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, 2023

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	54-1719854
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1680 Capital One Drive, McLean, Virginia	22102
(Address of principal executive offices)	(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
Depositary 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
Depositary 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
Depositary 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
Depositary 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
Depositary 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
0.800% Senior Notes Due 2024	COF24	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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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, 2023, there were 381,441,449 shares of the registrant's Common Stock outstanding.

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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 2022 Annual Report on Form 10-K ("2022 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, 2023 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 2022 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, 2023, Capital One Financial Corporation's principal operating subsidiary was Capital One, National Association ("CONA"). On October 1, 2022, the Company completed the merger of Capital One Bank (USA), National Association ("COBNA"), with and into CONA, with CONA as the surviving entity (the "Bank Merger"). The Company is hereafter collectively referred to as "we," "us" or "our." References to the "Bank" shall mean and refer to (i) CONA from and after the Bank Merger and (ii) CONA and COBNA collectively prior to the Bank Merger.

Our consolidated total net revenues are derived primarily from lending to consumer and commercial customers net of funding costs associated with 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 segment, such as management of our corporate investment portfolio and asset/liability management by our centralized Corporate Treasury group, are included in the Other category. 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, as well as residual tax expense or benefit to arrive at the consolidated effective tax rate that is not assessed to our primary business segments.

- *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.

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 2023 and 2022 and selected comparative balance sheet data as of June 30, 2023 and December 31, 2022. 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 U.S. (“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,		
(Dollars in millions, except per share data and as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Income statement						
Net interest income	**$ 7,113**	$ 6,517	9%	**$ 14,299**	$ 12,914	11%
Non-interest income	**1,899**	1,715	11	**3,616**	3,491	4
Total net revenue	**9,012**	8,232	9	**17,915**	16,405	9
Provision for credit losses	**2,490**	1,085	129	**5,285**	1,762	200
Non-interest expense:						
Marketing	**886**	1,003	(12)	**1,783**	1,921	(7)
Operating expense	**3,908**	3,580	9	**7,956**	7,213	10
Total non-interest expense	**4,794**	4,583	5	**9,739**	9,134	7
Income from continuing operations before income taxes	**1,728**	2,564	(33)	**2,891**	5,509	(48)
Income tax provision	**297**	533	(44)	**500**	1,075	(53)
Net income	**1,431**	2,031	(30)	**2,391**	4,434	(46)
Dividends and undistributed earnings allocated to participating securities	**(23)**	(25)	(8)	**(39)**	(53)	(26)
Preferred stock dividends	**(57)**	(57)	—	**(114)**	(114)	—
Net income available to common stockholders	**$ 1,351**	$ 1,949	(31)	**$ 2,238**	$ 4,267	(48)
Common share statistics						
Basic earnings per common share:						
Net income per basic common share	**$ 3.53**	$ 4.98	(29)%	**$ 5.85**	$ 10.65	(45)%
Diluted earnings per common share:						
Net income per diluted common share	**$ 3.52**	$ 4.96	(29)%	**$ 5.83**	$ 10.61	(45)%
Weighted-average common shares outstanding (in millions):						
Basic	**382.8**	391.2	(2)%	**382.7**	400.8	(5)%
Diluted	**383.7**	392.6	(2)	**383.8**	402.3	(5)
Common shares outstanding (period-end, in millions)	**381.4**	383.8	(1)	**381.4**	383.8	(1)
Dividends declared and paid per common share	**$ 0.60**	$ 0.60	—	**$ 1.20**	$ 1.20	—
Tangible book value per common share (period-end)[(1)]	**90.07**	87.84	3	**90.07**	87.84	3

(Dollars in millions, except per share data and as noted)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Change	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Change
Balance sheet (average balances)						
Loans held for investment	**$ 309,655**	$ 286,110	8%	**$ 308,711**	$ 280,756	10%
Interest-earning assets	**439,139**	398,934	10	**437,180**	396,521	10
Total assets	**466,652**	435,327	7	**464,459**	432,806	7
Interest-bearing deposits	**313,207**	268,104	17	**311,010**	269,953	15
Total deposits	**343,678**	305,954	12	**341,910**	307,765	11
Borrowings	**48,468**	53,208	(9)	**48,243**	47,773	1
Common equity	**50,511**	49,319	2	**50,221**	51,940	(3)
Total stockholders' equity	**55,357**	54,165	2	**55,066**	56,786	(3)
Selected performance metrics						
Purchase volume	**$ 157,937**	$ 148,491	6%	**$ 299,595**	$ 282,153	6%
Total net revenue margin[2]	**8.21%**	8.25%	(4)bps	**8.20%**	8.27%	(7)bps
Net interest margin	**6.48**	6.54	(6)	**6.54**	6.51	3
Return on average assets[3]	**1.23**	1.87	(64)	**1.03**	2.05	(102)
Return on average tangible assets[4]	**1.27**	1.93	(66)	**1.06**	2.12	(106)
Return on average common equity[5]	**10.70**	15.81	(511)	**8.91**	16.43	(752)
Return on average tangible common equity[6]	**15.30**	22.63	(733)	**12.74**	23.03	(1,029)
Equity-to-assets ratio[7]	**11.86**	12.44	(58)	**11.86**	13.12	(126)
Efficiency ratio[8]	**53.20**	55.67	(247)	**54.36**	55.68	(132)
Operating efficiency ratio[9]	**43.36**	43.49	(13)	**44.41**	43.97	44
Effective income tax rate from continuing operations	**17.2**	20.8	(360)	**17.3**	19.5	(220)
Net charge-offs	**$ 2,185**	$ 845	159%	**$ 3,882**	$ 1,612	141%
Net charge-off rate	**2.82 %**	1.18%	164bps	**2.52 %**	1.15%	137bps

(Dollars in millions, except as noted)	June 30, 2023	December 31, 2022	Change
Balance sheet (period-end)			
Loans held for investment	**$ 311,323**	$ 312,331	—
Interest-earning assets	**441,250**	427,248	3%
Total assets	**467,800**	455,249	3
Interest-bearing deposits	**314,393**	300,789	5
Total deposits	**343,705**	332,992	3
Borrowings	**50,258**	48,715	3
Common equity	**49,713**	47,737	4
Total stockholders' equity	**54,559**	52,582	4
Credit quality metrics			
Allowance for credit losses	**$ 14,646**	$ 13,240	11%
Allowance as a percentage of loans held for investment ("allowance coverage ratio")	**4.70 %**	4.24%	46bps
30+ day performing delinquency rate	**3.08**	2.96	12
30+ day delinquency rate	**3.36**	3.21	15
Capital ratios			
Common equity Tier 1 capital[10]	**12.7 %**	12.5%	20bps
Tier 1 capital[10]	**14.0**	13.9	10

(Dollars in millions, except as noted)	June 30, 2023	December 31, 2022	Change
Total capital[10]	**16.0**	15.8	20bps
Tier 1 leverage[10]	**11.0**	11.1	(10)
Tangible common equity[11]	**7.6**	7.5	10
Supplementary leverage[10]	**9.4**	9.5	(10)
Other			
Employees (period end, in thousands)	**55.6**	56.0	(1)%

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(1) 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.

(2) Total net revenue margin is calculated based on annualized total net revenue for the period divided by average interest-earning assets for the period.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) Equity-to-assets ratio is calculated based on average stockholders' equity for the period divided by average total assets for the period.

(8) Efficiency ratio is calculated based on total non-interest expense for the period divided by total net revenue for the period.

(9) Operating efficiency ratio is calculated based on operating expense for the period divided by total net revenue for the period.

(10) Capital ratios are calculated based on the Basel III standardized approach framework, see "Capital Management" for additional information.

(11) 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.

EXECUTIVE SUMMARY

Financial Highlights

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. In comparison, we reported net income of $2.0 billion ($4.96 per diluted common share) on total net revenue of $8.2 billion and net income of $4.4 billion ($10.61 per diluted common share) on total net revenue of $16.4 billion for the second quarter and first six months of 2022, respectively.

Our common equity Tier 1 capital ratio as calculated under the Basel III standardized approach was 12.7% and 12.5% as of June 30, 2023 and December 31, 2022, respectively. See "Capital Management" for additional information.

In the second quarter of 2023, we declared and paid common stock dividends of $233 million and repurchased $150 million of shares of our common stock. During the first six months of 2023, we declared and paid common stock dividends of $470 million and repurchased $300 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 2023. These highlights are based on a comparison between the results of the second quarter and first six months of 2023 and 2022, 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, 2023 compared to December 31, 2022. 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 $600 million to $1.4 billion in the second quarter of 2023 compared to the second quarter of 2022 and decreased by $2.0 billion to $2.4 billion in the first six months of 2023 compared to the first six months of 2022 primarily driven by:

  - Higher provision for credit losses primarily driven by higher net charge-offs due to continued credit normalization and an allowance build in our credit card loan portfolio, compared to allowance releases in our credit card loan portfolio in the second quarter and first six months of 2022.

  - Higher non-interest expense primarily driven by increased salaries and associate benefits.

  These drivers were partially offset by:

  - Higher net interest income primarily driven by higher average loan balances in our credit card loan portfolio.

- *Loans Held for Investment:*

  - Period-end loans held for investment remained substantially flat at $311.3 billion as of June 30, 2023 compared to December 31, 2022.

  - Average loans held for investment increased by $23.5 billion to $309.7 billion in the second quarter of 2023 compared to the second quarter of 2022 and increased by $28.0 billion to $308.7 billion in the first six months of 2023 compared to the first six months of 2022 primarily driven by growth in our credit card loan portfolio.

- *Net Charge-Off and Delinquency Metrics:*

  - Our net charge-off rate increased by 164 basis points ("bps") to 2.82% in the second quarter of 2023 compared to the second quarter of 2022 and increased by 137 bps to 2.52% in the first six months of 2023 compared to the first six months of 2022 primarily driven by continued credit normalization in our credit card and auto loan portfolios, as well as higher losses in our commercial office real estate portfolio.

- Our 30+ day delinquency rate increased by 15 bps to 3.36% as of June 30, 2023 from December 31, 2022 primarily driven by continued credit normalization in our credit card loan portfolio, partially offset by seasonally lower auto delinquency inventories.

- *Allowance for Credit Losses:* Our allowance for credit losses increased by $1.4 billion to $14.6 billion and our allowance coverage ratio increased by 46 bps to 4.70% as of June 30, 2023 compared to December 31, 2022.

CONSOLIDATED RESULTS OF OPERATIONS

The section below provides a comparative discussion of our consolidated financial performance for the second quarter and first six months of 2023 and 2022. 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 2023 and 2022 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,					
	2023			2022		
(Dollars in millions)	Average Balance	Interest Income/ Expense	Average Yield/ Rate[(1)]	Average Balance	Interest Income/ Expense	Average Yield/ Rate[(1)]
Assets:						
Interest-earning assets:						
Loans:[(2)]						
Credit card	**$ 138,762**	**$ 6,302**	**18.17%**	$ 115,835	$ 4,413	15.24%
Consumer banking	**77,699**	**1,486**	**7.65**	81,096	1,433	7.07
Commercial banking[(3)]	**93,874**	**1,580**	**6.74**	90,203	716	3.17
Other[(4)]	**—**	**(311)**	**	—	43	**
Total loans, including loans held for sale	**310,335**	**9,057**	**11.67**	287,134	6,605	9.20
Investment securities	**89,994**	**639**	**2.84**	92,062	435	1.89
Cash equivalents and other interest-earning assets	**38,810**	**470**	**4.84**	19,738	55	1.10
Total interest-earning assets	**439,139**	**10,166**	**9.26**	398,934	7,095	7.11
Cash and due from banks	**3,928**			5,162		
Allowance for credit losses	**(14,323)**			(11,303)		
Premises and equipment, net	**4,369**			4,262		
Other assets	**33,539**			38,272		
Total assets	**$ 466,652**			$ 435,327		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing deposits	**$ 313,207**	**$ 2,277**	**2.91%**	$ 268,104	$ 293	0.44%
Securitized debt obligations	**17,771**	**236**	**5.31**	15,041	65	1.73
Senior and subordinated notes	**30,161**	**528**	**7.00**	28,919	194	2.68
Other borrowings and liabilities	**2,419**	**12**	**1.95**	10,922	26	0.98
Total interest-bearing liabilities	**363,558**	**3,053**	**3.36**	322,986	578	0.72
Non-interest-bearing deposits	**30,471**			37,850		
Other liabilities	**17,266**			20,326		
Total liabilities	**411,295**			381,162		
Stockholders' equity	**55,357**			54,165		
Total liabilities and stockholders' equity	**$ 466,652**			$ 435,327		
Net interest income/spread		**$ 7,113**	**5.90**		$ 6,517	6.40
Impact of non-interest-bearing funding			**0.58**			0.14
Net interest margin			**6.48%**			6.54 %

	Six Months Ended June 30,					
	2023			2022		
(Dollars in millions)	Average Balance	Interest Income/ Expense	Average Yield/ Rate[1]	Average Balance	Interest Income/ Expense	Average Yield/ Rate[1]
Assets:						
Interest-earning assets:						
Loans:[2]						
Credit card	**$ 136,727**	**$ 12,355**	**18.07%**	$ 115,007	$ 8,687	15.11%
Consumer banking	**78,346**	**2,947**	**7.52**	79,957	2,844	7.11
Commercial banking[3]	**94,158**	**3,068**	**6.52**	88,136	1,287	2.92
Other[4]	**—**	**(590)**	******	—	154	**
Total loans, including loans held for sale	**309,231**	**17,780**	**11.50**	283,100	12,972	9.16
Investment securities	**89,977**	**1,254**	**2.79**	93,374	837	1.79
Cash equivalents and other interest-earning assets	**37,972**	**886**	**4.67**	20,047	70	0.69
Total interest-earning assets	**437,180**	**19,920**	**9.11**	396,521	13,879	7.00
Cash and due from banks	**4,028**			5,206		
Allowance for credit losses	**(13,766)**			(11,365)		
Premises and equipment, net	**4,359**			4,248		
Other assets	**32,658**			38,196		
Total assets	**$ 464,459**			$ 432,806		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing deposits	**$ 311,010**	**$ 4,133**	**2.66%**	$ 269,953	$ 511	0.38%
Securitized debt obligations	**17,512**	**447**	**5.10**	14,394	94	1.31
Senior and subordinated notes	**30,149**	**1,017**	**6.75**	27,707	325	2.34
Other borrowings and liabilities	**2,377**	**24**	**2.01**	7,298	35	0.98
Total interest-bearing liabilities	**361,048**	**5,621**	**3.11**	319,352	965	0.60
Non-interest-bearing deposits	**30,900**			37,812		
Other liabilities	**17,445**			18,856		
Total liabilities	**409,393**			376,020		
Stockholders' equity	**55,066**			56,786		
Total liabilities and stockholders' equity	**$ 464,459**			$ 432,806		
Net interest income/spread		**$ 14,299**	**6.00**		$ 12,914	6.40
Impact of non-interest-bearing funding			**0.54**			0.11
Net interest margin			**6.54%**			6.51%

(1) 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.

(2) Past due fees, net of reversals, included in interest income totaled approximately $526 million and $1.0 billion in the second quarter and first six months of 2023, respectively, and $439 million and $877 million in the second quarter and first six months of 2022, respectively.

(3) 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 $19 million and $37 million in the second quarter and first six months of 2023, respectively, and $18 million and $36 million in the the second quarter and first six months of 2022, respectively, with corresponding reductions to the Other category.

(4) 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.

** Not meaningful.

Net interest income increased by $596 million to $7.1 billion in the second quarter of 2023 compared to the second quarter of 2022 and increased by $1.4 billion to $14.3 billion in the first six months of 2023 compared to the first six months of 2022, primarily driven by higher asset yields and higher average loan balances in our credit card loan portfolio.

Net interest margin remained substantially flat at 6.48% in the second quarter of 2023 compared to the second quarter of 2022 and 6.54% in the first six months of 2023 compared to the first six months of 2022.

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[(1)]

	Three Months Ended June 30, 2023 vs. 2022			Six Months Ended June 30, 2023 vs. 2022		
(Dollars in millions)	Total Variance	Volume	Rate	Total Variance	Volume	Rate
Interest income:						
Loans:						
Credit card	$ 1,889	$ 951	$ 938	$ 3,668	$ 1,785	$ 1,883
Consumer banking	53	(60)	113	103	(57)	160
Commercial banking[(2)]	864	30	834	1,781	93	1,688
Other[(3)]	(354)	—	(354)	(744)	—	(744)
Total loans, including loans held for sale	2,452	921	1,531	4,808	1,821	2,987
Investment securities	204	(10)	214	417	(31)	448
Cash equivalents and other interest-earning assets	415	76	339	816	90	726
Total interest income	3,071	987	2,084	6,041	1,880	4,161
Interest expense:						
Interest-bearing deposits	1,984	56	1,928	3,622	88	3,534
Securitized debt obligations	171	13	158	353	24	329
Senior and subordinated notes	334	9	325	692	31	661
Other borrowings and liabilities	(14)	(20)	6	(11)	(24)	13
Total interest expense	2,475	58	2,417	4,656	119	4,537
Net interest income	$ 596	$ 929	$ (333)	$ 1,385	$ 1,761	$ (376)

(1) 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.

