividends, for the period, divided by average common equity. We believe ROCE is a more useful measure to assess operating performance and capital adequacy because ROCE better reflects income available to common equity holders after taking into account consideration paid on securities senior to our common equity. Our calculation of ROCE may not be comparable to similarly titled measures reported by other companies.
- (14) Prior to Q2 2013, we calculated return on average tangible common equity ("ROTCE"), a non-GAAP measure, based on annualized income from continuing operations, net of tax, for the period divided by average tangible common equity for the period. Effective Q2 2013, we revised our method of calculating ROTCE to reflect the annualized sum of (i) income from continuing operations, net of tax; (ii) less dividends and undistributed earnings allocated to participating securities; (iii) less preferred stock dividends, for the period, divided by average tangible common equity. We believe our revised calculation of ROTCE is a more useful measure to assess operating performance and capital adequacy because the revised calculation better reflects income available to common equity holders after taking into account consideration paid on securities senior to our common equity. Our calculation of ROTCE may not be comparable to similarly titled measures reported by other companies. See "Table 13: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures Under Basel I" for additional information.
- (15) Calculated based on annualized non-interest expense for the period divided by average loans held for investment for the period.
- (16) Calculated based on non-interest expense, excluding goodwill impairment charges, for the period divided by total net revenue for the period.
- (17) Loans acquired as part of the 2012 U.S. card, ING Direct and CCB acquisitions classified as held for investment are included in the denominator used in calculating our reported credit quality metrics. We supplement certain reported credit quality metrics with metrics adjusted to exclude from the denominator acquired loans accounted for based on estimated expected cash flows to be collected (formerly SOP 03-3).
- (18) Calculated based on annualized net charge-offs for the period divided by average loans held for investment for the period.
- (19) The 30+ day delinquency rate as of the end of Q2 2013 will be provided in the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
- (20) Capital ratios are calculated under Basel I. Ratios as of the end of Q2 2013 are preliminary and therefore subject to change. TCE ratio is a non-GAAP capital ratio. See "Table 13: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures Under Basel I" for information on the calculation of each of these ratios.
- (21) A bargain purchase gain of \$594 million was recognized in earnings in Q1 2012 attributable to the February 17, 2012 acquisition of ING Direct. The bargain purchase gain represents the excess of the fair value of the net assets acquired in the ING Direct acquisition as of the acquisition date of February 17, 2012 over the consideration transferred.

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**Table 6: Average Balances, Net Interest Income and Net Interest Margin <sup>(1)</sup>**

| <i>(Dollars in millions)(unaudited)</i> | 2013 Q2           |  |                           | 2013 Q1           |  |                           | 2012 Q2           |  |                           |
|---|-------------------|--|---------------------------|-------------------|--|---------------------------|-------------------|--|---------------------------|
|   | Average Balance   | Interest Income/Expense <sup>(2)</sup> | Yield/Rate <sup>(2)</sup> | Average Balance   | Interest Income/Expense <sup>(2)</sup> | Yield/Rate <sup>(2)</sup> | Average Balance   | Interest Income/Expense <sup>(2)</sup> | Yield/Rate <sup>(2)</sup> |
| <b>Interest-earning assets:</b>         |                   |  |                           |                   |  |                           |                   |  |                           |
| Loans, including loans held for sale    | \$ 196,874        | \$ 4,596                               | 9.34 %                    | \$ 200,441        | \$ 4,649                               | 9.28 %                    | \$ 193,610        | \$ 4,257                               | 8.80 %                    |
| Investment securities <sup>(3)</sup>    | 63,907            | 391                                    | 2.45                      | 64,798            | 374                                    | 2.31                      | 56,972            | 335                                    | 2.35                      |
| Cash equivalents and other              | 5,763             | 23                                     | 1.60                      | 7,106             | 28                                     | 1.58                      | 14,437            | 24                                     | 0.66                      |
| Total interest-earning assets           | <u>\$ 266,544</u> | <u>\$ 5,010</u>                        | <u>7.52 %</u>             | <u>\$ 272,345</u> | <u>\$ 5,051</u>                        | <u>7.42 %</u>             | <u>\$ 265,019</u> | <u>\$ 4,616</u>                        | <u>6.97 %</u>             |
| <b>Interest-bearing liabilities:</b>    |                   |  |                           |                   |  |                           |                   |  |                           |
| Interest-bearing deposits               | \$ 189,311        | \$ 318                                 | 0.67 %                    | \$ 190,612        | \$ 326                                 | 0.68 %                    | \$ 195,597        | \$ 373                                 | 0.76 %                    |
| Securitized debt obligations            | 10,942            | 45                                     | 1.65                      | 11,758            | 56                                     | 1.91                      | 14,948            | 69                                     | 1.85                      |
| Senior and subordinated notes           | 12,692            | 82                                     | 2.58                      | 11,984            | 82                                     | 2.74                      | 11,213            | 87                                     | 3.10                      |
| Other borrowings                        | 13,281            | 12                                     | 0.36                      | 17,832            | 17                                     | 0.38                      | 9,257             | 86                                     | 3.72                      |
| Total interest-bearing liabilities      | <u>\$ 226,226</u> | <u>\$ 457</u>                          | <u>0.81 %</u>             | <u>\$ 232,186</u> | <u>\$ 481</u>                          | <u>0.83 %</u>             | <u>\$ 231,015</u> | <u>\$ 615</u>                          | <u>1.06 %</u>             |
| Net interest income/spread              |                   | <u>\$ 4,553</u>                        | <u>6.71 %</u>             |                   | <u>\$ 4,570</u>                        | <u>6.59 %</u>             |                   | <u>\$ 4,001</u>                        | <u>5.90 %</u>             |
| Impact of non-interest bearing funding  |                   |  | <u>0.12</u>               |                   |  | <u>0.12</u>               |                   |  | <u>0.14</u>               |
| Net interest margin                     |                   |  | <u>6.83 %</u>             |                   |  | <u>6.71 %</u>             |                   |  | <u>6.04 %</u>             |