(2) 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.

(3) 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 2023 and 2022.

Table 4: Non-Interest Income

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**	**2023**	**2022**
Interchange fees, net	**$ 1,213**	$ 1,201	**$ 2,352**	$ 2,234
Service charges and other customer-related fees	**411**	415	**790**	815
Other[(1)(2)]	**275**	99	**474**	442
Total non-interest income	**$ 1,899**	$ 1,715	**$ 3,616**	$ 3,491

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

(2) Includes gains of $25 million and $49 million on deferred compensation plan investments in the second quarter and first six months of 2023, respectively, and losses of $62 million and $87 million on deferred compensation plan investments in the second quarter and first six months of 2022, respectively. These amounts have corresponding offsets in non-interest expense.

Non-interest income increased by $184 million to $1.9 billion primarily driven by gains on deferred compensation plan investments in the second quarter of 2023 compared to losses in the second quarter of 2022. Non-interest income increased by $125 million to $3.6 billion in the first six months of 2023 compared to the first six months of 2022 primarily driven by higher net interchange fees due to an increase in purchase volume and gains on our deferred compensation plan investments, offset by the absence of the gain on the sale of partnership loan portfolios in 2022.

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 $2.5 billion in the second quarter of 2023 and increased by $3.5 billion to $5.3 billion in the first six months of 2023 primarily driven by higher net charge-offs due to continued credit normalization and an allowance build in our credit card loan portfolio, compared to allowance releases in our credit card loan portfolio in the second quarter and first six months of 2022.

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 and Supplementary Data—Note 4—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 and Supplementary Data—Note 1—Summary of Significant Accounting Policies” in our 2022 Form 10-K.

Non-Interest Expense

Table 5 displays the components of non-interest expense for the second quarter and first six months of 2023 and 2022.

Table 5: Non-Interest Expense

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**	**2023**	**2022**
Operating Expense:				
Salaries and associate benefits[1]	**$ 2,317**	$ 1,946	**$ 4,744**	$ 3,972
Occupancy and equipment	**506**	481	**1,014**	994
Professional services	**290**	458	**614**	855
Communications and data processing	**344**	339	**694**	678
Amortization of intangibles	**22**	14	**36**	28
Other non-interest expense:				
Bankcard, regulatory and other fee assessments	**51**	61	**135**	121
Collections	**89**	79	**172**	163
Other	**289**	202	**547**	402
Total other non-interest expense	**429**	342	**854**	686
Total operating expense	**$ 3,908**	$ 3,580	**$ 7,956**	$ 7,213
Marketing	**886**	1,003	**1,783**	1,921
Total non-interest expense	**$ 4,794**	$ 4,583	**$ 9,739**	$ 9,134

(1) Includes expenses of $25 million and $49 million related to our deferred compensation plan for the second quarter and first six months of 2023, respectively, and benefits of $62 million and $87 million related to our deferred compensation plan investments for the second quarter and first six months of 2022, respectively. These amounts have corresponding offsets from investments in other non-interest income.

Non-interest expense increased by $211 million to $4.8 billion in the second quarter of 2023 compared to the the second quarter of 2022 and increased by $605 million to $9.7 billion in the first six months of 2023 compared to the first six months of 2022 primarily driven by increased salaries and associate benefits.

Income Taxes

We recorded 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, compared to an income tax provision of $533 million (20.8% effective income tax rate) and $1.1 billion (19.5% effective income tax rate) in the second quarter and first six months of 2022, 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 2022 Form 10-K.

CONSOLIDATED BALANCE SHEETS ANALYSIS

Total assets increased by $12.6 billion to $467.8 billion as of June 30, 2023 from December 31, 2022 primarily driven by increases in our cash balances as we continue to hold modestly elevated levels of liquidity given the market volatility.

Total liabilities increased by $10.6 billion to $413.2 billion as of June 30, 2023 from December 31, 2022 primarily driven by deposit growth due to our national consumer banking strategy.

Stockholders' equity increased by $2.0 billion to $54.6 billion as of June 30, 2023 from December 31, 2022 primarily driven by net income of $2.4 billion.

The following is a discussion of material changes in the major components of our assets and liabilities during the first six months of 2023. Period-end balance sheet amounts may vary from average balance sheet amounts due to liquidity and balance sheet management activities that are intended to support the adequacy of capital while managing our liquidity requirements, our customers and our market risk exposure in accordance with our risk appetite.

Investment Securities

Our investment securities portfolio consists of the following: U.S. government-sponsored enterprise or agency ("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 97% of our total investment securities portfolio as of both June 30, 2023 and December 31, 2022.

The fair value of our available for sale securities portfolio increased by $1.5 billion to $78.4 billion as of June 30, 2023 from December 31, 2022, primarily driven by net purchases in the first quarter of 2023. See "Part I—Item 1. Financial Statements and Supplementary Data—Note 2—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, 2023 and December 31, 2022.

Table 6: Loans Held for Investment

	June 30, 2023			December 31, 2022		
(Dollars in millions)	**Loans**	**Allowance**	**Net Loans**	**Loans**	**Allowance**	**Net Loans**
Credit Card	**$ 142,491**	**$ 10,976**	**$ 131,515**	$ 137,730	$ 9,545	$ 128,185
Consumer Banking	**77,280**	**2,185**	**75,095**	79,925	2,237	77,688
Commercial Banking	**91,552**	**1,485**	**90,067**	94,676	1,458	93,218
Total	**$ 311,323**	**$ 14,646**	**$ 296,677**	$ 312,331	$ 13,240	$ 299,091

Loans held for investment remained substantially flat at $311.3 billion as of June 30, 2023 compared to December 31, 2022.

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 and Supplementary Data—Note 3—Loans."

Funding Sources

Our primary source of funding comes from 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, 2023 and December 31, 2022.

Table 7: Funding Sources Composition

	June 30, 2023		December 31, 2022	
(Dollars in millions)	**Amount**	**% of Total**	**Amount**	**% of Total**
Deposits:				
Consumer Banking	**$ 286,174**	**73%**	$ 270,592	71%
Commercial Banking	**36,793**	**9**	40,808	11
Other[1]	**20,738**	**5**	21,592	6
Total deposits[2]	**343,705**	**87**	332,992	88
Securitized debt obligations	**17,861**	**5**	16,973	4
Other debt	**32,397**	**8**	31,742	8
Total funding sources	**$ 393,963**	**100%**	$ 381,707	100%

(1) Includes brokered deposits of $19.7 billion and $20.6 billion as of June 30, 2023 and December 31, 2022, respectively.

(2) As of June 30, 2023 and December 31, 2022, we held $71.5 billion and $80.7 billion, respectively, of estimated uninsured deposits that exclude intercompany balances. These amounts are primarily comprised of checking and savings deposits. These estimated uninsured deposits comprise approximately 21% and 24% of our total deposits as of June 30, 2023 and December 31, 2022, 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.

Total deposits increased by $10.7 billion to $343.7 billion as of June 30, 2023 from December 31, 2022 primarily driven by our national banking strategy, which includes originations from periodic limited time offerings in time deposits.

Securitized debt obligations increased by $888 million to $17.9 billion as of June 30, 2023 from December 31, 2022 primarily driven by net issuances in our credit card and auto securitization programs.

Other debt increased by $655 million to $32.4 billion as of June 30, 2023 from December 31, 2022 primarily driven by net issuances of senior debt, partially offset by maturities of subordinated debt.

We provide additional information on our funding sources in “Liquidity Risk Profile” and “Part I—Item 1. Financial Statements and Supplementary Data—Note 7—Deposits and Borrowings.”

OFF-BALANCE SHEET ARRANGEMENTS

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 and Supplementary Data—Note 5—Variable Interest Entities and Securitizations” and “Part I—Item 1. Financial Statements and Supplementary Data—Note 13—Commitments, Contingencies, Guarantees and Others.”

BUSINESS SEGMENT FINANCIAL PERFORMANCE

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 segment, such as management of our corporate investment portfolio, asset/liability management by our centralized Corporate Treasury group and residual tax expense or benefit to arrive at the consolidated effective tax rate that is not assessed to our primary business segments, are included in the Other category.

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 revenue 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 2022 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 2023 and 2022 and provide a comparative discussion of these results for, as well as changes in our financial condition and credit performance metrics as of June 30, 2023 compared to December 31, 2022. We provide a reconciliation of our total business segment results to our reported consolidated results in “Part I—Item 1. Financial Statements and Supplementary Data—Note 12—Business Segments and Revenue from Contracts with Customers.”

Business Segment Financial Performance

Table 8 summarizes our business segment results, which we report based on revenue (loss) and income (loss) from continuing operations, for the second quarter and first six months of 2023 and 2022.

Table 8: Business Segment Results

	Three Months Ended June 30,							
	2023				2022			
	Total Net Revenue (Loss)[1]		Net Income (Loss)[2]		Total Net Revenue (Loss)[1]		Net Income (Loss)[2]	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Credit Card	**$ 6,226**	**69%**	**$ 857**	**59%**	$ 5,309	65%	$ 1,491	74%
Consumer Banking	**2,418**	**27**	**709**	**50**	2,243	27	516	25
Commercial Banking[3]	**889**	**10**	**200**	**14**	907	11	152	7
Other[3]	**(521)**	**(6)**	**(335)**	**(23)**	(227)	(3)	(128)	(6)
Total	**$ 9,012**	**100%**	**$ 1,431**	**100%**	$ 8,232	100%	$ 2,031	100%

	Six Months Ended June 30,							
	2023				2022			
	Total Net Revenue (Loss)[1]		Net Income (Loss)[2]		Total Net Revenue (Loss)[1]		Net Income (Loss)[2]	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Credit Card	**$ 12,246**	**69%**	**$ 1,406**	**58%**	$ 10,606	65%	$ 2,991	68%
Consumer Banking	**4,913**	**27**	**1,425**	**60**	4,461	27	1,166	26
Commercial Banking[3]	**1,749**	**10**	**254**	**11**	1,791	11	448	10
Other[3]	**(993)**	**(6)**	**(694)**	**(29)**	(453)	(3)	(171)	(4)
Total	**$ 17,915**	**100%**	**$ 2,391**	**100%**	$ 16,405	100%	$ 4,434	100%

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(1) Total net revenue (loss) consists of net interest income and non-interest income.

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

(3) 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 $857 million and $1.4 billion in the second quarter and first six months of 2023, respectively, and $1.5 billion and $3.0 billion in the second quarter and first six months of 2022, 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

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Selected income statement data:						
Net interest income	**$ 4,727**	$ 3,899	21%	**$ 9,384**	$ 7,738	21%
Non-interest income	**1,499**	1,410	6	**2,862**	2,868	—
Total net revenue[1]	**6,226**	5,309	17	**12,246**	10,606	15
Provision for credit losses	**2,084**	581	**	**4,345**	1,126	**
Non-interest expense	**3,020**	2,771	9	**6,058**	5,554	9
Income from continuing operations before income taxes	**1,122**	1,957	(43)	**1,843**	3,926	(53)
Income tax provision	**265**	466	(43)	**437**	935	(53)
Income from continuing operations, net of tax	**$ 857**	$ 1,491	(43)	**$ 1,406**	$ 2,991	(53)
Selected performance metrics:						
Average loans held for investment	**$ 138,762**	$ 115,835	20	**$ 136,727**	$ 113,670	20
Average yield on loans[2]	**18.17 %**	15.24 %	293bps	**18.07 %**	15.11 %	296bps
Total net revenue margin[3]	**17.95**	18.33	(38)	**17.91**	18.44	(53)
Net charge-offs	**$ 1,528**	$ 678	125%	**$ 2,897**	$ 1,285	125%
Net charge-off rate	**4.41 %**	2.34 %	207bps	**4.24 %**	2.26 %	198bps
Purchase volume	**$ 157,937**	$ 148,491	6%	**$ 299,595**	$ 282,153	6%

(Dollars in millions, except as noted)	**June 30, 2023**	**December 31, 2022**	**Change**
Selected period-end data:			
Loans held for investment	**$ 142,491**	$ 137,730	3%
30+ day performing delinquency rate	**3.77 %**	3.46 %	31bps
30+ day delinquency rate	**3.77**	3.46	31
Nonperforming loan rate[4]	**0.01**	0.01	—
Allowance for credit losses	**$ 10,976**	$ 9,545	15%
Allowance coverage ratio	**7.70%**	6.93 %	77bps

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(1) 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 $443 million and $848 million in the second quarter and first six months of 2023, respectively, compared to $211 million and $403 million in the second quarter and first six months of 2022, respectively, for finance charges and fees charged-off as uncollectible.

(2) 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.

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

(4) 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.

** Not meaningful.

Key factors affecting the results of our Credit Card business for the second quarter and first six months of 2023 compared to the second quarter and first six months of 2022, and changes in financial condition and credit performance between June 30, 2023 and December 31, 2022 include the following:

- *Net Interest Income:* Net interest income increased by $828 million to $4.7 billion in the second quarter of 2023 and increased by $1.6 billion to $9.4 billion in the first six months of 2023 primarily driven by higher average loan balances.

- *Non-Interest Income:* Non-interest income increased by $89 million to $1.5 billion in the second quarter of 2023 primarily driven by gains on our deferred compensation plan investments. Non-interest income remained substantially flat at $2.9 billion in the first six months of 2023 compared to the first six months of 2022 due to higher net interchange and gains on our deferred compensation plan investments, offset by the absence of the gain on the sale of partnership loan portfolios in 2022.

- *Provision for Credit Losses:* Provision for credit losses increased by $1.5 billion to $2.1 billion in the second quarter of 2023 and increased by $3.2 billion to $4.3 billion in the first six months of 2023 primarily driven by higher net charge-offs due to continued credit normalization combined with an allowance build, compared to allowance releases in the second quarter and first six months of 2022.

- *Non-Interest Expense:* Non-interest expense increased by $249 million to $3.0 billion in the second quarter of 2023 and increased by $504 million to $6.1 billion in the first six months of 2023 primarily driven by increased salaries and associate benefits.

Loans Held for Investment:

- Period-end loans held for investment increased by $4.8 billion to $142.5 billion as of June 30, 2023 from December 31, 2022 primarily driven by growth across our portfolio.

- Average loans held for investment increased by $22.9 billion to $138.8 billion in the second quarter of 2023 compared to the second quarter of 2022 and increased by $23.1 billion to $136.7 billion in the first six months of 2023 compared to the first six months of 2022 primarily driven by growth across our portfolio.

Net Charge-Off and Delinquency Metrics:

- The net charge-off rate increased by 207 bps to 4.41% in the second quarter of 2023 compared to the second quarter of 2022 and increased by 198 bps to 4.24% in the first six months of 2023 compared to the first six months of 2022 primarily driven by continued credit normalization.

- The 30+ day delinquency rate increased by 31 bps to 3.77% as of June 30, 2023 from December 31, 2022 primarily driven by continued credit normalization.

Domestic Card Business

The Domestic Card business generated net income from continuing operations of $828 million and $1.3 billion in the second quarter and first six months of 2023, respectively, and $1.5 billion and $2.8 billion in the the second quarter and first six months of 2022, respectively. In the second quarter and first six months of 2023 and 2022, 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 Domestic Card business and displays selected key metrics for the periods indicated.

Table 9.1: Domestic Card Business Results

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Selected income statement data:						
Net interest income	**$ 4,453**	$ 3,651	22%	**$ 8,843**	$ 7,271	22%
Non-interest income	**1,431**	1,340	7	**2,729**	2,588	5
Total net revenue[1]	**5,884**	4,991	18	**11,572**	9,859	17
Provision for credit losses	**1,995**	494	**	**4,169**	1,053	**
Non-interest expense	**2,805**	2,594	8	**5,652**	5,158	10
Income from continuing operations before income taxes	**1,084**	1,903	(43)	**1,751**	3,648	(52)
Income tax provision	**256**	450	(43)	**413**	864	(52)
Income from continuing operations, net of tax	**$ 828**	$ 1,453	(43)	**$ 1,338**	$ 2,784	(52)
Selected performance metrics:						
Average loans held for investment	**$ 132,505**	$ 109,962	21	**$ 130,544**	$ 107,761	21
Average yield on loans[2]	**18.07 %**	15.03%	304bps	**17.98 %**	14.92 %	306bps
Total net revenue margin[3]	**17.76**	18.16	(40)	**17.73**	18.21	(48)
Net charge-offs	**$ 1,451**	$ 622	133%	**$ 2,750**	$ 1,181	133%
Net charge-off rate	**4.38%**	2.26%	212bps	**4.21 %**	2.19 %	202bps
Purchase volume	**$ 154,184**	$ 144,668	7%	**$ 292,494**	$ 270,952	8%

(Dollars in millions, except as noted)	**June 30, 2023**	**December 31, 2022**	**Change**
Selected period-end data:			
Loans held for investment	**$ 135,975**	$ 131,581	3%
30+ day performing delinquency rate	**3.74 %**	3.43 %	31bps
Allowance for credit losses	**$ 10,576**	$ 9,165	15%
Allowance coverage ratio	**7.78 %**	6.97 %	81bps

(1) 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.

(2) 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.

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

** Not meaningful.

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 2023 and in the first six months of 2023 compared to the second quarter of 2022 and in the first six months of 2022 primarily driven by:

- Higher provision for credit losses primarily driven by higher net charge-offs due to continued credit normalization combined with an allowance build, compared to allowance releases in the second quarter and first six months of 2022.

- Higher non-interest expense primarily driven by increased salaries and associate benefits.

These drivers were partially offset by:

- Higher net interest income primarily driven by higher average loan balances.
- Higher non-interest income primarily driven by higher net interchange and gains on our deferred compensation plan investments, offset by the absence of the gain on the sale of a partnership loan portfolio in 2022.

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 $709 million and $1.4 billion in the second quarter and first six months of 2023, respectively, and $516 million and $1.2 billion in the second quarter and first six months of 2022, 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

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Selected income statement data:						
Net interest income	**$ 2,269**	$ 2,147	6%	**$ 4,629**	$ 4,260	9%
Non-interest income	**149**	96	55	**284**	201	41
Total net revenue	**2,418**	2,243	8	**4,913**	4,461	10
Provision for credit losses	**259**	281	(8)	**534**	411	30
Non-interest expense	**1,231**	1,286	(4)	**2,514**	2,522	—
Income from continuing operations before income taxes	**928**	676	37	**1,865**	1,528	22
Income tax provision	**219**	160	37	**440**	362	22
Income from continuing operations, net of tax	**$ 709**	$ 516	37	**$ 1,425**	$ 1,166	22
Selected performance metrics:						
Average loans held for investment:						
Auto	**$ 76,233**	$ 79,313	(4)	**$ 76,846**	$ 78,109	(2)
Retail banking	**1,465**	1,668	(12)	**1,497**	1,732	(14)
Total consumer banking	**$ 77,698**	$ 80,981	(4)	**$ 78,343**	$ 79,841	(2)
Average yield on loans held for investment[1]	**7.65 %**	7.08%	57bps	**7.52 %**	7.13%	39bps
Average deposits	**$ 285,647**	$ 254,336	12%	**$ 282,229**	$ 254,798	11%
Average deposits interest rate	**2.46 %**	0.38 %	208bps	**2.21 %**	0.33 %	188bps
Net charge-offs	**$ 279**	$ 136	105%	**$ 586**	$ 282	108%
Net charge-off rate	**1.43 %**	0.67 %	76bps	**1.50 %**	0.71 %	79bps
Auto loan originations	**$ 7,160**	$ 10,328	(31)%	**$ 13,371**	$ 22,041	(39)%

(Dollars in millions, except as noted)	**June 30, 2023**	**December 31, 2022**	**Change**
Selected period-end data:			
Loans held for investment:			
Auto	**$ 75,841**	$ 78,373	(3)%
Retail banking	**1,439**	1,552	(7)
Total consumer banking	**$ 77,280**	$ 79,925	(3)
30+ day performing delinquency rate	**5.30 %**	5.53 %	(23)bps
30+ day delinquency rate	**5.95**	6.18	(23)
Nonperforming loan rate	**0.82**	0.79	3
Nonperforming asset rate[2]	**0.88**	0.87	1
Allowance for credit losses	**$ 2,185**	$ 2,237	(2)%
Allowance coverage ratio	**2.83 %**	2.80 %	3bps
Deposits	**$ 286,174**	$ 270,592	6

(1) 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.

(2) 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 2023 compared to the second quarter and first six months of 2022, and changes in financial condition and credit performance between June 30, 2023 and December 31, 2022 include the following:

- *Net Interest Income:* Net interest income increased by $122 million to $2.3 billion in the second quarter of 2023 and increased by $369 million to $4.6 billion in the first six months of 2023 primarily driven by higher margins and deposits in our retail banking business due to the increases in interest rates, partially offset by lower margins in our auto business.

- *Non-Interest Income:* Non-interest income increased by $53 million to $149 million in the second quarter of 2023 and increased by $83 million to $284 million in the first six months of 2023 primarily driven by gains on our deferred compensation plan investments and higher interchange fees from an increase in debit card purchase volume.

- *Provision for Credit Losses:* Provision for credit losses remained substantially flat at $259 million in the second quarter of 2023 compared to the second quarter of 2022. Provision for credit losses increased by $123 million to $534 million in the first six months of 2023 primarily driven by continued credit normalization.

- *Non-Interest Expense:* Non-interest expense decreased by $55 million to $1.2 billion in the second quarter of 2023 primarily driven by decreased marketing spend. Non-interest expense remained substantially flat at $2.5 billion in the first six months of 2023 compared to the first six months of 2022.

Loans Held for Investment:

- Period-end loans held for investment decreased by $2.6 billion to $77.3 billion as of June 30, 2023 from December 31, 2022 primarily driven by customer payments, which outpaced auto loan originations.

- Average loans held for investment decreased by $3.3 billion to $77.7 billion in the second quarter of 2023 compared to the second quarter of 2022 and decreased by $1.5 billion to $78.3 billion in the first six months of 2023 compared to the first six months of 2022 primarily driven by lower auto loan originations.

Deposits:

- Period-end deposits increased by $15.6 billion to $286.2 billion as of June 30, 2023 from December 31, 2022 primarily driven by our national banking strategy, which includes originations from periodic limited time offerings in time deposits.

Net Charge-Off and Delinquency Metrics:

- The net charge-off rate increased by 76 bps to 1.43% in the second quarter of 2023 compared to the the second quarter of 2022 and increased by 79 bps to 1.50% in the first six months of 2023 compared to the first six months of 2022 primarily driven by continued credit normalization in our auto loan portfolio.

- The 30+ day delinquency rate decreased by 23 bps to 5.95% as of June 30, 2023 from December 31, 2022 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 $200 million and $254 million in the second quarter and first six months of 2023, respectively, and $152 million and $448 million in the the second quarter and first six months of 2022, 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)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Selected income statement data:						
Net interest income	**$ 632**	$ 635	—	**$ 1,280**	$ 1,242	3%
Non-interest income	**257**	272	(6)%	**469**	549	(15)
Total net revenue[1]	**889**	907	(2)	**1,749**	1,791	(2)
Provision for credit losses[2]	**146**	222	(34)	**405**	230	76
Non-interest expense	**482**	485	(1)	**1,012**	973	4
Income from continuing operations before income taxes	**261**	200	31	**332**	588	(44)
Income tax provision	**61**	48	27	**78**	140	(44)
Income from continuing operations, net of tax	**$ 200**	$ 152	32	**$ 254**	$ 448	(43)
Selected performance metrics:						
Average loans held for investment:						
Commercial and multifamily real estate	**$ 37,068**	$ 35,754	4	**$ 37,220**	$ 35,215	6
Commercial and industrial	**56,127**	53,540	5	**56,421**	52,030	8
Total commercial banking	**$ 93,195**	$ 89,294	4	**$ 93,641**	$ 87,245	7
Average yield on loans held for investment[1][3]	**6.75 %**	3.18 %	357bps	**6.53 %**	2.92 %	361bps
Average deposits	**$ 37,960**	$ 40,536	(6)%	**$ 38,945**	$ 42,760	(9)%
Average deposits interest rate	**2.68 %**	0.19 %	249bps	**2.51 %**	0.15 %	236bps
Net charge-offs	**$ 378**	$ 31	**	**$ 399**	$ 45	**
Net charge-off rate	**1.62 %**	0.14 %	148bps	**0.85 %**	0.10 %	75bps

(Dollars in millions, except as noted)	**June 30, 2023**	**December 31, 2022**	**Change**
Selected period-end data:			
Loans held for investment:			
Commercial and multifamily real estate	**$ 36,041**	$ 37,453	(4)%
Commercial and industrial	**55,511**	57,223	(3)
Total commercial banking	**$ 91,552**	$ 94,676	(3)
Nonperforming loan rate	**0.89 %**	0.74 %	15bps
Nonperforming asset rate[4]	**0.89**	0.74	15
Allowance for credit losses[2]	**$ 1,485**	$ 1,458	2%
Allowance coverage ratio	**1.62%**	1.54%	8bps
Deposits	**$ 36,793**	$ 40,808	(10)%
Loans serviced for others	**52,059**	51,918	—

(1) 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.

(2) 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 $197 million and $218 million as of June 30, 2023 and December 31, 2022, respectively.

(3) 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.

(4) 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.

** Not meaningful.

Key factors affecting the results of our Commercial Banking business for the second quarter and first six months of 2023 compared to the second quarter and first six months of 2022, and changes in financial condition and credit performance between June 30, 2023 and December 31, 2022 include the following:

- *Net Interest Income:* Net interest income remained substantially flat at $632 million in the second quarter of 2023 compared to the second quarter of 2022 and $1.3 billion in the first six months of 2023 compared to the first six months of 2022.
- *Non-Interest Income:* Non-interest income remained substantially flat at $257 million in the second quarter of 2023 compared to the the second quarter of 2022. Non-interest income decreased by $80 million to $469 million in the first six months of 2023 primarily driven by our agency and capital markets businesses.
- *Provision for Credit Losses:* Provision for credit losses decreased by $76 million to $146 million in the second quarter of 2023 primarily driven by an allowance release due to lower outstanding loan balances, partially offset by higher charge-offs in our office real estate portfolio. Provision for credit losses increased by $175 million to $405 million in the first six months of 2023 primarily driven by higher charge-offs and a net allowance build in our office real estate portfolio.
- *Non-Interest Expense:* Non-interest expense remained substantially flat at $482 million in the second quarter of 2023 compared to the second quarter of 2022 and $1.0 billion in the first six months of 2023 compared to the first six months of 2022.

Loans Held for Investment:

- Period-end loans held for investment decreased by $3.1 billion to $91.6 billion as of June 30, 2023 from December 31, 2022 primarily driven by customer payments outpacing loan originations.
- Average loans held for investment increased by $3.9 billion to $93.2 billion in the second quarter of 2023 compared to the second quarter of 2022 and increased by $6.4 billion to $93.6 billion in the first six months of 2023 compared to the first six months of 2022 primarily driven by growth across our loan portfolio.

Deposits:

- Period-end deposits decreased by $4.0 billion to $36.8 billion as of June 30, 2023 from December 31, 2022 primarily driven by our commercial deposit strategy.

Net Charge-Off and Nonperforming Metrics:

- The net charge-off rate increased by 148 bps to 1.62% in the second quarter of 2023 and increased by 75 bps to 0.85% in the first six months of 2023 primarily driven by charge offs in our office real estate portfolio.
- The nonperforming loan rate increased by 15 bps to 0.89% as of June 30, 2023 compared to December 31, 2022 primarily driven by isolated credit downgrades in our office real estate portfolio.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Selected income statement data:						
Net interest loss	**$ (515)**	$ (164)	**	**$ (994)**	$ (326)	**
Non-interest income (loss)	**(6)**	(63)	(90)%	**1**	(127)	**
Total net loss[(1)]	**(521)**	(227)	130	**(993)**	(453)	119%
Provision (benefit) for credit losses	**1**	1	—	**1**	(5)	**
Non-interest expense	**61**	41	49	**155**	85	82
Loss from continuing operations before income taxes	**(583)**	(269)	117	**(1,149)**	(533)	116
Income tax benefit	**(248)**	(141)	76	**(455)**	(362)	26
Loss from continuing operations, net of tax	**$ (335)**	$ (128)	162	**$ (694)**	$ (171)	**

(1) 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 increased by $207 million to a loss of $335 million in the second quarter of 2023 compared to the second quarter of 2022 and increased by $523 million to a loss of $694 million in the first six months of 2023 compared to the first six months of 2022 primarily driven by higher net interest losses due to higher funding costs driven by higher market interest rates.

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 2022 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 2022 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, 2023

Standard	Guidance	Adoption Timing and Financial Statement Impacts
Tax Credit Investments ASU 2023-02, Investments - Equity Method and Joint Ventures (Topic 323), *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method* *Issued March 2023*	The amendments in this update permit reporting entities to elect to account for their tax equity investments, regardless of 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 to apply the proportional amortization method.	This ASU becomes effective for us on January 1, 2024, with early adoption permitted and can be adopted using either a retrospective or modified retrospective transition method. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

CAPITAL MANAGEMENT

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 United States Capital Rules

Under the Basel III Capital Rules, we must maintain a minimum common equity Tier 1 ("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.

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 (the "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 2022 supervisory stress test results, the Company's stress capital buffer requirement for the period beginning on October 1, 2022 through September 30, 2023 is 3.1%. 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 7.6%, 9.1% and 11.1%, respectively, for the period from October 1, 2022 through September 30, 2023.

Based on the Company's 2023 supervisory stress test results, the Company's preliminary 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 expected to be 9.3%, 10.8% and 12.8%, respectively, for the period from October 1, 2023 through September 30, 2024. The Federal Reserve is expected to provide the Company with its final stress capital buffer requirement by August 31, 2023.

The Stress Capital Buffer Rule does not apply 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, 2023 and December 31, 2022, 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.

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, 2023, the Company and the Bank are subject to the Market Risk Rule. See "Market Risk Profile" below for additional information.

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 (the "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.

<table>
<tr><th></th><th colspan="2">Capital Impact Delayed</th><th colspan="4">Phase In Period</th></tr>
<tr><th></th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th></tr>
<tr><td>"Day 1" CECL adoption impact</td><td colspan="2">Capital impact delayed to 2022</td><td rowspan="2">25% Phased In</td><td rowspan="2">50% Phased In</td><td rowspan="2">75% Phased In</td><td rowspan="2">Fully Phased In</td></tr>
<tr><td>Cumulative "day 2" ongoing impact</td><td colspan="2">25% scaling factor as an approximation of the increase in allowance under CECL</td></tr>
</table>

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 50% of this amount, leaving $1.2 billion to be phased in over 2024-2025. As of June 30, 2023, the Company's CET1 capital ratio, reflecting the CECL Transition Rule, was 12.7% and would have been 12.4% excluding the impact of the CECL Transition Rule (or "on a fully phased-in basis").

For the description of the regulatory capital rules to which we are subject, see "Part I—Item 1. Business—Supervision and Regulation" in our 2022 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, 2023 and December 31, 2022.

Table 13: Capital Ratios Under Basel III[(1)(2)]

	June 30, 2023			December 31, 2022		
	Ratio	Minimum Capital Adequacy	Well-Capitalized	Ratio	Minimum Capital Adequacy	Well-Capitalized
Capital One Financial Corp:						
Common equity Tier 1 capital[(3)]	**12.7 %**	**4.5 %**	**N/A**	12.5 %	4.5 %	N/A
Tier 1 capital[(4)]	**14.0**	**6.0**	**6.0 %**	13.9	6.0	6.0 %
Total capital[(5)]	**16.0**	**8.0**	**10.0**	15.8	8.0	10.0
Tier 1 leverage[(6)]	**11.0**	**4.0**	**N/A**	11.1	4.0	N/A
Supplementary leverage[(7)]	**9.4**	**3.0**	**N/A**	9.5	3.0	N/A
CONA:						
Common equity Tier 1 capital[(3)]	**13.0**	**4.5**	**6.5**	13.1	4.5	6.5
Tier 1 capital[(4)]	**13.0**	**6.0**	**8.0**	13.1	6.0	8.0
Total capital[(5)]	**14.3**	**8.0**	**10.0**	14.4	8.0	10.0
Tier 1 leverage[(6)]	**10.2**	**4.0**	**5.0**	10.5	4.0	5.0
Supplementary leverage[(7)]	**8.7**	**3.0**	**N/A**	9.0	3.0	N/A

(1) Capital requirements that are not applicable are denoted by "N/A."

(2) Ratios as of June 30, 2023 are preliminary and therefore subject to change until we file our June 30, 2023 Form FR Y-9C—Consolidated Financial Statements for Holding Companies and Call Reports.

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

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

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

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

(7) 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, 2023 and December 31, 2022.

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

(Dollars in millions)	June 30, 2023	December 31, 2022
Regulatory capital under Basel III standardized approach		
Common equity excluding AOCI	**$ 60,729**	$ 59,450
Adjustments and deductions:		
AOCI, net of tax(1)	**31**	(17)
Goodwill, net of related deferred tax liabilities	**(14,813)**	(14,540)
Other intangible and deferred tax assets, net of deferred tax liabilities	**(358)**	(162)
Common equity Tier 1 capital	**45,589**	44,731
Tier 1 capital instruments	**4,845**	4,845
Tier 1 capital	**50,434**	49,576
Tier 2 capital instruments	**2,573**	2,585
Qualifying allowance for credit losses	**4,600**	4,553
Tier 2 capital	**7,173**	7,138
Total capital	**$ 57,607**	$ 56,714
Regulatory capital metrics		
Risk-weighted assets	**$ 359,613**	$ 357,920
Adjusted average assets(2)	**459,732**	444,704
Total leverage exposure(3)	**535,504**	522,136

(1) Excludes certain components of AOCI in accordance with rules applicable to Category III institutions. See "Capital Management—Basel III and United States Capital Rules" in this Report.

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

(3) 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 2023 and $300 million of shares of our common stock during the first six months of 2023.

On June 28, 2023, the Federal Reserve released the supervisory stress test results for the 2023 Comprehensive Capital Analysis and Review ("CCAR") cycle. Based on the Company's 2023 supervisory stress test results, the Company's preliminary 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 expected to be 9.3%, 10.8% and 12.8%, respectively, for the period from October 1, 2023 through September 30, 2024. The Federal Reserve is expected to provide the Company with its final stress capital buffer requirement by August 31, 2023.