| <i>(Dollars in millions)(unaudited)</i> | Six Months Ended June 30, |  |                           |                   |  |                           |
|---|---------------------------|--|---------------------------|-------------------|--|---------------------------|
|   | 2013                      |  |                           | 2012              |  |                           |
|   | Average Balance           | Interest Income/Expense <sup>(2)</sup> | Yield/Rate <sup>(2)</sup> | Average Balance   | Interest Income/Expense <sup>(2)</sup> | Yield/Rate <sup>(2)</sup> |
| <b>Interest-earning assets:</b>         |                           |  |                           |                   |  |                           |
| Loans, including loans held for sale    | \$ 198,648                | \$ 9,245                               | 9.31 %                    | \$ 173,472        | \$ 7,914                               | 9.12 %                    |
| Investment securities <sup>(3)</sup>    | 63,930                    | 765                                    | 2.39                      | 53,757            | 633                                    | 2.36                      |
| Cash equivalents and other              | 6,430                     | 51                                     | 1.59                      | 10,438            | 48                                     | 0.92                      |
| Total interest-earning assets           | <u>\$ 269,008</u>         | <u>\$ 10,061</u>                       | <u>7.48 %</u>             | <u>\$ 237,667</u> | <u>\$ 8,595</u>                        | <u>7.23 %</u>             |
| <b>Interest-bearing liabilities:</b>    |                           |  |                           |                   |  |                           |
| Interest-bearing deposits               | \$ 189,958                | \$ 644                                 | 0.68 %                    | \$ 173,611        | \$ 684                                 | 0.79 %                    |
| Securitized debt obligations            | 11,348                    | 101                                    | 1.78                      | 15,567            | 149                                    | 1.91                      |
| Senior and subordinated notes           | 12,340                    | 164                                    | 2.66                      | 10,740            | 175                                    | 3.26                      |
| Other borrowings                        | 15,544                    | 29                                     | 0.37                      | 9,399             | 172                                    | 3.66                      |
| Total interest-bearing liabilities      | <u>\$ 229,190</u>         | <u>\$ 938</u>                          | <u>0.82 %</u>             | <u>\$ 209,317</u> | <u>\$ 1,180</u>                        | <u>1.13 %</u>             |
| Net interest income/spread              |                           | <u>\$ 9,123</u>                        | <u>6.66 %</u>             |                   | <u>\$ 7,415</u>                        | <u>6.11 %</u>             |
| Impact of non-interest bearing funding  |                           |  | <u>0.12</u>               |                   |  | <u>0.13</u>               |
| Net interest margin                     |                           |  | <u>6.78 %</u>             |                   |  | <u>6.24 %</u>             |

<sup>(1)</sup> Certain prior period amounts have been reclassified to conform to the current period presentation.

<sup>(2)</sup> Interest income and interest expense and the calculation of average yields on interest-earning assets and average rates on interest-bearing liabilities include the impact of hedge accounting.

<sup>(3)</sup> Prior to Q2 2013, average balances for investment securities were calculated based on fair value amounts. Effective Q2 2013, average balances are calculated based on the amortized cost of investment securities. The impact of this change on prior period yields is not material.

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**Table 7: Loan Information and Performance Statistics<sup>(1)(2)(3)</sup>**