For the description of the regulatory capital planning rules and stress testing requirements to which we are subject, see "Supervision and Regulation" in this Report and "Part I—Item 1. Business—Supervision and Regulation" in our 2022 Form 10-K.

Dividend Policy and Stock Purchases

In the first six months of 2023, we declared and paid common stock dividends of $470 million, or $1.20 per share, and preferred stock dividends of $114 million. The following table summarizes the dividends paid per share on our various preferred stock series in the first six months of 2023.

Table 15: Preferred Stock Dividends Paid Per Share

					2023	
Series	**Description**	**Issuance Date**	**Per Annum Dividend Rate**	**Dividend Frequency**	**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. 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, 2023, funds available for dividend payments from the Bank were $3.8 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 2023 and $300 million of shares of our common stock during the first six months of 2023. 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 as well as "Part I—Item 1. Business—Supervision and Regulation—Dividends, Stock Repurchases and Transfers of Funds" in our 2022 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 Identifies and Owns Risk	Second Line Advises & Challenges First Line	Third 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:

Governance and Accountability			
Strategy and Risk Alignment			
Risk Identification	**Assessment, Measurement and Response**	**Monitoring and Testing**	**Aggregation, Reporting and Escalation**
Capital and Liquidity Management (including Stress Testing)			
Risk Data and Enabling Technology			
Culture and Talent Management			

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 2022 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 2022 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 policy 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 and Supplementary Data—Note 2—Investment Securities" as well as credit risk related to derivative transactions in "Part I—Item 1. Financial Statements and Supplementary Data—Note 8—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 $1.2 billion and $203 million as of June 30, 2023 and December 31, 2022, respectively.

Table 16 presents the composition of our portfolio of loans held for investment by portfolio segment as of June 30, 2023 and December 31, 2022.

Table 16: Portfolio Composition of Loans Held for Investment

	June 30, 2023		December 31, 2022	
(Dollars in millions)	**Loans**	**% of Total**	**Loans**	**% of Total**
Credit Card:				
Domestic credit card	**$ 135,975**	**43.7 %**	$ 131,581	42.1 %
International card businesses	**6,516**	**2.1**	6,149	2.0
Total credit card	**142,491**	**45.8**	137,730	44.1

(Dollars in millions)	June 30, 2023 Loans	% of Total	December 31, 2022 Loans	% of Total
Consumer Banking:				
Auto	**75,841**	**24.3**	78,373	25.1
Retail banking	**1,439**	**0.5**	1,552	0.5
Total consumer banking	**77,280**	**24.8**	79,925	25.6
Commercial Banking:				
Commercial and multifamily real estate	**36,041**	**11.6**	37,453	12.0
Commercial and industrial	**55,511**	**17.8**	57,223	18.3
Total commercial banking	**91,552**	**29.4**	94,676	30.3
Total loans held for investment	**$ 311,323**	**100.0 %**	$ 312,331	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, 2023 and December 31, 2022.

Table 17: Credit Card Portfolio by Geographic Region

(Dollars in millions)	June 30, 2023 Amount	% of Total	December 31, 2022 Amount	% of Total
Domestic credit card:				
California	**$ 13,939**	**9.8%**	$ 13,707	10.0%
Texas	**11,507**	**8.1**	11,202	8.1
Florida	**10,201**	**7.2**	9,549	6.9
New York	**8,911**	**6.3**	8,366	6.1
Pennsylvania	**5,591**	**3.9**	5,425	3.9
Illinois	**5,311**	**3.7**	5,260	3.8
Ohio	**4,705**	**3.3**	4,662	3.4
New Jersey	**4,485**	**3.1**	4,243	3.1
Georgia	**4,312**	**3.0**	4,172	3.0
Michigan	**3,980**	**2.8**	3,920	2.8
Other	**63,033**	**44.2**	61,075	44.4
Total domestic credit card	**135,975**	**95.4**	131,581	95.5
International card businesses:				
United Kingdom	**3,409**	**2.4**	3,129	2.3
Canada	**3,107**	**2.2**	3,020	2.2
Total international card businesses	**6,516**	**4.6**	6,149	4.5
Total credit card	**$ 142,491**	**100.0 %**	$ 137,730	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, 2023 and December 31, 2022.

Table 18: Consumer Banking Portfolio by Geographic Region

	June 30, 2023		December 31, 2022	
(Dollars in millions)	Amount	% of Total	Amount	% of Total
Auto:				
Texas	**$ 9,225**	**11.9%**	$ 9,586	12.0 %
California	**9,127**	**11.8**	9,570	12.0
Florida	**6,612**	**8.5**	6,755	8.5
Pennsylvania	**3,250**	**4.2**	3,303	4.1
Ohio	**3,135**	**4.1**	3,143	3.9
Georgia	**3,081**	**4.0**	3,243	4.1
Illinois	**3,041**	**3.9**	3,119	3.9
New Jersey	**2,684**	**3.5**	2,742	3.4
Other	**35,686**	**46.2**	36,912	46.2
Total auto	**75,841**	**98.1**	78,373	98.1
Retail banking:				
New York	**439**	**0.6**	477	0.6
Texas	**306**	**0.4**	333	0.4
Louisiana	**256**	**0.3**	283	0.3
New Jersey	**113**	**0.2**	122	0.2
Maryland	**88**	**0.1**	97	0.1
Virginia	**63**	**0.1**	67	0.1
Other	**174**	**0.2**	173	0.2
Total retail banking	**1,439**	**1.9**	1,552	1.9
Total consumer banking	**$ 77,280**	**100.0 %**	$ 79,925	100.0 %

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, 2023 and December 31, 2022.

Table 19: Commercial Real Estate Portfolio by Region

	June 30, 2023		December 31, 2022	
(Dollars in millions)	Amount	% of Total	Amount	% of Total
Geographic concentration:[(1)]				
Northeast	**$ 13,198**	**36.6 %**	$ 15,055	40.2 %
South	**9,288**	**25.8**	8,706	23.2
Pacific West	**5,986**	**16.6**	5,902	15.7
Mid-Atlantic	**3,134**	**8.7**	3,129	8.4
Mountain	**2,251**	**6.2**	2,267	6.1
Midwest	**2,184**	**6.1**	2,394	6.4
Total	**$ 36,041**	**100.0 %**	$ 37,453	100.0 %

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(1) 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, 2023 and December 31, 2022. Industry classifications below are based on our interpretation of the North American Industry Classification System codes as they pertain to each individual loan.

Table 20: Commercial Loans by Industry

(Percentage of portfolio)	**June 30, 2023**	**December 31, 2022**
Industry Classification:		
Finance	**31%**	29%
Real estate[(1)(2)]	**30**	31
Healthcare	**8**	8
Business services	**6**	6
Educational services	**4**	4
Public administration	**4**	4
Construction and land	**3**	3
Retail trade	**3**	3
Oil and gas	**2**	2
Other	**9**	10
Total	**100 %**	100 %

(1) The funded balance for commercial office real estate held for investment totaled $2.6 billion, or 3%, and $4.0 billion, or 4%, as of June 30, 2023 and December 31, 2022, respectively. Commercial office real estate exposures 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.

(2) We reclassified $888 million in commercial office real estate loans from loans held for investment to loans held for sale as of June 30, 2023.

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, 2023 and December 31, 2022.

Table 21: Credit Score Distribution

(Percentage of portfolio)	**June 30, 2023**	**December 31, 2022**
Domestic credit card—Refreshed FICO scores:[(1)]		
Greater than 660	**69 %**	69 %
660 or below	**31**	31
Total	**100 %**	100 %

(Percentage of portfolio)	**June 30, 2023**	**December 31, 2022**
Auto—At origination FICO scores:[2]		
Greater than 660	**52 %**	53 %
621 - 660	**20**	20
620 or below	**28**	27
Total	**100 %**	100 %

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(1) Percentages represent period-end loans held for investment in each credit score category. Domestic Card credit scores generally represent 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.

(2) 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 and Supplementary Data—Note 3—Loans" for additional credit quality information and see "Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2022 Form 10-K for information on our accounting policies for delinquent and nonperforming loans, charge-offs and troubled debt restructurings ("TDRs") 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 2022 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, 2023 and December 31, 2022.

Table 22: 30+ Day Delinquencies

	June 30, 2023				December 31, 2022			
	30+ Day Performing Delinquencies		30+ Day Delinquencies		30+ Day Performing Delinquencies		30+ Day Delinquencies	
(Dollars in millions)	Amount	Rate[(1)]	Amount	Rate[(1)]	Amount	Rate[(1)]	Amount	Rate[(1)]
Credit Card:								
Domestic credit card	$ 5,089	3.74 %	$ 5,089	3.74 %	$ 4,515	3.43 %	$ 4,515	3.43 %
International card businesses	277	4.24	284	4.37	248	4.03	254	4.13
Total credit card	5,366	3.77	5,373	3.77	4,763	3.46	4,769	3.46
Consumer Banking:								
Auto	4,081	5.38	4,568	6.02	4,402	5.62	4,906	6.26
Retail banking	17	1.19	32	2.22	16	1.02	34	2.22
Total consumer banking	4,098	5.30	4,600	5.95	4,418	5.53	4,940	6.18
Commercial Banking:								
Commercial and multifamily real estate	39	0.11	136	0.38	1	—	36	0.10
Commercial and industrial	91	0.16	356	0.64	78	0.14	281	0.49
Total commercial banking	130	0.14	492	0.54	79	0.08	317	0.33
Total	$ 9,594	3.08	$ 10,465	3.36	$ 9,260	2.96	$ 10,026	3.21

(1) 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, 2023 and December 31, 2022.

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

	June 30, 2023		December 31, 2022	
(Dollars in millions)	Amount	Rate[(1)]	Amount	Rate[(1)]
Delinquency status:				
30 – 59 days	$ 4,601	1.48 %	$ 4,666	1.50 %
60 – 89 days	2,756	0.88	2,511	0.80
≥ 90 days	3,108	1.00	2,849	0.91
Total	$ 10,465	3.36 %	$ 10,026	3.21 %
Geographic region:				
Domestic	$ 10,181	3.27 %	$ 9,772	3.13 %
International	284	0.09	254	0.08
Total	$ 10,465	3.36 %	$ 10,026	3.21 %

(1) 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, 2023 and December 31, 2022. These loans consist primarily of credit card accounts between 90 days and 179 days past due. As permitted by regulatory guidance issued by the Federal Financial Institutions Examination Council ("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

	June 30, 2023		December 31, 2022	
(Dollars in millions)	**Amount**	**Rate[1]**	**Amount**	**Rate[1]**
Loan category:				
Credit card	**$ 2,491**	**1.75 %**	$ 2,240	1.63 %
Total	**$ 2,491**	**0.80**	$ 2,240	0.72
Geographic region:				
Domestic	**$ 2,375**	**0.78**	$ 2,135	0.70
International	**116**	**1.78**	105	1.71
Total	**$ 2,491**	**0.80**	$ 2,240	0.72

(1) 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 2022 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, 2023 and December 31, 2022. 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[(1)]

	June 30, 2023		December 31, 2022	
(Dollars in millions)	**Amount**	**Rate**	**Amount**	**Rate**
Nonperforming loans held for investment:[(2)]				
Credit Card:				
International card businesses	**$ 10**	**0.16 %**	$ 9	0.14 %
Total credit card	**10**	**0.01**	9	0.01
Consumer Banking:				
Auto	**588**	**0.77**	595	0.76
Retail banking	**43**	**2.99**	39	2.49
Total consumer banking	**631**	**0.82**	634	0.79
Commercial Banking:				
Commercial and multifamily real estate	**416**	**1.15**	271	0.72
Commercial and industrial	**395**	**0.71**	430	0.75
Total commercial banking	**811**	**0.89**	701	0.74
Total nonperforming loans held for investment[(3)]	**1,452**	**0.47**	1,344	0.43
Other nonperforming assets[(4)]	**53**	**0.01**	61	0.02
Total nonperforming assets	**$ 1,505**	**0.48**	$ 1,405	0.45

(1) We recognized interest income for loans classified as nonperforming of $17 million and $11 million in the first six months of 2023 and 2022, respectively. Interest income foregone related to nonperforming loans was $67 million and $40 million in the first six months of 2023 and 2022, respectively. Foregone interest income represents the amount of interest income in excess of recognized interest income that would have been recorded during the period for nonperforming loans as of the end of the period had the loans performed according to their contractual terms.

(2) 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.

(3) Excluding the impact of domestic credit card loans, nonperforming loans as a percentage of total loans held for investment was 0.83% and 0.74% as of June 30, 2023 and December 31, 2022, respectively.

(4) 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 2022 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 2023 and 2022.

Table 26: Net Charge-Offs

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
(Dollars in millions)	Amount	Rate[(1)]	Amount	Rate[(1)]	Amount	Rate[(1)]	Amount	Rate[(1)]
Credit Card:								
Domestic credit card	**$ 1,451**	**4.38 %**	$ 622	2.26 %	**$ 2,750**	**4.21 %**	$ 1,181	2.19 %
International card businesses	**77**	**4.98**	56	3.82	**147**	**4.77**	104	3.51
Total credit card	**1,528**	**4.41**	678	2.34	**2,897**	**4.24**	1,285	2.26
Consumer Banking:								
Auto	**267**	**1.40**	121	0.61	**563**	**1.46**	248	0.63
Retail banking	**12**	**3.25**	15	3.62	**23**	**3.10**	34	3.98
Total consumer banking	**279**	**1.43**	136	0.67	**586**	**1.50**	282	0.71
Commercial Banking:								
Commercial and multifamily real estate	**363**	**3.91**	(7)	(0.08)	**380**	**2.04**	(7)	(0.04)
Commercial and industrial	**15**	**0.11**	38	0.29	**19**	**0.07**	52	0.20
Total commercial banking	**378**	**1.62**	31	0.14	**399**	**0.85**	45	0.10
Total net charge-offs	**$ 2,185**	**2.82**	$ 845	1.18	**$ 3,882**	**2.52**	$ 1,612	1.15
Average loans held for investment	**$ 309,655**		$ 286,110		**$ 308,711**		$ 280,756	

(1) 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.

Financial Difficulty Modifications to Borrowers

We adopted ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* on January 1, 2023. The ASU eliminates the accounting guidance for TDRs and establishes disclosure requirements for certain loan refinancing and restructurings for borrowers experiencing financial difficulty, which results in a more than insignificant impact to the timing or amount of contractual cash flows.

Prior to the adoption of ASU 2022-02, a modification was deemed a TDR when the contractual terms of a loan agreement were modified by granting a concession to a borrower experiencing financial difficulty. ASU 2022-02 eliminated the concession requirement for modifications. After the adoption of ASU 2022-02, 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.

The types of modifications we offer to borrowers experiencing financial difficulty have not changed as a result of ASU 2022-02. 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. The effective interest rate on the loan immediately prior to the loan modification is used as the effective interest rate for purposes of measuring impairment using the present value of expected cash flows. 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. Impairment is determined using the present value of expected cash flows or a collateral evaluation for certain auto loans where the collateral value is lower than the amortized cost.

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 additional information on accounting standards adopted during the six months ended June 30, 2023, see "Part I—Item 1. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies." For more information on FDMs in the second quarter of 2023 and TDRs in the second quarter of 2022, see "Part I—Item 1. Financial Statements and Supplementary Data—Note 3—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 2022 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 2023 and 2022, and details by portfolio segment for the provision for credit losses, charge-offs

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and recoveries.

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

	Three Months Ended June 30, 2023							
	Credit Card			Consumer Banking				
(Dollars in millions)	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer 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[1]	**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[2]	**—**	**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				
(Dollars in millions)	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer 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[3]	(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[1]	**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[2]	**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**

	Three Months Ended June 30, 2022							
	Credit Card			Consumer Banking				
(Dollars in millions)	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer Banking	Commercial Banking	Total
Allowance for credit losses:								
Balance as of March 31, 2022	$ 7,968	$ 312	$ 8,280	$ 1,852	$ 50	$ 1,902	$ 1,126	$ 11,308
Charge-offs	(920)	(89)	(1,009)	(311)	(20)	(331)	(43)	(1,383)
Recoveries[1]	298	33	331	190	5	195	12	538
Net charge-offs	(622)	(56)	(678)	(121)	(15)	(136)	(31)	(845)
Provision (benefit) for credit losses	494	87	581	268	13	281	183	1,045
Allowance build (release) for credit losses	(128)	31	(97)	147	(2)	145	152	200
Other changes[2]	—	(17)	(17)	—	—	—	—	(17)
Balance as of June 30, 2022	7,840	326	8,166	1,999	48	2,047	1,278	11,491
Reserve for unfunded lending commitments:								
Balance as of March 31, 2022	—	—	—	—	—	—	200	200
Provision for losses on unfunded lending commitments	—	—	—	—	—	—	39	39
Balance as of June 30, 2022	—	—	—	—	—	—	239	239
Combined allowance and reserve as of June 30, 2022	$ 7,840	$ 326	$ 8,166	$ 1,999	$ 48	$ 2,047	$ 1,517	$ 11,730

	Six Months Ended June 30, 2022							
	Credit Card			Consumer Banking				
(Dollars in millions)	Domestic Card	International Card Businesses	Total Credit Card	Auto	Retail Banking	Total Consumer Banking	Commercial Banking	Total
Allowance for credit losses:								
Balance as of December 31, 2021	$ 7,968	$ 377	$ 8,345	$ 1,852	$ 66	$ 1,918	$ 1,167	$ 11,430
Charge-offs	(1,787)	(177)	(1,964)	(637)	(43)	(680)	(60)	(2,704)
Recoveries[1]	606	73	679	389	9	398	15	1,092
Net charge-offs	(1,181)	(104)	(1,285)	(248)	(34)	(282)	(45)	(1,612)
Provision (benefit) for credit losses	1,053	73	1,126	395	16	411	156	1,693
Allowance build (release) for credit losses	(128)	(31)	(159)	147	(18)	129	111	81
Other changes[2]	—	(20)	(20)	—	—	—	—	(20)
Balance as of June 30, 2022	7,840	326	8,166	1,999	48	2,047	1,278	11,491
Reserve for unfunded lending commitments:								
Balance as of December 31, 2021	—	—	—	—	—	—	165	165
Provision for losses on unfunded lending commitments	—	—	—	—	—	—	74	74
Balance as of June 30, 2022	—	—	—	—	—	—	239	239
Combined allowance and reserve as of June 30, 2022	$ 7,840	$ 326	$ 8,166	$ 1,999	$ 48	$ 2,047	$ 1,517	$ 11,730

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(1) 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.

(2) Primarily represents the initial allowance for purchased credit-deteriorated loans and foreign currency translation adjustments. The initial allowance of purchased credit-deteriorated loans was $0 million and $32 million for the three and six months ended June 30, 2023, respectively.

(3) Impact from the adoption of ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* as of January 1, 2023.

LIQUIDITY RISK PROFILE

We have established liquidity practices that are intended to ensure that we have sufficient asset-based liquidity to cover our funding requirements and maintain adequate reserves to withstand the potential impact of deposit attrition or diminished liquidity in the funding markets. In addition to our cash and cash equivalents, we maintain liquidity reserves in the form of investment securities and certain loans that are either readily-marketable or pledgeable.

Table 28 below presents the composition of our liquidity reserves as of June 30, 2023 and December 31, 2022.

Table 28: Liquidity Reserves

(Dollars in millions)	June 30, 2023	December 31, 2022
Cash and cash equivalents	**$ 41,596**	$ 30,856
Securities available for sale	**78,412**	76,919
FHLB borrowing capacity secured by loans	**5,322**	6,436
Outstanding FHLB advances and letters of credit secured by loans and investment securities	**(50)**	(51)
Other encumbrances of investment securities	**(7,317)**	(7,583)
Total liquidity reserves	**$ 117,963**	$ 106,577

Our liquidity reserves increased by $11.4 billion to $118.0 billion as of June 30, 2023 from December 31, 2022, 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 2022 Form 10-K for additional information on our management of liquidity risk.

Liquidity Coverage Ratio

We are subject to the liquidity coverage ratio (“LCR”) standard as implemented by the Federal Reserve and the OCC (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 2023 was 150%, 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 2022 Form 10-K for additional information.

Net Stable Funding Ratio

We are subject to the net stable funding ratio (“NSFR”) standard as implemented by the Federal Reserve and the OCC (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 each of the first and second quarters of 2023 was 134%, 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 2022 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, depositary 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 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 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.

In addition to our issuance capacity under the shelf registration statements, we also have access to FHLB advances, the Federal Reserve Discount Window, the Bank Term Funding Program and the Fixed Income Clearing Corporation's general collateral financing repurchase agreement service. The ability to borrow utilizing these sources is based on membership status and the amount is dependent upon the Bank's ability to post collateral. As of June 30, 2023, we pledged both loans and securities to the FHLB to secure a maximum borrowing capacity of $34.2 billion, of which $50 million was used. Our FHLB membership is supported by our investment in FHLB stock of $15 million as of both June 30, 2023 and December 31, 2022.

As of June 30, 2023, we pledged loans to secure a borrowing capacity of $41.5 billion under the Federal Reserve Discount Window. Additionally, we pledged securities to secure a borrowing capacity of $9.9 billion under the Bank Term Funding Program. 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, 2023 and December 31, 2022.

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 2023 and 2022.

Table 29: Deposits Composition and Average Deposits Interest Rates

	Three Months Ended June 30,					
	2023			2022		
(Dollars in millions)	Average Balance	Interest Expense	Average Deposits Interest Rate	Average Balance	Interest Expense	Average Deposits Interest Rate
Interest-bearing checking accounts[1]	**$ 42,587**	**$ 208**	**1.96 %**	$ 47,267	$ 28	0.24 %
Saving deposits[2]	**193,730**	**1,216**	**2.51**	202,069	205	0.40
Time deposits	**76,890**	**853**	**4.44**	18,768	60	1.28
Total interest-bearing deposits	**$ 313,207**	**$ 2,277**	**2.91**	$ 268,104	$ 293	0.44

	Six Months Ended June 30,					
	2023			2022		
(Dollars in millions)	Average Balance	Interest Expense	Average Deposits Interest Rate	Average Balance	Interest Expense	Average Deposits Interest Rate
Interest-bearing checking accounts[1]	**$ 43,883**	**$ 405**	**1.85 %**	$ 48,330	$ 48	0.20 %
Saving deposits[2]	**198,728**	**2,283**	**2.30**	203,651	359	0.35
Time deposits	**68,399**	**1,445**	**4.23**	17,972	104	1.17
Total interest-bearing deposits	**$ 311,010**	**$ 4,133**	**2.66**	$ 269,953	$ 511	0.38

[1] Includes negotiable order of withdrawal accounts.

[2] 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 June 30, 2023 and December 31, 2022. See "Part I—Item 1. Business—Supervision and Regulation" in our 2022 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 and Supplementary Data—Note 7—Deposits and Borrowings."

Funding

Our primary source of funding comes from 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 decreased by $234 million to $649 million as of June 30, 2023 from December 31, 2022 driven by a decrease in repurchase agreements.

Our long-term funding, which primarily consists of securitized debt obligations and senior and subordinated notes, increased by $1.8 billion to $49.6 billion as of June 30, 2023 from December 31, 2022 primarily driven by net issuances of senior unsecured debt and net issuances in our credit card and auto securitization programs. We provide more information on our securitization activity in "Part I—Item 1. Financial Statements and Supplementary Data—Note 5—Variable Interest Entities and Securitizations" and on our borrowings in "Part I—Item 1. Financial Statements and Supplementary Data—Note 7—Deposits and Borrowings."

The following table summarizes issuances of securitized debt obligations, senior and subordinated notes, long term FHLB advances and their respective maturities or redemptions for the second quarter and first six months of 2023 and 2022.

Table 30: Long-Term Debt Funding Activities

	Issuances		Maturities/Redemptions	
	Three Months Ended June 30,		Three Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**	**2023**	**2022**
Securitized debt obligations	**$ 1,200**	$ 4,250	**$ 991**	$ 395
Senior and subordinated notes	**3,500**	4,000	**1,839**	—
FHLB advances	**—**	10,500	**—**	—
Total	**$ 4,700**	$ 18,750	**$ 2,830**	$ 395

	Issuances		Maturities/Redemptions	
	Six Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**	**2023**	**2022**
Securitized debt obligations	**$ 2,450**	$ 6,500	**$ 1,551**	$ 3,593
Senior and subordinated notes	**5,750**	7,050	**4,886**	2,357
FHLB advances	**—**	10,500	**—**	—
Total	**$ 8,200**	$ 24,050	**$ 6,437**	$ 5,950

Credit Ratings

Our credit ratings impact our ability to access capital markets and our borrowing costs. Rating agencies assign their ratings based on numerous factors, including liquidity, capital adequacy, asset quality, quality of earnings and the probability of systemic support. Significant changes in these factors could result in different ratings.

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, 2023 and December 31, 2022.

Table 31: Senior Unsecured Long-Term Debt Credit Ratings

	June 30, 2023		December 31, 2022	
	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 25, 2023, Moody's Investors Service ("Moody's"), Standard & Poor's ("S&P") and Fitch Ratings ("Fitch") have our credit ratings on a stable outlook.

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, 2023 and December 31, 2022, our total unfunded lending commitments were $432.9 billion and $409.3 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 and Supplementary Data—Note 13—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 June 30, 2023 and December 31, 2022, we had $1.6 billion and $1.7 billion, respectively, 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 2022 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, 2023 and December 31, 2022, we had $621 million and $1.1 billion, 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 and Supplementary Data—Note 5—Variable Interest Entities and Securitizations," and "Part I—Item 1. Financial Statements and Supplementary Data—Note 13—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 2022 Form 10-K.

MARKET RISK PROFILE

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. Our balance sheet is structurally asset sensitive as our loans, which are primarily floating rate or fixed rate with short durations, reprice faster than our fixed rate debt and a portion of our deposits when interest rates change. We take actions to reduce the interest rate risk from this structural balance sheet position primarily by investing in fixed rate securities in our investment portfolio and executing interest rate swaps and other derivative instruments.

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 on our projected 12-month baseline net interest income resulting from movements in interest rates. In addition to our existing assets and liabilities, we incorporate expected future business growth assumptions, such as loan and deposit growth and pricing, and plans for projected changes in our funding mix in our baseline forecast. We also incorporate the dynamic nature of deposit repricing, 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 measuring the sensitivity of interest rate movements on our projected net interest income, we assume a hypothetical instantaneous parallel shift in the level of interest rates detailed in Table 32 below. At the current level of interest rates, our net interest income is expected to increase in higher rate scenarios and decrease in lower rate scenarios. Our current sensitivity to both upward and downward shocks is largely unchanged as compared to December 31, 2022, as the increase in cash balances was offset by an increase in deposit beta, which was driven by higher interest rates and mix shift toward higher rate paid deposit products. Cash balances reprice relatively rapidly, whereas deposit rates reprice less with both lag and beta effects. In the contexts used in this section, “beta” refers to the percentage of deposit rate repricing relative to an external reference rate such as federal funds. In our models, deposit betas vary dynamically and by product type.

Economic Value of Equity Sensitivity

Our economic value of equity sensitivity measure estimates the impact on the net present value of our assets and liabilities, including derivative exposures, resulting from movements in interest rates. Our economic value of equity sensitivity measure is calculated based on our existing assets and liabilities, including derivatives, 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. Other key assumptions used in the calculation include attrition assumptions for loans and other assets, term structure modeling of interest rates and discount spreads. In measuring the sensitivity of interest rate movements on our economic value of equity, we assume a hypothetical instantaneous parallel shift in the level of interest rates detailed in Table 32 below. Our current economic value of equity sensitivity profile demonstrates that our economic value of equity decreases in higher interest rate scenarios and is largely unchanged 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 increased as compared to December 31, 2022, primarily due to an increase in deposit beta driven by higher interest rates and mix shift towards higher rate paid deposit products.

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, 2023 and December 31, 2022. In instances where an interest rate scenario would result in a rate less than 0%, 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%.

Table 32: Interest Rate Sensitivity Analysis

	June 30, 2023	**December 31, 2022**
Estimated impact on projected baseline net interest income:		
+200 basis points	**0.8 %**	0.4 %
+100 basis points	**0.9**	0.8
+50 basis points	**0.5**	0.4
–50 basis points	**(0.5)**	(0.7)
–100 basis points	**(1.2)**	(1.3)
–200 basis points	**(2.5)**	(2.6)
Estimated impact on economic value of equity:		
+200 basis points	**(5.2)**	(4.3)
+100 basis points	**(2.0)**	(1.5)
+50 basis points	**(0.9)**	(0.7)
–50 basis points	**0.7**	0.4
–100 basis points	**1.2**	0.6
–200 basis points	**0.8**	(0.2)

In addition to these industry standard measures, we consider the potential impact of alternative interest rate scenarios, such as stressed rate shocks 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 and Supplementary Data—Note 8—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 861 million GBP and 785 million GBP as of June 30, 2023 and December 31, 2022, respectively, and 1.6 billion CAD and 1.7 billion CAD as of June 30, 2023 and December 31, 2022, respectively. Our nominal EUR-denominated borrowings outstanding were 1.3 billion EUR as of both June 30, 2023 and December 31, 2022.

Our non-dollar equity investments in foreign operations expose our balance sheet to translation risk in AOCI and our capital ratios. We manage our AOCI exposure 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 2.1 billion GBP and 1.9 billion GBP as of June 30, 2023 and December 31, 2022, respectively, and 2.3 billion CAD and 2.2 billion CAD as of June 30, 2023 and December 31, 2022, respectively.

As a result of our derivative management activities, we believe our net exposure to foreign exchange risk is minimal.

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 percent 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 and Supplementary Data—Note 8—Derivative Instruments and Hedging Activities."

London Interbank Offered Rate Transition

As of June 30, 2023, our remaining exposure to the London Interbank Offered Rate ("LIBOR") is limited to contracts that will transition via contractual fallback language or, to a lesser extent, the LIBOR Act to an identified replacement rate alternative on their next respective scheduled reset dates. In the U.S., the Secured Overnight Financing Rate ("SOFR") has been selected as the preferred alternative rate by the Alternative Reference Rates Committee ("ARRC") for certain U.S. dollar derivative and cash instruments. The majority of LIBOR contracts that we have transitioned to alternative rates have employed SOFR.

SUPERVISION AND REGULATION

Stress Capital Buffer Requirement Update

On June 28, 2023, the Federal Reserve released the results of its supervisory stress tests for the 2023 cycle. Based on the Company's 2023 supervisory stress test results, the Company's preliminary 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 expected to be 9.3%, 10.8% and 12.8%, respectively, for the period from October 1, 2023 through September 30, 2024. The Federal Reserve is expected to provide the Company with its final stress capital buffer requirement by August 31, 2023.

Deposit Insurance Assessments Update

On May 11, 2023, the FDIC released a notice of proposed rulemaking, which would implement a special assessment to recover the loss to the Deposit Insurance Fund 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. The FDIC is proposing to collect the special assessment at an annual rate of approximately 12.5 bps over eight quarterly assessment periods. The proposed assessment base for the special assessment would be equal to an insured depository institution's estimated uninsured deposits reported as of December 31, 2022 on its Consolidated Reports of Condition and Income (Call Report), adjusted to exclude the first $5 billion.

Basel III Capital Rules Update

On July 27, 2023, the Federal Banking Agencies released a notice of proposed rulemaking to revise the Basel III Capital Rules applicable to the Company and the Bank. We are in the process of evaluating this proposed rulemaking and assessing its potential impact on Capital One.

We provide information on our Supervision and Regulation in our 2022 Form 10-K under "Part I—Item 1. Business—Supervision and Regulation."

FORWARD-LOOKING STATEMENTS

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 2022 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:

- general economic and business conditions in our local markets, including conditions affecting employment levels, interest rates, collateral values, consumer income, creditworthiness and confidence, spending and savings that may affect consumer bankruptcies, defaults, charge-offs and deposit activity;
- increases or fluctuations in credit losses and delinquencies and the impact of inaccurate estimates or inadequate reserves;
- the impact of the Coronavirus disease pandemic on our business, financial condition and results of operations may persist for an extended period or worsen, including labor shortages, disruption of global supply chains and inflationary pressures, and could impact our estimates of credit losses in our loan portfolios required in computing our allowance for credit losses;
- compliance with new and existing 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 and data on which we rely;
- increased costs, reductions in revenue, reputational damage, legal exposure and business disruptions that can result from data protection or security incidents or a cyber-attack or other similar incidents, including one 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 and operational plans;
- our response to competitive pressures;
- our business, financial condition and results of operations may be adversely affected by merchants' increasing focus on the fees charged by credit and debit card networks 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 or financial condition;
- fluctuations in market interest rates or volatility in the capital markets;
- our ability to attract, 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;
- our ability to invest successfully in and introduce digital and other technological developments across all our businesses;
- our ability to manage risks from catastrophic events;
- compliance with applicable laws and regulations related to privacy, data protection and data security;
- 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 table summarizes our non-GAAP measures. 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. Management believes that these non-GAAP measures are useful in assessing capital adequacy and the level of returns generated. The following table presents reconciliations of these non-GAAP measures to the applicable amounts measured in accordance with GAAP. These non-GAAP measures should not be viewed as a substitute for reported results determined in accordance with GAAP.