|  | 2013       | 2013       | 2012       | 2012       | 2012       |
|--|------------|------------|------------|------------|------------|
| <i>(Dollars in millions)(unaudited)</i>        | Q2         | Q1         | Q4         | Q3         | Q2         |
| <b>Period-end Loans Held For Investment</b>    |            |            |            |            |            |
| Credit card:                                   |            |            |            |            |            |
| Domestic credit card                           | \$ 70,490  | \$ 70,361  | \$ 83,141  | \$ 80,621  | \$ 80,798  |
| International credit card                      | 7,820      | 8,036      | 8,614      | 8,412      | 8,116      |
| Total credit card                              | 78,310     | 78,397     | 91,755     | 89,033     | 88,914     |
| Consumer banking:                              |            |            |            |            |            |
| Automobile                                     | 29,369     | 27,940     | 27,123     | 26,434     | 25,251     |
| Home loan                                      | 39,163     | 41,931     | 44,100     | 46,275     | 48,224     |
| Retail banking                                 | 3,686      | 3,742      | 3,904      | 4,029      | 4,140      |
| Total consumer banking                         | 72,218     | 73,613     | 75,127     | 76,738     | 77,615     |
| Commercial banking:                            |            |            |            |            |            |
| Commercial and multifamily real estate         | 18,570     | 17,878     | 17,732     | 16,963     | 16,254     |
| Commercial and industrial                      | 21,170     | 20,127     | 19,892     | 18,965     | 18,467     |
| Total commercial lending                       | 39,740     | 38,005     | 37,624     | 35,928     | 34,721     |
| Small-ticket commercial real estate            | 1,065      | 1,145      | 1,196      | 1,281      | 1,335      |
| Total commercial banking                       | 40,805     | 39,150     | 38,820     | 37,209     | 36,056     |
| Other loans                                    | 179        | 173        | 187        | 152        | 164        |
| Total  | \$ 191,512 | \$ 191,333 | \$ 205,889 | \$ 203,132 | \$ 202,749 |
| <b>Average Loans Held For Investment</b>       |            |            |            |            |            |
| Credit card:                                   |            |            |            |            |            |
| Domestic credit card                           | \$ 69,966  | \$ 74,714  | \$ 80,718  | \$ 80,502  | \$ 71,468  |
| International credit card                      | 7,980      | 8,238      | 8,372      | 8,154      | 8,194      |
| Total credit card                              | 77,946     | 82,952     | 89,090     | 88,656     | 79,662     |
| Consumer banking:                              |            |            |            |            |            |
| Automobile                                     | 28,677     | 27,477     | 26,881     | 25,923     | 24,487     |
| Home loan                                      | 40,532     | 43,023     | 45,250     | 47,262     | 48,966     |
| Retail banking                                 | 3,721      | 3,786      | 3,967      | 4,086      | 4,153      |
| Total consumer banking                         | 72,930     | 74,286     | 76,098     | 77,271     | 77,606     |
| Commercial banking:                            |            |            |            |            |            |
| Commercial and multifamily real estate         | 18,084     | 17,454     | 17,005     | 16,654     | 15,838     |
| Commercial and industrial                      | 20,332     | 19,949     | 19,344     | 18,817     | 18,001     |
| Total commercial lending                       | 38,416     | 37,403     | 36,349     | 35,471     | 33,839     |
| Small-ticket commercial real estate            | 1,096      | 1,173      | 1,249      | 1,296      | 1,388      |
| Total commercial banking                       | 39,512     | 38,576     | 37,598     | 36,767     | 35,227     |
| Other loans                                    | 174        | 183        | 158        | 162        | 137        |
| Total  | \$ 190,562 | \$ 195,997 | \$ 202,944 | \$ 202,856 | \$ 192,632 |
| <b>Net Charge-off Rates</b>                    |            |            |            |            |            |
| Credit card:                                   |            |            |            |            |            |
| Domestic credit card                           | 4.28 %     | 4.43 %     | 4.35 %     | 3.04 %     | 2.86 %     |
| International credit card                      | 5.08       | 4.59       | 3.99       | 4.95       | 5.49       |
| Total credit card                              | 4.36       | 4.45       | 4.32       | 3.22       | 3.13       |
| Consumer banking:                              |            |            |            |            |            |
| Automobile                                     | 1.28       | 1.78       | 2.24       | 1.79       | 1.11       |
| Home loan                                      | 0.03       | 0.04       | (0.06)     | 0.28       | 0.09       |
| Retail banking                                 | 1.50       | 1.85       | 2.45       | 1.20       | 1.27       |
| Total consumer banking                         | 0.60       | 0.78       | 0.88       | 0.83       | 0.48       |
| Commercial banking:                            |            |            |            |            |            |
| Commercial and multifamily real estate         | 0.04       | 0.01       | (0.08)     | (0.05)     | 0.18       |
| Commercial and industrial                      | 0.03       | 0.04       | 0.13       | -          | 0.10       |
| Total commercial lending                       | 0.03       | 0.03       | 0.03       | (0.03)     | 0.14       |
| Small-ticket commercial real estate            | 0.45       | 1.41       | 2.02       | 0.79       | 1.46       |
| Total commercial banking                       | 0.04       | 0.07       | 0.10       | -          | 0.19       |
| Other loans                                    | 13.10      | 14.53      | 24.23      | 30.11      | 18.04      |
| Total  | 2.03 %     | 2.20 %     | 2.26 %     | 1.75 %     | 1.53 %     |
| <b>30+ Day Performing Delinquency Rates</b>    |            |            |            |            |            |
| Credit card:                                   |            |            |            |            |            |
| Domestic credit card                           | 3.05 %     | 3.37 %     | 3.61 %     | 3.52 %     | 2.79 %     |
| International credit card                      | 3.84       | 4.04       | 3.58       | 4.92       | 4.84       |
| Total credit card                              | 3.13 %     | 3.44 %     | 3.61 %     | 3.65 %     | 2.97 %     |
| Consumer banking:                              |            |            |            |            |            |
| Automobile                                     | 6.03 %     | 5.58 %     | 7.00 %     | 6.12 %     | 5.20 %     |
| Home loan                                      | 0.12       | 0.14       | 0.13       | 0.15       | 0.15       |
| Retail banking                                 | 0.68       | 0.83       | 0.76       | 0.73       | 0.69       |
| Total consumer banking                         | 2.55 %     | 2.24 %     | 2.65 %     | 2.23 %     | 1.82 %     |
| <b>Nonperforming Asset Rates<sup>(4)</sup></b> |            |            |            |            |            |
| Credit card:                                   |            |            |            |            |            |
| International credit card                      | 1.20 %     | 1.13 %     | 1.16 %     | — %        | — %        |
| Total credit card                              | 0.12 %     | 0.12 %     | 0.11 %     | — %        | — %        |
| Consumer banking:                              |            |            |            |            |            |
| Automobile                                     | 0.50 %     | 0.40 %     | 0.63 %     | 0.52 %     | 0.41 %     |
| Home loan                                      | 1.08       | 1.02       | 1.00       | 0.98       | 0.94       |
| Retail banking                                 | 1.11       | 1.24       | 1.85       | 2.25       | 2.21       |
| Total consumer banking                         | 0.84 %     | 0.80 %     | 0.91 %     | 0.89 %     | 0.83 %     |
| Commercial banking:                            |            |            |            |            |            |
| Commercial and multifamily real estate         | 0.56 %     | 0.76 %     | 0.82 %     | 1.04 %     | 1.28 %     |
| Commercial and industrial                      | 0.65       | 0.64       | 0.72       | 0.68       | 0.81       |
| Total commercial lending                       | 0.61 %     | 0.69 %     | 0.77 %     | 0.85 %     | 1.03 %     |
| Small-ticket commercial real estate            | 1.11       | 2.42       | 0.97       | 1.49       | 1.25       |
| Total commercial banking                       | 0.62 %     | 0.74 %     | 0.77 %     | 0.87 %     | 1.04 %     |