Table A—Reconciliation of Non-GAAP Measures

(Dollars in millions, except as noted)	June 30, 2023	December 31, 2022
Tangible Common Equity (Period-End):		
Stockholders' equity	**$ 54,559**	$ 52,582
Goodwill and other intangible assets[1]	**(15,356)**	(14,902)
Noncumulative perpetual preferred stock	**(4,845)**	(4,845)
Tangible common equity	**$ 34,358**	$ 32,835
Tangible Assets (Period-End):		
Total assets	**$ 467,800**	$ 455,249
Goodwill and other intangible assets[1]	**(15,356)**	(14,902)
Tangible assets	**$ 452,444**	$ 440,347
Non-GAAP Ratio:		
TCE[2]	**7.6%**	7.5%

(Dollars in millions, except as noted)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Average Tangible Common Equity:				
Stockholders' equity	**$ 55,357**	$ 54,165	**$ 55,066**	$ 56,786
Goodwill and other intangible assets[1]	**(15,187)**	(14,875)	**(15,086)**	(14,889)
Noncumulative perpetual preferred stock	**(4,845)**	(4,845)	**(4,845)**	(4,845)
Average tangible common equity	**$ 35,325**	$ 34,445	**$ 35,135**	$ 37,051
Average Tangible Assets:				
Total assets	**$ 466,652**	$ 435,327	**$ 464,459**	$ 432,806
Goodwill and other intangible assets[1]	**(15,187)**	(14,875)	**(15,086)**	(14,889)
Average tangible assets	**$ 451,465**	$ 420,452	**$ 449,373**	$ 417,917
Tangible Book Value per Share:				
Tangible common equity (period-end)	**$ 34,358**	$ 33,715	**$ 34,358**	$ 33,715
Outstanding Common Shares	**381.4**	383.8	**381.4**	383.8
Tangible book value per common share (period-end)	**$ 90.07**	$ 87.84	**$ 90.07**	$ 87.84
Return on Average Tangible Assets:				
Net income	**$ 1,431**	$ 2,031	**$ 2,391**	$ 4,434
Average tangible assets	**451,465**	420,452	**449,373**	417,917
Return on average tangible assets[3]	**1.27%**	1.93%	**1.06%**	2.12%
Return on Average Tangible Common Equity:				
Net income available to common stockholders	**$ 1,351**	$ 1,949	**$ 2,238**	$ 4,267
Average tangible common equity	**35,325**	34,445	**35,135**	37,051
Return on average tangible common equity[4]	**15.30%**	22.63%	**12.74%**	23.03%

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(1) Includes impact of related deferred taxes.

(2) TCE ratio is a non-GAAP measure calculated based on TCE divided by period-end tangible assets.

(3) 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.

[4] 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.

Glossary and Acronyms

Alternative Reference Rates Committee (“ARRC”): A group of private-market participants convened by the Federal Reserve Board and the Federal Reserve Bank of New York that has recommended SOFR as the preferred alternative to replace U.S. dollar (USD) LIBOR referenced instruments.

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 “2022 Form 10-K” are to our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Bank: Refers to (i) CONA from and after the Bank Merger and (ii) CONA and COBNA collectively prior to the Bank Merger.

Bank Merger: The merger of COBNA with and into CONA, with CONA as the surviving entity, that occurred on October 1, 2022.

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 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.

COBNA: Capital One Bank (USA), National Association, one of our wholly-owned subsidiaries through September 30, 2022, which offered credit card products along with other lending products and consumer services. On October 1, 2022, the Company completed the merger of COBNA with and into CONA, with CONA as the surviving entity.

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.

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.

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.

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.

Dodd-Frank Wall Street Reform and Consumer Protection Act ("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.

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: In September 2014, the Federal Banking Agencies issued final rules implementing 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.

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.

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 Federal Banking Agencies issued a rule in October 2020 implementing the net stable funding ratio (“NSFR”). 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.

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.

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: In March 2020, the Federal Reserve issued a final rule 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.

Troubled debt restructuring ("TDR"): A TDR is deemed to occur when the contractual terms of a loan agreement are modified by granting a concession to a borrower that is experiencing financial difficulty. The accounting guidance for TDRs was eliminated by ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, which we adopted as of January 1, 2023.

Unfunded 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") Rate: 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.

Acronyms

ABS: Asset-backed securities
AOCI: Accumulated other comprehensive income
ARRC: Alternative Reference Rates Committee
ASC: Accounting Standards Codification
ASU: Accounting Standards Update
ATM: Automated teller machine
BHC: Bank holding company
bps: Basis points
CAD: Canadian dollar
CCAR: Comprehensive Capital Analysis and Review
CCP: Central Counterparty Clearinghouse, or Central Clearinghouse
CDE: Community development entities
CECL: Current expected credit loss
CET1: Common equity Tier 1 capital
CMBS: Commercial mortgage-backed securities
CME: Chicago Mercantile Exchange
COBNA: Capital One Bank (USA), National Association
COEP: Capital One (Europe) plc
COF: Capital One Financial Corporation
CONA: Capital One, National Association
CVA: Credit valuation adjustment
DCF: Discounted cash flow
DVA: Debit valuation adjustment
EUR: Euro
Fannie Mae: Federal National Mortgage Association
FASB: Financial Accounting Standards Board
FCM: Futures commission merchant
FDM: Financial difficulty modification
FDIC: Federal Deposit Insurance Corporation
FFIEC: Federal Financial Institutions Examination Council
FHLB: Federal Home Loan Banks
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
LIBOR: London Interbank Offered Rate
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
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
RSU: Restricted stock unit
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
USD: United States Dollar
VIE: Variable interest entity

Item 1. Financial Statements and Supplementary Data

CAPITAL ONE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions, except per share-related data)	2023	2022	2023	2022
Interest income:				
Loans, including loans held for sale	$ 9,057	$ 6,605	$ 17,780	$ 12,972
Investment securities	639	435	1,254	837
Other	470	55	886	70
Total interest income	10,166	7,095	19,920	13,879
Interest expense:				
Deposits	2,277	293	4,133	511
Securitized debt obligations	236	65	447	94
Senior and subordinated notes	528	194	1,017	325
Other borrowings	12	26	24	35
Total interest expense	3,053	578	5,621	965
Net interest income	7,113	6,517	14,299	12,914
Provision for credit losses	2,490	1,085	5,285	1,762
Net interest income after provision for credit losses	4,623	5,432	9,014	11,152
Non-interest income:				
Interchange fees, net	1,213	1,201	2,352	2,234
Service charges and other customer-related fees	411	415	790	815
Other	275	99	474	442
Total non-interest income	1,899	1,715	3,616	3,491
Non-interest expense:				
Salaries and associate benefits	2,317	1,946	4,744	3,972
Occupancy and equipment	506	481	1,014	994
Marketing	886	1,003	1,783	1,921
Professional services	290	458	614	855
Communications and data processing	344	339	694	678
Amortization of intangibles	22	14	36	28
Other	429	342	854	686
Total non-interest expense	4,794	4,583	9,739	9,134
Income from continuing operations before income taxes	1,728	2,564	2,891	5,509
Income tax provision	297	533	500	1,075
Net income	1,431	2,031	2,391	4,434
Dividends and undistributed earnings allocated to participating securities	(23)	(25)	(39)	(53)
Preferred stock dividends	(57)	(57)	(114)	(114)
Net income available to common stockholders	$ 1,351	$ 1,949	$ 2,238	$ 4,267
Basic earnings per common share:				
Net income from continuing operations	$ 3.53	$ 4.98	$ 5.85	$ 10.65
Net income per basic common share	$ 3.53	$ 4.98	$ 5.85	$ 10.65
Diluted earnings per common share:				
Net income from continuing operations	$ 3.52	$ 4.96	$ 5.83	$ 10.61
Net income per diluted common share	$ 3.52	$ 4.96	$ 5.83	$ 10.61

See Notes to Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**	**2023**	**2022**
Net income	**$ 1,431**	$ 2,031	**$ 2,391**	$ 4,434
Other comprehensive income (loss), net of tax:				
Net unrealized gains (losses) on securities available for sale	**(888)**	(2,288)	**74**	(5,541)
Net unrealized losses on hedging relationships	**(424)**	(483)	**(23)**	(1,692)
Foreign currency translation adjustments	**34**	(52)	**47**	(57)
Other comprehensive income (loss), net of tax	**(1,278)**	(2,823)	**98**	(7,290)
Comprehensive income (loss)	**$ 153**	$ (792)	**$ 2,489**	$ (2,856)

See Notes to Consolidated Financial Statements.

CAPITAL ONE FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in millions, except per share-related data)	June 30, 2023	December 31, 2022
Assets:		
Cash and cash equivalents:		
Cash and due from banks	**$ 3,360**	$ 5,193
Interest-bearing deposits and other short-term investments	**38,236**	25,663
Total cash and cash equivalents	**41,596**	30,856
Restricted cash for securitization investors	**452**	400
Securities available for sale (amortized cost of $88.4 billion and $87.0 billion and allowance for credit losses of $4 million and $3 million as of June 30, 2023 and December 31, 2022, respectively)	**78,412**	76,919
Loans held for investment:		
Unsecuritized loans held for investment	**280,933**	283,282
Loans held in consolidated trusts	**30,390**	29,049
Total loans held for investment	**311,323**	312,331
Allowance for credit losses	**(14,646)**	(13,240)
Net loans held for investment	**296,677**	299,091
Loans held for sale ($542 million and $191 million carried at fair value as of June 30, 2023 and December 31, 2022, respectively)	**1,211**	203
Premises and equipment, net	**4,359**	4,351
Interest receivable	**2,297**	2,104
Goodwill	**15,060**	14,777
Other assets	**27,736**	26,548
Total assets	**$ 467,800**	$ 455,249
Liabilities:		
Interest payable	**$ 637**	$ 527
Deposits:		
Non-interest-bearing deposits	**29,312**	32,203
Interest-bearing deposits	**314,393**	300,789
Total deposits	**343,705**	332,992
Securitized debt obligations	**17,861**	16,973
Other debt:		
Federal funds purchased and securities loaned or sold under agreements to repurchase	**649**	883
Senior and subordinated notes	**31,627**	30,826
Other borrowings	**121**	33
Total other debt	**32,397**	31,742
Other liabilities	**18,641**	20,433
Total liabilities	**413,241**	402,667
Commitments, contingencies and guarantees (see Note 13)		
Stockholders' equity:		
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, 2023 and December 31, 2022)	**0**	0
Common stock (par value $0.01 per share; 1,000,000,000 shares authorized; 694,326,955 and 690,334,422 shares issued as of June 30, 2023 and December 31, 2022, respectively; 381,441,449 and 381,318,702 shares outstanding as of June 30, 2023 and December 31, 2022, respectively)	**7**	7
Additional paid-in capital, net	**35,163**	34,725
Retained earnings	**59,028**	57,184
Accumulated other comprehensive loss	**(9,818)**	(9,916)
Treasury stock, at cost (par value $0.01 per share; 312,885,506 and 309,015,720 shares as of June 30, 2023 and December 31, 2022, respectively)	**(29,821)**	(29,418)
Total stockholders' equity	**54,559**	52,582
Total liabilities and stockholders' equity	**$ 467,800**	$ 455,249

See Notes to Consolidated Financial Statements.

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

	Preferred Stock		Common Stock						
(Dollars in millions)	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance as of December 31, 2022	4,975,000	$ 0	690,334,422	$ 7	$ 34,725	$ 57,184	$ (9,916)	$ (29,418)	$ 52,582
Cumulative effects of accounting standards adoption[1]						48			48
Comprehensive income						960	1,376		2,336
Dividends—common stock[2]			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
Balance as of March 31, 2023	4,975,000	$ 0	693,333,206	$ 7	$ 34,952	$ 57,898	$ (8,540)	$ (29,664)	$ 54,653
Cumulative effects of accounting standards adoption[3]						**(11)**			**(11)**
Comprehensive income (loss)						**1,431**	**(1,278)**		**153**
Dividends—common stock[2]			**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**
Balance as of June 30, 2023	**4,975,000**	**$ 0**	**694,326,955**	**$ 7**	**$ 35,163**	**$ 59,028**	**$ (9,818)**	**$ (29,821)**	**$ 54,559**

	Preferred Stock		Common Stock						
(Dollars in millions)	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance as of December 31, 2021	4,975,000	$ 0	685,057,944	$ 7	$ 34,112	$ 51,006	$ 374	$ (24,470)	$ 61,029
Comprehensive income (loss)						2,403	(4,467)		(2,064)
Dividends—common stock[2]			18,408	0	2	(253)			(251)
Dividends—preferred stock						(57)			(57)
Purchases of treasury stock								(2,484)	(2,484)
Issuances of common stock and restricted stock, net of forfeitures			2,517,691	0	68				68
Exercises of stock options			7,809	0	1				1
Compensation expense for restricted stock units					103				103
Balance as of March 31, 2022	4,975,000	$ 0	687,601,852	$ 7	$ 34,286	$ 53,099	$ (4,093)	$ (26,954)	$ 56,345
Comprehensive income (loss)						2,031	(2,823)		(792)
Dividends—common stock[2]			4,083	0	1	(237)			(236)
Dividends—preferred stock						(57)			(57)
Purchases of treasury stock								(1,988)	(1,988)
Issuances of common stock and restricted stock, net of forfeitures			671,473	0	70				70
Compensation expense for restricted stock units					68				68
Balance as of June 30, 2022	4,975,000	$ 0	688,277,408	$ 7	$ 34,425	$ 54,836	$ (6,916)	$ (28,942)	$ 53,410

(1) Impact from the adoption of ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* as of January 1, 2023.

(2) We declared dividends per share on our common stock of $0.60 in the second quarter of 2023 and 2022, respectively, and $1.20 in the first six months of 2023 and 2022, respectively.

(3) 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,	
(Dollars in millions)	**2023**	**2022**
Operating activities:		
Income from continuing operations, net of tax	**$ 2,391**	$ 4,434
Net income	**2,391**	4,434
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	**5,285**	1,762
Depreciation and amortization, net	**1,576**	1,623
Deferred tax benefit	**(400)**	(11)
Net securities losses	**0**	6
Loss (gain) on sales of loans	**(3)**	(181)
Stock-based compensation expense	**277**	172
Other	**(48)**	20
Loans held for sale:		
Originations and purchases	**(3,339)**	(4,040)
Proceeds from sales and paydowns	**2,975**	4,354
Changes in operating assets and liabilities:		
Changes in interest receivable	**(178)**	(151)
Changes in other assets	**(55)**	(5,578)
Changes in interest payable	**110**	52
Changes in other liabilities	**(2,245)**	414
Net change from discontinued operations	**0**	(1)
Net cash from operating activities	**6,346**	2,875
Investing activities:		
Securities available for sale:		
Purchases	**(5,947)**	(7,698)
Proceeds from paydowns and maturities	**4,282**	10,129
Proceeds from sales	**0**	2,240
Loans:		
Net changes in loans originated as held for investment	**(2,749)**	(17,352)
Principal recoveries of loans previously charged off	**1,133**	1,092
Net purchases of premises and equipment	**(441)**	(423)
Net cash used in acquisition activities	**(2,785)**	0
Net cash used in other investing activities	**(652)**	(490)
Net cash used in investing activities	**(7,159)**	(12,502)

See Notes to Consolidated Financial Statements.

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

	Six Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**
Financing activities:		
Deposits and borrowings:		
Changes in deposits	**$ 10,743**	$ (2,913)
Issuance of securitized debt obligations	**2,444**	6,483
Maturities and paydowns of securitized debt obligations	**(1,551)**	(3,593)
Issuance of senior and subordinated notes and long-term FHLB advances	**5,727**	17,528
Maturities and paydowns of senior and subordinated notes and long-term FHLB advances	**(4,886)**	(2,357)
Changes in other borrowings	**(53)**	(391)
Common stock:		
Net proceeds from issuances	**164**	138
Dividends paid	**(466)**	(487)
Preferred stock:		
Dividends paid	**(114)**	(114)
Purchases of treasury stock	**(403)**	(4,472)
Proceeds from share-based payment activities	**0**	1
Net cash from financing activities	**11,605**	9,823
Changes in cash, cash equivalents and restricted cash for securitization investors	**10,792**	196
Cash, cash equivalents and restricted cash for securitization investors, beginning of the period	**31,256**	22,054
Cash, cash equivalents and restricted cash for securitization investors, end of the period	**$ 42,048**	$ 22,250
Supplemental cash flow information:		
Non-cash items:		
Net transfers from loans held for investment to loans held for sale	**$ 745**	$ 775
Interest paid	**6,324**	969
Income tax paid	**631**	473

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, 2023, Capital One Financial Corporation's principal subsidiary was Capital One, National Association ("CONA"). On October 1, 2022, the Company completed the merger of Capital One Bank (USA), National Association ("COBNA"), with and into CONA, with CONA as the surviving entity (the "Bank Merger").

The Company is hereafter collectively referred to as "we," "us" or "our." References to the "Bank" shall mean and refer to (i) CONA from and after the Bank Merger and (ii) CONA and COBNA collectively prior to the Bank Merger.

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 12—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 2022 Annual Report on Form 10-K ("2022 Form 10-K").

Loan Modifications and Restructurings

We adopted ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* on January 1, 2023, and elected the modified retrospective adoption method. The ASU eliminates the accounting guidance for troubled debt restructurings ("TDRs") and resulted in a cumulative adjustment to retained earnings and our allowance, which was not considered material. Subsequent to adoption, our consideration of modifications in measurement of the allowance for credit losses remains substantively unchanged. The ASU also establishes prospective disclosure requirements for certain loan refinancings and restructurings for borrowers experiencing financial difficulty and current-period gross charge-offs by year of origination for financing receivables and net investments in leases. We provide information on modified loans, including the performance of those loans subsequent to modification in "Note 3—Loans" and gross charge-offs by year of origination in "Note 4—Allowance for Credit Losses and Reserve for Unfunded Lending Commitments."