**CAPITAL ONE FINANCIAL CORPORATION (COF)**

**Table 8: Financial & Statistical Summary—Credit Card Business<sup>(1)(2)(3)</sup>**

|  | 2013      | 2013      | 2012      | 2012      | 2012      |
|--|-----------|-----------|-----------|-----------|-----------|
|  | Q2        | Q1        | Q4        | Q3        | Q2        |
| <i>(Dollars in millions) (unaudited)</i>                                     |           |           |           |           |           |
| <b>Credit Card</b>   |           |           |           |           |           |
| <b>Earnings:</b>   |           |           |           |           |           |
| Net interest income  | \$ 2,804  | \$ 2,830  | \$ 2,849  | \$ 2,991  | \$ 2,350  |
| Non-interest income  | 832       | 821       | 883       | 826       | 771       |
| Total net revenue  | 3,636     | 3,651     | 3,732     | 3,817     | 3,121     |
| Provision for credit losses  | 713       | 743       | 1,000     | 892       | 1,711     |
| Non-interest expense   | 1,819     | 1,848     | 1,933     | 1,790     | 1,863     |
| Income (loss) from continuing operations before taxes                        | 1,104     | 1,060     | 799       | 1,135     | (453)     |
| Income tax provision (benefit)   | 385       | 374       | 279       | 394       | (156)     |
| Income (loss) from continuing operations, net of tax                         | \$ 719    | \$ 686    | \$ 520    | \$ 741    | \$ (297)  |
| <b>Selected performance metrics:</b>   |           |           |           |           |           |
| Period-end loans held for investment   | \$ 78,310 | \$ 78,397 | \$ 91,755 | \$ 89,033 | \$ 88,914 |
| Average loans held for investment  | 77,946    | 82,952    | 89,090    | 88,656    | 79,662    |
| Average yield on loans held for investment <sup>(5)</sup>                    | 15.94 %   | 15.16 %   | 14.33 %   | 15.03 %   | 13.42 %   |
| Total net revenue margin <sup>(6)</sup>                                      | 18.66     | 17.61     | 16.76     | 17.22     | 15.67     |
| Net charge-off rate  | 4.36      | 4.45      | 4.32      | 3.22      | 3.13      |
| 30+ day performing delinquency rate  | 3.13      | 3.44      | 3.61      | 3.65      | 2.97      |
| 30+ day delinquency rate <sup>(7)</sup>                                      | **        | 3.53      | 3.69      | 3.65      | 2.97      |
| Nonperforming loan rate <sup>(4)</sup>                                       | 0.12      | 0.12      | 0.11      | —         | —         |
| Card loan premium amortization and other intangible accretion <sup>(8)</sup> | \$ 57     | \$ 57     | \$ 65     | \$ 82     | \$ 59     |
| PCCR intangible amortization   | 110       | 116       | 127       | 131       | 88        |
| Purchase volume <sup>(9)</sup>   | 50,788    | 45,098    | 52,853    | 48,020    | 45,228    |
| <b>Domestic Card</b>   |           |           |           |           |           |
| <b>Earnings:</b>   |           |           |           |           |           |
| Net interest income  | \$ 2,536  | \$ 2,556  | \$ 2,583  | \$ 2,715  | \$ 2,118  |
| Non-interest income  | 737       | 724       | 798       | 722       | 708       |
| Total net revenue  | 3,273     | 3,280     | 3,381     | 3,437     | 2,826     |
| Provision for credit losses  | 647       | 647       | 911       | 811       | 1,600     |
| Non-interest expense   | 1,635     | 1,633     | 1,727     | 1,584     | 1,634     |
| Income (loss) from continuing operations before taxes                        | 991       | 1,000     | 743       | 1,042     | (408)     |
| Income tax provision (benefit)   | 353       | 356       | 263       | 369       | (144)     |
| Income (loss) from continuing operations, net of tax                         | \$ 638    | \$ 644    | \$ 480    | \$ 673    | \$ (264)  |
| <b>Selected performance metrics:</b>   |           |           |           |           |           |
| Period-end loans held for investment   | \$ 70,490 | \$ 70,361 | \$ 83,141 | \$ 80,621 | \$ 80,798 |
| Average loans held for investment  | 69,966    | 74,714    | 80,718    | 80,502    | 71,468    |
| Average yield on loans held for investment <sup>(5)</sup>                    | 15.91 %   | 15.07 %   | 14.20 %   | 14.88 %   | 13.33 %   |
| Total net revenue margin <sup>(6)</sup>                                      | 18.71     | 17.56     | 16.75     | 17.08     | 15.82     |
| Net charge-off rate  | 4.28      | 4.43      | 4.35      | 3.04      | 2.86      |
| 30+ day performing delinquency rate  | 3.05      | 3.37      | 3.61      | 3.52      | 2.79      |
| 30+ day delinquency rate <sup>(7)</sup>                                      | **        | 3.37      | 3.61      | 3.52      | 2.79      |
| Purchase volume <sup>(9)</sup>   | \$ 47,273 | \$ 41,831 | \$ 48,918 | \$ 44,552 | \$ 41,807 |
| <b>International Card</b>  |           |           |           |           |           |
| <b>Earnings:</b>   |           |           |           |           |           |
| Net interest income  | \$ 268    | \$ 274    | \$ 266    | \$ 276    | \$ 232    |
| Non-interest income  | 95        | 97        | 85        | 104       | 63        |
| Total net revenue  | 363       | 371       | 351       | 380       | 295       |
| Provision for credit losses  | 66        | 96        | 89        | 81        | 111       |
| Non-interest expense   | 184       | 215       | 206       | 206       | 229       |
| Income (loss) from continuing operations before taxes                        | 113       | 60        | 56        | 93        | (45)      |
| Income tax provision (benefit)   | 32        | 18        | 16        | 25        | (12)      |
| Income (loss) from continuing operations, net of tax                         | \$ 81     | \$ 42     | \$ 40     | \$ 68     | \$ (33)   |
| <b>Selected performance metrics:</b>   |           |           |           |           |           |
| Period-end loans held for investment   | \$ 7,820  | \$ 8,036  | \$ 8,614  | \$ 8,412  | \$ 8,116  |
| Average loans held for investment  | 7,980     | 8,238     | 8,372     | 8,154     | 8,194     |
| Average yield on loans held for investment                                   | 16.19 %   | 15.97 %   | 15.59 %   | 16.47 %   | 14.18 %   |
| Total net revenue margin   | 18.20     | 18.01     | 16.77     | 18.64     | 14.40     |
| Net charge-off rate  | 5.08      | 4.59      | 3.99      | 4.95      | 5.49      |
| 30+ day performing delinquency rate  | 3.84      | 4.04      | 3.58      | 4.92      | 4.84      |
| 30+ day delinquency rate <sup>(7)</sup>                                      | **        | 4.93      | 4.49      | 4.92      | 4.84      |
| Nonperforming loan rate <sup>(4)</sup>                                       | 1.20      | 1.13      | 1.16      | —         | —         |
| Purchase volume <sup>(9)</sup>   | \$ 3,515  | \$ 3,267  | \$ 3,935  | \$ 3,468  | \$ 3,421  |

**CAPITAL ONE FINANCIAL CORPORATION (COF)**
**Table 9: Financial & Statistical Summary—Consumer Banking Business<sup>(1)(2)</sup>**

|  | 2013      | 2013      | 2012      | 2012      | 2012      |
|--|-----------|-----------|-----------|-----------|-----------|
|  | Q2        | Q1        | Q4        | Q3        | Q2        |
| <i>(Dollars in millions) (unaudited)</i>       |           |           |           |           |           |
| <b>Consumer Banking</b>                        |           |           |           |           |           |
| <b>Earnings:</b>                               |           |           |           |           |           |
| Net interest income                            | \$ 1,478  | \$ 1,478  | \$ 1,503  | \$ 1,501  | \$ 1,496  |
| Non-interest income                            | 189       | 181       | 161       | 260       | 185       |
| Total net revenue                              | 1,667     | 1,659     | 1,664     | 1,761     | 1,681     |
| Provision for credit losses                    | 67        | 175       | 169       | 202       | 44        |
| Non-interest expense                           | 910       | 890       | 992       | 977       | 959       |
| Income from continuing operations before taxes | 690       | 594       | 503       | 582       | 678       |
| Income tax provision                           | 246       | 211       | 178       | 206       | 240       |
| Income from continuing operations, net of tax  | \$ 444    | \$ 383    | \$ 325    | \$ 376    | \$ 438    |
| <b>Selected performance metrics:</b>           |           |           |           |           |           |
| Period-end loans held for investment           | \$ 72,218 | \$ 73,613 | \$ 75,127 | \$ 76,738 | \$ 77,615 |
| Average loans held for investment              | 72,930    | 74,286    | 76,098    | 77,271    | 77,606    |
| Average yield on loans held for investment     | 5.99 %    | 5.93 %    | 5.94 %    | 6.05 %    | 6.17 %    |
| Auto loan originations                         | \$ 4,525  | \$ 3,789  | \$ 3,479  | \$ 3,905  | \$ 4,306  |
| Period-end deposits                            | 169,789   | 172,605   | 172,396   | 173,100   | 173,966   |
| Average deposits                               | 170,733   | 171,089   | 172,654   | 173,334   | 174,416   |
| Deposit interest expense rate                  | 0.64 %    | 0.64 %    | 0.68 %    | 0.71 %    | 0.70 %    |
| Core deposit intangible amortization           | \$ 35     | \$ 37     | \$ 39     | \$ 41     | \$ 42     |
| Net charge-off rate                            | 0.60 %    | 0.78 %    | 0.88 %    | 0.83 %    | 0.48 %    |
| 30+ day performing delinquency rate            | 2.55      | 2.24      | 2.65      | 2.23      | 1.82      |
| 30+ day delinquency rate <sup>(7)</sup>        | **        | 2.81      | 3.34      | 2.91      | 2.47      |
| Nonperforming loan rate                        | 0.78      | 0.74      | 0.85      | 0.84      | 0.79      |
| Nonperforming asset rate <sup>(4)</sup>        | 0.84      | 0.80      | 0.91      | 0.89      | 0.83      |
| Period-end loans serviced for others           | \$ 14,313 | \$ 14,869 | \$ 15,333 | \$ 15,659 | \$ 16,108 |

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**Table 10: Financial & Statistical Summary—Commercial Banking Business<sup>(1)(2)</sup>**