As part of our loss mitigation efforts, we may provide modifications to a borrower experiencing financial difficulty to improve long-term collectability of the loan and to avoid the need for foreclosure or repossession of collateral, if any. Loan modifications to a borrower experiencing financial difficulty in the form of principal forgiveness, interest rate reduction, an other-than-insignificant delay in payment, including payment deferrals, a term extension, or a combination of these modifications are reported as a financial difficulty modification (“FDM”). As restructurings offered to borrowers experiencing financial difficulty are typically not at market terms FDMs are generally accounted for as a continuation of the existing loan. See “Note 3—Loans” for additional information on our loan modifications and restructurings.

Loan Modifications and Restructurings Prior to Adoption of ASU 2022-02

In periods prior to 2023, a loan modification in which a concession is granted to a borrower experiencing financial difficulty was accounted for and reported as a TDR. These loan modifications typically include short-term payment deferrals, an extension of the loan term, a reduction in the interest rate, a reduction in the loan balance, or a combination of these modifications. See “Note 3—Loans” for additional information on our loan modifications and restructurings.

- *Modified loans and troubled debt restructurings:* Modified loans, including TDRs for periods ending on or before December 31, 2022 and FDMs for periods beginning on or after January 1, 2023, that are current at the time of the restructuring remain in accrual status if there is demonstrated performance prior to the restructuring and continued performance under the modified terms is expected. Otherwise, the modified loan is classified as nonperforming. For additional information, see “Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies” in our 2022 Form 10-K.

Newly Adopted Accounting Standards During the Six Months Ended June 30, 2023

Standard	Guidance	Adoption Timing and Financial Statement Impacts
Modifications to Borrowers Experiencing Financial Difficulty and Vintage Disclosures ASU No. 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* *Issued March 2022*	Eliminates accounting guidance for troubled debt restructurings by creditors, and enhances disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty; Requires an entity to disclose current-period gross writeoffs by year of origination for financing receivables and net investments in leases.	We adopted this guidance in the first quarter of 2023 using a modified retrospective adoption method, which results in a cumulative-effect adjustment to retained earnings in the period of adoption and prospective application of the enhanced disclosure requirements. Our adoption of this standard did not have a material impact on our consolidated financial statements. See “Note 3—Loans” and “Note 4—Allowance for Credit Losses and Reserve for Unfunded Lending Commitments” for additional disclosures.

NOTE 2—INVESTMENT SECURITIES

Our investment securities portfolio consists of the following: U.S. government-sponsored enterprise or agency ("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 97% of our total investment securities portfolio as of both June 30, 2023 and December 31, 2022, 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, 2023 and December 31, 2022. Accrued interest receivable of $224 million and $215 million as of June 30, 2023 and December 31, 2022, respectively, is not included in the table below.

Table 2.1: Investment Securities Available for Sale

	June 30, 2023				
(Dollars in millions)	**Amortized Cost**	**Allowance for Credit Losses**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Investment securities available for sale:					
U.S. Treasury securities	**$ 5,197**	**$ 0**	**$ 0**	**$ (87)**	**$ 5,110**
RMBS:					
Agency	**72,085**	**0**	**41**	**(9,322)**	**62,804**
Non-agency	**631**	**(4)**	**92**	**(5)**	**714**
Total RMBS	**72,716**	**(4)**	**133**	**(9,327)**	**63,518**
Agency CMBS	**8,757**	**0**	**7**	**(752)**	**8,012**
Other securities[1]	**1,775**	**0**	**3**	**(6)**	**1,772**
Total investment securities available for sale	**$ 88,445**	**$ (4)**	**$ 143**	**$ (10,172)**	**$ 78,412**

	December 31, 2022				
(Dollars in millions)	**Amortized Cost**	**Allowance for Credit Losses**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Investment securities available for sale:					
U.S. Treasury securities	$ 5,129	$ 0	$ 2	$ (90)	$ 5,041
RMBS:					
Agency	71,212	0	53	(9,413)	61,852
Non-agency	653	(3)	93	(6)	737
Total RMBS	71,865	(3)	146	(9,419)	62,589
Agency CMBS	8,626	0	4	(760)	7,870
Other securities[1]	1,427	0	2	(10)	1,419
Total investment securities available for sale	$ 87,047	$ (3)	$ 154	$ (10,279)	$ 76,919

[1] Includes $1.1 billion and $707 million of asset-backed securities ("ABS") as of June 30, 2023 and December 31, 2022, respectively. The remaining amount is primarily comprised of supranational bonds and foreign government 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, 2023 and December 31, 2022. The amounts include securities available for sale without an allowance for credit losses.

Table 2.2: Securities in a Gross Unrealized Loss Position

	June 30, 2023					
	Less than 12 Months		12 Months or Longer		Total	
(Dollars in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Investment securities available for sale without an allowance for credit losses:						
U.S. Treasury securities	**$ 3,458**	**$ (33)**	**$ 1,145**	**$ (54)**	**$ 4,603**	**$ (87)**
RMBS:						
Agency	**12,256**	**(466)**	**48,956**	**(8,856)**	**61,212**	**(9,322)**
Non-agency	**9**	**0**	**8**	**(1)**	**17**	**(1)**
Total RMBS	**12,265**	**(466)**	**48,964**	**(8,857)**	**61,229**	**(9,323)**
Agency CMBS	**1,505**	**(49)**	**5,783**	**(703)**	**7,288**	**(752)**
Other securities	**765**	**(2)**	**330**	**(4)**	**1,095**	**(6)**
Total investment securities available for sale in a gross unrealized loss position without an allowance for credit losses[(1)]	**$ 17,993**	**$ (550)**	**$ 56,222**	**$ (9,618)**	**$ 74,215**	**$ (10,168)**

	December 31, 2022					
	Less than 12 Months		12 Months or Longer		Total	
(Dollars in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Investment securities available for sale without an allowance for credit losses:						
U.S. Treasury securities	$ 2,464	$ (57)	$ 448	$ (33)	$ 2,912	$ (90)
RMBS:						
Agency	23,271	(1,809)	36,803	(7,604)	60,074	(9,413)
Non-agency	14	(1)	3	0	17	(1)
Total RMBS	23,285	(1,810)	36,806	(7,604)	60,091	(9,414)
Agency CMBS	4,325	(267)	3,214	(493)	7,539	(760)
Other securities	555	(7)	76	(3)	631	(10)
Total investment securities available for sale in a gross unrealized loss position without an allowance for credit losses[(1)]	$ 30,629	$ (2,141)	$ 40,544	$ (8,133)	$ 71,173	$ (10,274)

(1) Consists of approximately 2,860 and 2,840 securities in gross unrealized loss positions as of June 30, 2023 and December 31, 2022, respectively.

Maturities and Yields of Investment Securities

The table below summarizes, as of June 30, 2023, 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 2.3: Contractual Maturities and Weighted-Average Yields of Securities

	June 30, 2023				
(Dollars in millions)	Due in 1 Year or Less	Due > 1 Year through 5 Years	Due > 5 Years through 10 Years	Due > 10 Years	Total
Fair value of securities available for sale:					
U.S. Treasury securities	$ 753	$ 4,357	$ 0	$ 0	$ 5,110
RMBS[1]:					
Agency	0	79	1,181	61,544	62,804
Non-agency	0	0	1	713	714
Total RMBS	0	79	1,182	62,257	63,518
Agency CMBS[1]	49	2,429	3,492	2,042	8,012
Other securities	412	1,330	30	0	1,772
Total securities available for sale	$ 1,214	$ 8,195	$ 4,704	$ 64,299	$ 78,412
Amortized cost of securities available for sale	$ 1,219	$ 8,452	$ 5,204	$ 73,570	$ 88,445
Weighted-average yield for securities available for sale	4.16%	3.56%	3.00%	2.77%	2.88%

(1) As of June 30, 2023, the weighted-average expected maturities of RMBS and Agency CMBS were 6.9 years and 4.7 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, 2023. For the three and six months ended June 30, 2022, total proceeds from the sales of our securities were $1.8 billion and $2.2 billion, respectively, with losses of $6 million for both periods, respectively.

Securities Pledged and Received

We pledged investment securities totaling $47.1 billion and $21.3 billion as of June 30, 2023 and December 31, 2022, respectively. These securities are primarily pledged to secure Federal Home Loan Banks (“FHLB”) advances, Bank Term Funding Program 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 $66 million and $82 million as of June 30, 2023 and December 31, 2022, respectively, related to our derivative transactions.

NOTE 3—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 $2.1 billion and $1.9 billion as of June 30, 2023 and December 31, 2022, respectively, 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, 2023 and December 31, 2022. The delinquency aging includes all past due loans, both performing and nonperforming.

Table 3.1: Loan Portfolio Composition and Aging Analysis

	June 30, 2023					
		Delinquent Loans				
(Dollars in millions)	**Current**	**30-59 Days**	**60-89 Days**	**≥ 90 Days**	**Total Delinquent Loans**	**Total Loans**
Credit Card:						
Domestic credit card	**$ 130,886**	**$ 1,554**	**$ 1,160**	**$ 2,375**	**$ 5,089**	**$ 135,975**
International card businesses	**6,232**	**103**	**59**	**122**	**284**	**6,516**
Total credit card	**137,118**	**1,657**	**1,219**	**2,497**	**5,373**	**142,491**
Consumer Banking:						
Auto	**71,273**	**2,831**	**1,370**	**367**	**4,568**	**75,841**
Retail banking	**1,407**	**14**	**4**	**14**	**32**	**1,439**
Total consumer banking	**72,680**	**2,845**	**1,374**	**381**	**4,600**	**77,280**
Commercial Banking:						
Commercial and multifamily real estate	**35,905**	**91**	**40**	**5**	**136**	**36,041**
Commercial and industrial	**55,155**	**8**	**123**	**225**	**356**	**55,511**
Total commercial banking	**91,060**	**99**	**163**	**230**	**492**	**91,552**
Total loans[1]	**$ 300,858**	**$ 4,601**	**$ 2,756**	**$ 3,108**	**$ 10,465**	**$ 311,323**
% of Total loans	**96.64%**	**1.48%**	**0.88%**	**1.00%**	**3.36%**	**100.00%**

	December 31, 2022					
		Delinquent Loans				
(Dollars in millions)	**Current**	**30-59 Days**	**60-89 Days**	**≥ 90 Days**	**Total Delinquent Loans**	**Total Loans**
Credit Card:						
Domestic credit card	$ 127,066	$ 1,405	$ 975	$ 2,135	$ 4,515	$ 131,581
International card businesses	5,895	86	58	110	254	6,149
Total credit card	132,961	1,491	1,033	2,245	4,769	137,730
Consumer Banking:						
Auto	73,467	3,101	1,418	387	4,906	78,373
Retail banking	1,518	13	4	17	34	1,552
Total consumer banking	74,985	3,114	1,422	404	4,940	79,925

(Dollars in millions)	December 31, 2022 Current	Delinquent Loans 30-59 Days	60-89 Days	≥ 90 Days	Total Delinquent Loans	Total Loans
Commercial Banking:						
Commercial and multifamily real estate	37,417	0	1	35	36	37,453
Commercial and industrial	56,942	61	55	165	281	57,223
Total commercial banking	94,359	61	56	200	317	94,676
Total loans[1]	$ 302,305	$ 4,666	$ 2,511	$ 2,849	$ 10,026	$ 312,331
% of Total loans	96.79%	1.50%	0.80%	0.91%	3.21%	100.00%

[1] Loans include unamortized premiums, discounts, and deferred fees and costs totaling $1.4 billion as of both June 30, 2023 and December 31, 2022.

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, 2023 and December 31, 2022. Nonperforming loans generally include loans that have been placed on nonaccrual status.

Table 3.2: 90+ Day Delinquent Loans Accruing Interest and Nonperforming Loans

(Dollars in millions)	June 30, 2023 ≥ 90 Days and Accruing	Nonperforming Loans[1]	Nonperforming Loans Without an Allowance	December 31, 2022 ≥ 90 Days and Accruing	Nonperforming Loans[1]	Nonperforming Loans Without an Allowance
Credit Card:						
Domestic credit card	**$ 2,375**	**N/A**	**$ 0**	$ 2,135	N/A	$ 0
International card businesses	**116**	**$ 10**	**0**	105	$ 9	0
Total credit card	**2,491**	**10**	**0**	2,240	9	0
Consumer Banking:						
Auto	**0**	**588**	**0**	0	595	0
Retail banking	**0**	**43**	**19**	0	39	8
Total consumer banking	**0**	**631**	**19**	0	634	8
Commercial Banking:						
Commercial and multifamily real estate	**0**	**416**	**303**	0	271	246
Commercial and industrial	**0**	**395**	**218**	0	430	294
Total commercial banking	**0**	**811**	**521**	0	701	540
Total	**$ 2,491**	**$ 1,452**	**$ 540**	$ 2,240	$ 1,344	$ 548
% of Total loans held for investment	**0.80 %**	**0.47 %**	**0.17 %**	0.72 %	0.43 %	0.18 %

[1] We recognized interest income for loans classified as nonperforming of $5 million and $17 million for the three and six months ended June 30, 2023, respectively, and $1 million and $11 million for the three and six months ended June 30, 2022, 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 unemployment rates and the U.S. Real Gross Domestic Product ("GDP") 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, 2023 and December 31, 2022.

Table 3.3: Credit Card Delinquency Status

	June 30, 2023			December 31, 2022		
(Dollars in millions)	**Revolving Loans**	**Revolving Loans Converted to Term**	**Total**	**Revolving Loans**	**Revolving Loans Converted to Term**	**Total**
Credit Card:						
Domestic credit card:						
Current	**$ 130,591**	**$ 295**	**$ 130,886**	$ 126,811	$ 255	$ 127,066
30-59 days	**1,535**	**19**	**1,554**	1,388	17	1,405
60-89 days	**1,148**	**12**	**1,160**	964	11	975
Greater than 90 days	**2,356**	**19**	**2,375**	2,121	14	2,135
Total domestic credit card	**135,630**	**345**	**135,975**	131,284	297	131,581
International card businesses:						
Current	**6,209**	**23**	**6,232**	5,866	29	5,895
30-59 days	**101**	**2**	**103**	83	3	86
60-89 days	**58**	**1**	**59**	55	3	58
Greater than 90 days	**121**	**1**	**122**	106	4	110
Total international card businesses	**6,489**	**27**	**6,516**	6,110	39	6,149
Total credit card	**$ 142,119**	**$ 372**	**$ 142,491**	$ 137,394	$ 336	$ 137,730

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, 2023 and December 31, 2022. We present our auto loan portfolio by FICO scores at origination and our retail banking loan portfolio by delinquency status, which includes all past due loans, both performing and nonperforming.

Table 3.4: Consumer Banking Portfolio by Vintage Year

	June 30, 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**
Auto—At origination FICO scores:[1]										
Greater than 660	**$ 6,319**	**$ 15,029**	**$ 11,726**	**$ 4,147**	**$ 1,828**	**$ 695**	**$ 39,744**	**$ 0**	**$ 0**	**$ 39,744**
621-660	**2,632**	**5,284**	**4,145**	**1,756**	**850**	**388**	**15,055**	**0**	**0**	**15,055**
620 or below	**3,725**	**6,604**	**5,320**	**3,052**	**1,586**	**755**	**21,042**	**0**	**0**	**21,042**
Total auto	**12,676**	**26,917**	**21,191**	**8,955**	**4,264**	**1,838**	**75,841**	**0**	**0**	**75,841**
Retail banking—Delinquency status:										
Current	**54**	**150**	**94**	**72**	**123**	**530**	**1,023**	**379**	**5**	**1,407**
30-59 days	**0**	**3**	**0**	**1**	**0**	**3**	**7**	**7**	**0**	**14**
60-89 days	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**3**	**0**	**4**
Greater than 90 days	**0**	**0**	**0**	**0**	**0**	**9**	**9**	**4**	**1**	**14**
Total retail banking	**54**	**153**	**94**	**73**	**123**	**543**	**1,040**	**393**	**6**	**1,439**
Total consumer banking	**$ 12,730**	**$ 27,070**	**$ 21,285**	**$ 9,028**	**$ 4,387**	**$ 2,381**	**$ 76,881**	**$ 393**	**$ 6**	**$ 77,280**

	December 31, 2022									
	Term Loans by Vintage Year									
(Dollars in millions)	**2022**	**2021**	**2020**	**2019**	**2018**	**Prior**	**Total Term Loans**	**Revolving Loans**	**Revolving Loans Converted to Term**	**Total**
Auto—At origination FICO scores:[1]										
Greater than 660	$ 17,872	$ 14,246	$ 5,354	$ 2,595	$ 1,032	$ 328	$ 41,427	$ 0	$ 0	$ 41,427
621-660	6,212	5,060	2,257	1,167	513	185	15,394	0	0	15,394
620 or below	7,717	6,501	3,898	2,144	914	378	21,552	0	0	21,552
Total auto	31,801	25,807	11,509	5,906	2,459	891	78,373	0	0	78,373
Retail banking—Delinquency status:										
Current	166	128	82	133	127	470	1,106	408	4	1,518
30-59 days	2	1	0	0	0	2	5	8	0	13
60-89 days	0	1	0	0	0	1	2	2	0	4
Greater than 90 days	0	0	0	0	3	8	11	4	2	17
Total retail banking	168	130	82	133	130	481	1,124	422	6	1,552
Total consumer banking	$ 31,969	$ 25,937	$ 11,591	$ 6,039	$ 2,589	$ 1,372	$ 79,497	$ 422	$ 6	$ 79,925

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(1) 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, 2023 and December 31, 2022. The internal risk rating status includes all past due loans, both performing and nonperforming.