| <i>(Dollars in millions) (unaudited)</i>                     | <b>2013</b>      | <b>2013</b>      | <b>2012</b>      | <b>2012</b>      | <b>2012</b>      |
|--|------------------|------------------|------------------|------------------|------------------|
|  | <b>Q2</b>        | <b>Q1</b>        | <b>Q4</b>        | <b>Q3</b>        | <b>Q2</b>        |
| <b>Commercial Banking</b>                                    |                  |                  |                  |                  |                  |
| <b>Earnings:</b>   |                  |                  |                  |                  |                  |
| Net interest income  | \$ 457           | \$ 454           | \$ 450           | \$ 432           | \$ 427           |
| Non-interest income  | 93               | 84               | 86               | 87               | 82               |
| Total net revenue <sup>(10)</sup>                            | 550              | 538              | 536              | 519              | 509              |
| Provision for credit losses                                  | (14)             | (35)             | (20)             | (87)             | (94)             |
| Non-interest expense   | 269              | 258              | 294              | 253              | 251              |
| Income from continuing operations before taxes               | 295              | 315              | 262              | 353              | 352              |
| Income tax provision   | 105              | 112              | 93               | 125              | 124              |
| Income from continuing operations, net of tax                | <u>\$ 190</u>    | <u>\$ 203</u>    | <u>\$ 169</u>    | <u>\$ 228</u>    | <u>\$ 228</u>    |
| <b>Selected performance metrics:</b>                         |                  |                  |                  |                  |                  |
| Period-end loans held for investment                         | \$ 40,805        | \$ 39,150        | \$ 38,820        | \$ 37,209        | \$ 36,056        |
| Average loans held for investment                            | 39,512           | 38,576           | 37,598           | 36,767           | 35,227           |
| Average yield on loans held for investment                   | 3.84 %           | 3.91 %           | 4.15 %           | 4.14 %           | 4.27 %           |
| Period-end deposits  | \$ 30,869        | \$ 30,275        | \$ 29,866        | \$ 28,670        | \$ 27,784        |
| Average deposits   | 30,746           | 30,335           | 29,476           | 28,063           | 27,943           |
| Deposit interest expense rate                                | 0.26 %           | 0.28 %           | 0.28 %           | 0.31 %           | 0.33 %           |
| Core deposit intangible amortization                         | \$ 8             | \$ 7             | \$ 8             | \$ 8             | \$ 9             |
| Net charge-off rate  | 0.04 %           | 0.07 %           | 0.10 %           | -                | 0.19 %           |
| Nonperforming loan rate                                      | 0.60             | 0.71             | 0.73             | 0.82             | 0.99             |
| Nonperforming asset rate <sup>(4)</sup>                      | 0.62             | 0.74             | 0.77             | 0.87             | 1.04             |
| <b>Risk category:<sup>(11)</sup></b>                         |                  |                  |                  |                  |                  |
| Noncriticized  | \$ 39,168        | \$ 37,359        | \$ 36,839        | \$ 35,112        | \$ 33,745        |
| Criticized performing  | 1,087            | 1,191            | 1,340            | 1,394            | 1,524            |
| Criticized nonperforming                                     | 244              | 277              | 282              | 305              | 356              |
| Total risk-rated loans                                       | 40,499           | 38,827           | 38,461           | 36,811           | 35,625           |
| Acquired commercial loans                                    | 306              | 323              | 359              | 398              | 431              |
| Total commercial loans                                       | <u>\$ 40,805</u> | <u>\$ 39,150</u> | <u>\$ 38,820</u> | <u>\$ 37,209</u> | <u>\$ 36,056</u> |
| <b>% of period-end commercial loans held for investment:</b> |                  |                  |                  |                  |                  |
| Noncriticized  | 96.0 %           | 95.4 %           | 94.9 %           | 94.4 %           | 93.6 %           |
| Criticized performing  | 2.7              | 3.1              | 3.5              | 3.7              | 4.2              |
| Criticized nonperforming                                     | 0.6              | 0.7              | 0.7              | 0.8              | 1.0              |
| Total risk-rated loans                                       | 99.3             | 99.2             | 99.1             | 98.9             | 98.8             |
| Acquired commercial loans                                    | 0.7              | 0.8              | 0.9              | 1.1              | 1.2              |
| Total commercial loans                                       | <u>100.0 %</u>   | <u>100.0 %</u>   | <u>100.0 %</u>   | <u>100.0 %</u>   | <u>100.0 %</u>   |

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**Table 11: Financial & Statistical Summary—Other and Total<sup>(1)(2)</sup>**

| <i>(Dollars in millions) (unaudited)</i>              | 2013<br><b>Q2</b> | 2013<br><b>Q1</b> | 2012<br><b>Q4</b> | 2012<br><b>Q3</b> | 2012<br><b>Q2</b> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Other</b>  |                   |                   |                   |                   |                   |
| <b>Earnings:</b>                                      |                   |                   |                   |                   |                   |
| Net interest expense                                  | \$ (186)          | \$ (192)          | \$ (274)          | \$ (278)          | \$ (272)          |
| Non-interest income                                   | (29)              | (105)             | (34)              | (37)              | 16                |
| Total net revenue                                     | (215)             | (297)             | (308)             | (315)             | (256)             |
| Provision for credit losses                           | (4)               | 2                 | 2                 | 7                 | 16                |
| Non-interest expense                                  | 61                | 32                | 36                | 25                | 69                |
| Income (loss) from continuing operations before taxes | (272)             | (331)             | (346)             | (347)             | (341)             |
| Income tax benefit                                    | (155)             | (203)             | (180)             | (190)             | (165)             |
| Income (loss) from continuing operations, net of tax  | <u>\$ (117)</u>   | <u>\$ (128)</u>   | <u>\$ (166)</u>   | <u>\$ (157)</u>   | <u>\$ (176)</u>   |
| <b>Selected performance metrics:</b>                  |                   |                   |                   |                   |                   |
| Period-end loans held for investment                  | \$ 179            | \$ 173            | \$ 187            | \$ 152            | \$ 164            |
| Average loans held for investment                     | 174               | 183               | 158               | 162               | 137               |
| Period-end deposits                                   | 9,207             | 9,530             | 10,223            | 11,485            | 12,181            |
| Average deposits                                      | 9,171             | 10,131            | 11,364            | 11,926            | 12,555            |
| <b>Total</b>  |                   |                   |                   |                   |                   |
| <b>Earnings:</b>                                      |                   |                   |                   |                   |                   |
| Net interest income                                   | \$ 4,553          | \$ 4,570          | \$ 4,528          | \$ 4,646          | \$ 4,001          |
| Non-interest income                                   | 1,085             | 981               | 1,096             | 1,136             | 1,054             |
| Total net revenue                                     | 5,638             | 5,551             | 5,624             | 5,782             | 5,055             |
| Provision for credit losses                           | 762               | 885               | 1,151             | 1,014             | 1,677             |
| Non-interest expense                                  | 3,059             | 3,028             | 3,255             | 3,045             | 3,142             |
| Income from continuing operations before taxes        | 1,817             | 1,638             | 1,218             | 1,723             | 236               |
| Income tax provision                                  | 581               | 494               | 370               | 535               | 43                |
| Income from continuing operations, net of tax         | <u>\$ 1,236</u>   | <u>\$ 1,144</u>   | <u>\$ 848</u>     | <u>\$ 1,188</u>   | <u>\$ 193</u>     |
| <b>Selected performance metrics:</b>                  |                   |                   |                   |                   |                   |
| Period-end loans held for investment                  | \$ 191,512        | \$ 191,333        | \$ 205,889        | \$ 203,132        | \$ 202,749        |
| Average loans held for investment                     | 190,562           | 195,997           | 202,944           | 202,856           | 192,632           |
| Period-end deposits                                   | 209,865           | 212,410           | 212,485           | 213,255           | 213,931           |
| Average deposits                                      | 210,650           | 211,555           | 213,494           | 213,323           | 214,914           |

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**Table 12: Notes to Loan and Business Segment Disclosures (Tables 7 — 11)**

- (1) Certain prior period amounts have been reclassified to conform to the current period presentation.
- (2) Loans acquired as part of the 2012 U.S. card, ING Direct and CCB acquisitions are included in the denominator used in calculating our reported credit quality metrics. We therefore present certain reported credit quality metrics, adjusted to exclude from the denominator acquired loans accounted for based on estimated cash flows expected to be collected over the life of the loans (formerly SOP 03-3). The table below presents amounts related to acquired loans accounted for under SOP 03-3.

| <i>(Dollars in millions) (unaudited)</i>     | <b>2013<br/>Q2</b> | <b>2013<br/>Q1</b> | <b>2012<br/>Q4</b> | <b>2012<br/>Q3</b> | <b>2012<br/>Q2</b> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Acquired loans accounted for under SOP 03-3: |                    |                    |                    |                    |                    |
| Period-end unpaid principal balance          | \$ 33,620          | \$ 36,216          | \$ 38,477          | \$ 40,749          | \$ 43,333          |
| Period-end loans held for investment         | 32,275             | 34,943             | 37,134             | 39,388             | 41,673             |
| Average loans held for investment            | 33,144             | 35,706             | 37,899             | 40,158             | 42,182             |

- (3) Results for Q2 2012 and thereafter include the impact of the May 1, 2012 closing of the 2012 U.S. card acquisition, which resulted in the addition of approximately \$28.2 billion in credit card receivables at closing.
- (4) Nonperforming assets consist of nonperforming loans, real estate owned ("REO") and other foreclosed assets. The nonperforming asset ratios are calculated based on nonperforming assets for each category divided by the combined period-end total of loans held for investment, REO and other foreclosed assets for each respective category. The nonperforming loan ratios are calculated based on nonperforming loans for each category divided by period-end loans held for investment for each respective category.
- (5) The transfer of the Best Buy Stores, L.P. ("Best Buy") portfolio to held for sale resulted in an increase in the average yield for Domestic Card and Total Card of 168 basis points and 152 basis points, respectively, in Q2 2013 and 107 basis points and 97 basis points, respectively, in Q1 2013.
- (6) The transfer of the Best Buy portfolio to held for sale resulted in an increase in the net revenue margin for Domestic Card and Total Card of 188 basis points and 169 basis points, respectively, in Q2 2013 and 123 basis points and 112 basis points, respectively, in Q1 2013.
- (7) The 30+ day delinquency rate as of the end of Q2 2013 will be provided in our Quarterly Report on Form 10-Q for the period ended June 30, 2013.
- (8) Represents the net reduction in interest income attributable to non-SOP 03-3 card loan premium amortization and other intangible accretion associated with the 2012 U.S. card acquisition.
- (9) Includes credit card purchase transactions, net of returns. Excludes cash advance transactions.
- (10) Because some of our tax-related commercial investments generate tax-exempt income or tax credits, we make certain reclassifications within our Commercial Banking business results to present revenues on a taxable-equivalent basis, calculated assuming an effective tax rate approximately equal to our federal statutory tax rate of 35%.
- (11) Criticized exposures correspond to the "Special Mention," "Substandard" and "Doubtful" asset categories defined by bank regulatory authorities.

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## Table 13: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures Under Basel I

In addition to disclosing regulatory capital measures under Basel I, we also report certain non-GAAP capital measures that management uses in assessing its capital adequacy. These non-GAAP measures include average tangible common equity, tangible common equity ("TCE") and TCE ratio. The table below provides the details of the calculation of our Basel I regulatory capital and non-GAAP capital measures. While our non-GAAP capital 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.

| <i>(Dollars in millions)(unaudited)</i>                                      | <b>2013<br/>Q2</b> | <b>2013<br/>Q1</b> | <b>2012<br/>Q4</b> | <b>2012<br/>Q3</b> | <b>2012<br/>Q2</b> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Average Equity to Non-GAAP Average Tangible Common Equity</b>             |                    |                    |                    |                    |                    |
| Average total stockholders' equity   | \$ 41,579          | \$ 40,960          | \$ 40,212          | \$ 38,535          | \$ 37,533          |
| Less: Average goodwill and other intangible assets <sup>(1)</sup>            | (15,974)           | (16,141)           | (16,340)           | (16,408)           | (15,689)           |
| Noncumulative perpetual preferred stock <sup>(2)</sup>                       | (853)              | (853)              | (853)              | (456)              | —                  |
| Average tangible common equity <sup>(3)</sup>                                | <u>\$ 24,752</u>   | <u>\$ 23,966</u>   | <u>\$ 23,019</u>   | <u>\$ 21,671</u>   | <u>\$ 21,844</u>   |
| <b>Stockholders' Equity to Non-GAAP Tangible Common Equity</b>               |                    |                    |                    |                    |                    |
| Total stockholders' equity   | \$ 41,041          | \$ 41,296          | \$ 40,499          | \$ 39,672          | \$ 37,192          |
| Less: Goodwill and other intangible assets <sup>(1)</sup>                    | (15,872)           | (15,992)           | (16,224)           | (16,323)           | (16,477)           |
| Noncumulative perpetual preferred stock <sup>(2)</sup>                       | (853)              | (853)              | (853)              | (853)              | —                  |
| Tangible common equity <sup>(3)</sup>  | <u>\$ 24,316</u>   | <u>\$ 24,451</u>   | <u>\$ 23,422</u>   | <u>\$ 22,496</u>   | <u>\$ 20,715</u>   |
| <b>Total Assets to Tangible Assets</b>                                       |                    |                    |                    |                    |                    |
| Total assets   | \$ 296,542         | \$ 300,163         | \$ 312,918         | \$ 301,989         | \$ 296,572         |
| Less: Assets from discontinued operations                                    | (310)              | (309)              | (309)              | (309)              | (310)              |
| Total assets from continuing operations                                      | <u>296,232</u>     | <u>299,854</u>     | <u>312,609</u>     | <u>301,680</u>     | <u>296,262</u>     |
| Less: Goodwill and other intangible assets <sup>(1)</sup>                    | (15,872)           | (15,992)           | (16,224)           | (16,323)           | (16,477)           |
| Tangible assets  | <u>\$ 280,360</u>  | <u>\$ 283,862</u>  | <u>\$ 296,385</u>  | <u>\$ 285,357</u>  | <u>\$ 279,785</u>  |
| <b>Non-GAAP TCE Ratio</b>  |                    |                    |                    |                    |                    |
| Tangible common equity <sup>(3)</sup>  | \$ 24,316          | \$ 24,451          | \$ 23,422          | \$ 22,496          | \$ 20,715          |
| Tangible assets  | 280,360            | 283,862            | 296,385            | 285,357            | 279,785            |
| TCE ratio <sup>(3)</sup>   | 8.7 %              | 8.6 %              | 7.9 %              | 7.9 %              | 7.4 %              |
| <b>Regulatory Capital Ratios<sup>(4)</sup></b>                               |                    |                    |                    |                    |                    |
| Total stockholders' equity   | \$ 41,041          | \$ 41,296          | \$ 40,499          | \$ 39,672          | \$ 37,192          |
| Less: Net unrealized gains on AFS securities recorded in AOCI <sup>(5)</sup> | 503                | (583)              | (712)              | (752)              | (422)              |
| Net (gains) losses on cash flow hedges recorded in AOCI <sup>(5)</sup>       | 175                | 15                 | 2                  | (6)                | 34                 |
| Disallowed goodwill and other intangible assets                              | (14,309)           | (14,361)           | (14,428)           | (14,497)           | (14,563)           |
| Disallowed deferred tax assets   | —                  | —                  | —                  | (221)              | (758)              |
| Noncumulative perpetual preferred stock <sup>(2)</sup>                       | (853)              | (853)              | (853)              | (853)              | —                  |
| Other  | (5)                | (4)                | (12)               | (12)               | (12)               |
| Tier 1 common capital  | <u>26,552</u>      | <u>25,510</u>      | <u>24,496</u>      | <u>23,331</u>      | <u>21,471</u>      |
| Plus: Noncumulative perpetual preferred stock <sup>(2)</sup>                 | 853                | 853                | 853                | 853                | —                  |
| Tier 1 restricted core capital items <sup>(6)</sup>                          | 2                  | 1                  | 2                  | 3,636              | 3,636              |
| Tier 1 capital   | <u>27,407</u>      | <u>26,364</u>      | <u>25,351</u>      | <u>27,820</u>      | <u>25,107</u>      |
| Plus: Long-term debt qualifying as Tier 2 capital                            | 2,124              | 2,121              | 2,119              | 2,119              | 2,318              |
| Qualifying allowance for loan and lease losses                               | 2,781              | 2,738              | 2,830              | 2,767              | 2,740              |
| Other Tier 2 components  | 12                 | 11                 | 13                 | 17                 | 15                 |
| Tier 2 capital   | <u>4,917</u>       | <u>4,870</u>       | <u>4,962</u>       | <u>4,903</u>       | <u>5,073</u>       |
| Total risk-based capital <sup>(7)</sup>                                      | <u>\$ 32,324</u>   | <u>\$ 31,234</u>   | <u>\$ 30,313</u>   | <u>\$ 32,723</u>   | <u>\$ 30,180</u>   |
| Risk-weighted assets <sup>(8)</sup>  | <u>\$ 220,204</u>  | <u>\$ 216,458</u>  | <u>\$ 223,472</u>  | <u>\$ 218,390</u>  | <u>\$ 216,341</u>  |
| Tier 1 common ratio <sup>(9)</sup>   | 12.1 %             | 11.8 %             | 11.0 %             | 10.7 %             | 9.9 %              |
| Tier 1 risk-based capital ratio <sup>(10)</sup>                              | 12.4               | 12.2               | 11.3               | 12.7               | 11.6               |
| Total risk-based capital ratio <sup>(11)</sup>                               | 14.7               | 14.4               | 13.6               | 15.0               | 14.0               |

(1) Includes impact from related deferred taxes.

(2) Noncumulative perpetual preferred stock qualifies for Tier 1 capital; however, it is not includable in Tier 1 common capital.

(3) TCE ratio is a non-GAAP measure calculated based on tangible common equity divided by tangible assets.

(4) Regulatory capital ratios as of the end of Q2 2013 are preliminary and therefore subject to change.

(5) Amounts presented are net of tax.

(6) Consists primarily of trust preferred securities.

(7) Total risk-based capital equals the sum of Tier 1 capital and Tier 2 capital.

(8) Calculated based on prescribed regulatory guidelines.

(9) Tier 1 common ratio is a regulatory measure calculated based on Tier 1 common capital divided by risk-weighted assets.

(10) Tier 1 risk-based capital ratio is a regulatory capital measure calculated based on Tier 1 capital divided by risk-weighted assets.

(11) Total risk-based capital ratio is a regulatory capital measure calculated based on total risk-based capital divided by risk-weighted assets.