Table 3.5: Commercial Banking Portfolio by Internal Risk Ratings

	June 30, 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
Internal risk rating:[(1)]										
Commercial and multifamily real estate										
Noncriticized	$ 5,154	$ 7,819	$ 2,037	$ 608	$ 965	$ 2,536	$ 19,119	$ 13,317	$ 25	$ 32,461
Criticized performing	669	1,098	265	142	331	639	3,144	20	0	3,164
Criticized nonperforming	30	64	21	0	30	271	416	0	0	416
Total commercial and multifamily real estate	5,853	8,981	2,323	750	1,326	3,446	22,679	13,337	25	36,041
Commercial and industrial										
Noncriticized	7,677	17,297	4,359	2,223	717	2,935	35,208	16,728	186	52,122
Criticized performing	407	763	330	52	260	330	2,142	852	0	2,994
Criticized nonperforming	8	22	43	24	145	97	339	56	0	395
Total commercial and industrial	8,092	18,082	4,732	2,299	1,122	3,362	37,689	17,636	186	55,511
Total commercial banking	$ 13,945	$ 27,063	$ 7,055	$ 3,049	$ 2,448	$ 6,808	$ 60,368	$ 30,973	$ 211	$ 91,552

(Dollars in millions)	December 31, 2022									
	Term Loans by Vintage Year									
	2022	2021	2020	2019	2018	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total
Internal risk rating:[1]										
Commercial and multifamily real estate										
Noncriticized	$ 9,527	$ 4,086	$ 1,161	$ 1,671	$ 1,280	$ 2,898	$ 20,623	$ 13,254	$ 25	$ 33,902
Criticized performing	814	376	202	412	302	1,061	3,167	113	0	3,280
Criticized nonperforming	101	22	0	13	19	116	271	0	0	271
Total commercial and multifamily real estate	10,442	4,484	1,363	2,096	1,601	4,075	24,061	13,367	25	37,453
Commercial and industrial										
Noncriticized	22,105	6,031	2,934	1,809	973	2,658	36,510	17,187	21	53,718
Criticized performing	992	560	156	160	167	76	2,111	964	0	3,075
Criticized nonperforming	196	21	5	87	40	5	354	76	0	430
Total commercial and industrial	23,293	6,612	3,095	2,056	1,180	2,739	38,975	18,227	21	57,223
Total commercial banking	$ 33,735	$ 11,096	$ 4,458	$ 4,152	$ 2,781	$ 6,814	$ 63,036	$ 31,594	$ 46	$ 94,676

(1) 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.

On January 1, 2023, we adopted ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* using the modified retrospective adoption method. The ASU eliminates the accounting guidance for TDRs and enhances disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty ("FDMs"). The types of modifications we offer borrowers experiencing financial difficulty did not change as a result of ASU 2022-02. Under this new accounting guidance, FDMs are accumulated and the performance of each loan that received a FDM is reported on a rolling twelve month basis. For the interim reporting period ended June 30, 2023, FDMs and the related borrower performance information pertain to FDMs which occurred in the three and six months ended June 30, 2023. For additional information on FDMs, see "Note 1—Summary of Significant Accounting Policies."

For the interim periods prior to adoption of ASU 2022-02, our previous TDR disclosures are included below in the "Troubled Debt Restructurings" section. For additional information on loan modifications classified as a TDR prior to January 1, 2023, see "Part II—Item 8. Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies" in our 2022 Form 10-K. FDM disclosures are not directly comparable to the prior period TDR disclosures due to differences in the respective accounting guidance and disclosure requirements.

The following table presents the major modification types, amortized cost amounts per modification and financial effects for all FDMs undertaken during the three and six months ended June 30, 2023.

Table 3.6: Financial Difficulty Modifications to Borrowers

	Three Months Ended June 30, 2023									
	Credit Card			Consumer Banking			Commercial Banking			
(Dollars in millions)	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	$ 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[(1)]	—	—	—	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									
	Credit Card			Consumer Banking			Commercial Banking			
(Dollars in millions)	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[(1)]	—	—	—	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 %

(1) Commercial Banking consists of modifications other than interest rate reduction, term extension, or principal balance reduction.

Table 3.7: Financial Effects of Financial Difficulty Modifications to Borrowers

	Three Months Ended June 30, 2023					
	Credit Card		Consumer Banking		Commercial Banking	
(Dollars in millions)	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					
	Credit Card		Consumer Banking		Commercial Banking	
(Dollars in millions)	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 "Note 1—Summary of Significant Accounting Policies" for additional information on how the allowance for modified loans is calculated for each portfolio segment.

The following table presents FDMs over a rolling 12 month period by delinquency status as of June 30, 2023.

Table 3.8 Delinquency Status of Loan Modifications to Borrowers Experiencing Financial Difficulty[(1)]

	June 30, 2023					
		Delinquent Loans				
(Dollars in millions)	**Current**	**30-59 Days**	**60-89 Days**	**≥ 90 Days**	**Total Delinquent Loans**	**Total Loans**
Credit Card:						
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**
Consumer Banking:						
Auto	**337**	**49**	**26**	**9**	**84**	**421**
Retail banking	**3**	**0**	**0**	**0**	**0**	**3**
Total consumer banking	**340**	**49**	**26**	**9**	**84**	**424**
Commercial Banking:						
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**

(1) Commitments to lend additional funds on FDMs totaled $48 million as of June 30, 2023.

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 in any stage of delinquency are included in the aging table above. 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 "Note 1—Summary of Significant Accounting Policies" for additional information.

FDMs that entered default subsequent to their modification were insignificant during the three months ended March 31, 2023. The following table presents FDMs that entered subsequent default for the three months ended June 30, 2023.

Table 3.9 Subsequent Defaults of Financial Difficulty Modifications to Borrowers

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

Troubled Debt Restructurings

We adopted ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* on January 1, 2023, and elected the modified retrospective adoption method. The ASU eliminates the accounting guidance for TDRs, and establishes disclosure requirements, to be applied prospectively, for loans with FDMs.

The following tables present the major modification types, amortized cost amounts and financial effects of loans modified in a TDR during the three and six months ended June 30, 2022.

Table 3.10: Troubled Debt Restructurings[(1)]

		Three Months Ended June 30, 2022			
		Reduced Interest Rate		Term Extension	
(Dollars in millions)	Total Loans Modified[(2)]	% of TDR Activity[(3)]	Average Rate Reduction	% of TDR Activity[(3)]	Average Term Extension (Months)
Credit Card:					
Domestic credit card	$ 57	100 %	15.56 %	N/A	N/A
International card businesses	30	100	27.65	N/A	N/A
Total credit card	87	100	19.70	N/A	N/A
Consumer Banking:					
Auto	280	49	8.56	97 %	4
Total consumer banking	280	49	8.56	97	4
Commercial Banking:					
Commercial and multifamily real estate	133	N/A	N/A	91	14
Commercial and industrial	129	N/A	N/A	33	13
Total commercial banking	262	N/A	N/A	62	14
Total	$ 629				

		Six Months Ended June 30, 2022			
		Reduced Interest Rate		Term Extension	
(Dollars in millions)	Total Loans Modified[(2)]	% of TDR Activity[(3)]	Average Rate Reduction	% of TDR Activity[(3)]	Average Term Extension (Months)
Credit Card:					
Domestic credit card	$ 119	100 %	15.09 %	N/A	N/A
International card businesses	64	100	27.83	N/A	N/A
Total credit card	183	100	19.54	N/A	N/A
Consumer Banking:					
Auto	519	52	8.68	97 %	4
Retail banking	1	N/A	N/A	100	12
Total consumer banking	520	52	8.68	97	4
Commercial Banking:					
Commercial and multifamily real estate	264	4	0.29	77	13
Commercial and industrial	167	N/A	N/A	45	12
Total commercial banking	431	2	0.29	64	13
Total	$ 1,134				

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(1) Commitments to lend additional funds on loans modified in TDRs totaled $166 million as of June 30, 2022.

(2) Represents the amortized cost of total loans modified in TDRs at the end of the period in which they were modified. As not every modification type is included in the table above, the total percentage of TDR activity may not add up to 100%. Some loans may receive more than one type of modification.

(3) Due to multiple modification types granted to some troubled borrowers, percentages may total more than 100% for certain loan types.

Subsequent Defaults of Completed TDR Modifications

The following table presents the type, number and amortized cost of loans modified in a TDR that experienced a default during the period and had completed a modification event in the twelve months prior to the default. A default occurs if the loan is either 90 days or more delinquent, has been charged off as of the end of the period presented or has been reclassified from accrual to nonaccrual status.

Table 3.11: TDR—Subsequent Defaults

	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022	
(Dollars in millions)	**Number of Contracts**	**Amount**	**Number of Contracts**	**Amount**
Credit Card:				
Domestic credit card	8,012	$ 17	14,024	$ 28
International card businesses	19,611	20	36,118	39
Total credit card	27,623	37	50,142	67
Consumer Banking:				
Auto	3,539	63	5,510	96
Retail banking	0	0	0	0
Total consumer banking	3,539	63	5,510	96
Commercial Banking:				
Commercial and industrial	2	4	3	35
Total commercial banking	2	4	3	35
Total	31,164	$ 104	55,655	$ 198

Loans Pledged

We pledged loan collateral of $8.3 billion and $9.8 billion to secure a portion of our FHLB borrowing capacity of $34.2 billion and $19.9 billion as of June 30, 2023 and December 31, 2022, respectively. We also pledged loan collateral of $70.2 billion and $34.1 billion to secure our Federal Reserve Discount Window borrowing capacity of $41.5 billion and $19.7 billion as of June 30, 2023 and December 31, 2022, respectively. In addition to loans pledged, we have securitized a portion of our credit card and auto loan portfolios. See “Note 5—Variable Interest Entities and Securitizations” for additional information.

Revolving Loans Converted to Term Loans

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. For the three and six months ended June 30, 2022, we converted $41 million and $332 million of revolving loans to term loans, respectively, primarily in our domestic credit card and commercial banking loan portfolios.

NOTE 4—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 2022 Form 10-K for further discussion of the methodology and policy 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, 2023 and 2022. Our allowance for credit losses increased by $1.4 billion to $14.6 billion as of June 30, 2023 from December 31, 2022.

Table 4.1: Allowance for Credit Losses and Reserve for Unfunded Lending Commitments Activity

	Three Months Ended June 30, 2023			
(Dollars in millions)	**Credit Card**	**Consumer Banking**	**Commercial Banking**	**Total**
Allowance for credit losses:				
Balance as of March 31, 2023	$ 10,410	$ 2,205	$ 1,703	$ 14,318
Charge-offs	**(1,868)**	**(526)**	**(378)**	**(2,772)**
Recoveries[1]	**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[2]	**10**	**0**	**0**	**10**
Balance as of June 30, 2023	**10,976**	**2,185**	**1,485**	**14,646**
Reserve for unfunded lending commitments:				
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**
Combined allowance and reserve as of June 30, 2023	**$ 10,976**	**$ 2,185**	**$ 1,682**	**$ 14,843**

(Dollars in millions)	Six Months Ended June 30, 2023 Credit Card	Consumer Banking	Commercial Banking	Total
Allowance for credit losses:				
Balance as of December 31, 2022	$ 9,545	$ 2,237	$ 1,458	$ 13,240
Cumulative effects of accounting standards adoption[3]	(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[1]	**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[2]	**46**	**0**	**0**	**46**
Balance as of June 30, 2023	**10,976**	**2,185**	**1,485**	**14,646**
Reserve for unfunded lending commitments:				
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**
Combined allowance and reserve as of June 30, 2023	**$ 10,976**	**$ 2,185**	**$ 1,682**	**$ 14,843**

(Dollars in millions)	Three Months Ended June 30, 2022 Credit Card	Consumer Banking	Commercial Banking	Total
Allowance for credit losses:				
Balance as of March 31, 2022	$ 8,280	$ 1,902	$ 1,126	$ 11,308
Charge-offs	(1,009)	(331)	(43)	(1,383)
Recoveries[1]	331	195	12	538
Net charge-offs	(678)	(136)	(31)	(845)
Provision for credit losses	581	281	183	1,045
Allowance build (release) for credit losses	(97)	145	152	200
Other changes[2]	(17)	0	0	(17)
Balance as of June 30, 2022	8,166	2,047	1,278	11,491
Reserve for unfunded lending commitments:				
Balance as of March 31, 2023	0	0	200	200
Provision for losses on unfunded lending commitments	0	0	39	39
Balance as of June 30, 2022	0	0	239	239
Combined allowance and reserve as of June 30, 2022	$ 8,166	$ 2,047	$ 1,517	$ 11,730

(Dollars in millions)	Six Months Ended June 30, 2022			
	Credit Card	Consumer Banking	Commercial Banking	Total
Allowance for credit losses:				
Balance as of December 31, 2021	$ 8,345	$ 1,918	$ 1,167	$ 11,430
Charge-offs	(1,964)	(680)	(60)	(2,704)
Recoveries[1]	679	398	15	1,092
Net charge-offs	(1,285)	(282)	(45)	(1,612)
Provision for credit losses	1,126	411	156	1,693
Allowance build (release) for credit losses	(159)	129	111	81
Other changes[2]	(20)	0	0	(20)
Balance as of June 30, 2022	8,166	2,047	1,278	11,491
Reserve for unfunded lending commitments:				
Balance as of December 31, 2021	0	0	165	165
Provision for losses on unfunded lending commitments	0	0	74	74
Balance as of June 30, 2022	0	0	239	239
Combined allowance and reserve as of June 30, 2022	$ 8,166	$ 2,047	$ 1,517	$ 11,730

(1) 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.

(2) Primarily represents the initial allowance for purchased credit-deteriorated loans and foreign currency translation adjustments. The initial allowance of purchased credit-deteriorated loans was $32 million for the six months ended June 30, 2023. There were no purchased credit-deteriorated loans acquired in the three months ended June 30, 2023.

(3) Impact from the adoption of ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* as of January 1, 2023.

On January 1, 2023, we adopted ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* using the modified retrospective approach, which consists of implementing disclosure requirements prospectively as of the adoption date. The ASU requires public entities to disclose current-period gross charge-offs by year of origination for financing receivables and net investments in leases.

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 "Note 1—Summary of Significant Accounting Policies."

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, 2023.

Table 4.2: Gross Charge-Offs by Vintage Year

	Six Months Ended June 30, 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
Credit Card										
Domestic credit card	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 3,310	$ 35	$ 3,345
International card business	N/A	N/A	N/A	N/A	N/A	N/A	N/A	205	6	211
Total credit card	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,515	41	3,556
Consumer Banking										
Auto	$ 13	$ 344	$ 341	$ 167	$ 96	$ 63	$ 1,024	0	0	1,024
Retail banking	0	0	1	0	0	0	1	32	0	33
Total consumer banking	13	344	342	167	96	63	1,025	32	0	1,057
Commercial Banking										
Commercial and multifamily real estate	0	29	46	22	98	185	380	0	0	380
Commercial and industrial	2	2	0	0	0	3	7	15	0	22
Total commercial banking	2	31	46	22	98	188	387	15	0	402
Total	$ 15	$ 375	$ 388	$ 189	$ 194	$ 251	$ 1,412	$ 3,562	$ 41	$ 5,015

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 2022 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, 2023 and 2022.

Table 4.3: Summary of Credit Card Partnership Loss Sharing Arrangements Impacts

	Three Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**
Estimated reimbursements from partners, beginning of period	$ 1,841	$ 1,366
Amounts due from partners for charged off loans	**(231)**	(119)
Change in estimated partner reimbursements that decreased provision for credit losses	**298**	55
Estimated reimbursements from partners, end of period	**$ 1,908**	$ 1,302

	Six Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**
Estimated reimbursements from partners, beginning of period	$ 1,558	$ 1,450
Amounts due from partners for charged off loans	**(432)**	(226)
Change in estimated partner reimbursements that decreased provision for credit losses[1]	**782**	78
Estimated reimbursements from partners, end of period	**$ 1,908**	$ 1,302

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(1) Includes adjustments for purchased credit-deteriorated (“PCD”) loans acquired in the first quarter of 2023.

NOTE 5—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, 2023 and December 31, 2022. We separately present information for consolidated and unconsolidated VIEs.

Table 5.1: Carrying Amount of Consolidated and Unconsolidated VIEs

	June 30, 2023				
	Consolidated		Unconsolidated		
(Dollars in millions)	Carrying Amount of Assets	Carrying Amount of Liabilities	Carrying Amount of Assets	Carrying Amount of Liabilities	Maximum Exposure to Loss
Securitization-Related VIEs:[1]					
Credit card loan securitizations[2]	**$ 24,763**	**$ 14,689**	**$ 0**	**$ 0**	**$ 0**
Auto loan securitizations	**4,989**	**4,102**	**0**	**0**	**0**
Total securitization-related VIEs	**29,752**	**18,791**	**0**	**0**	**0**
Other VIEs:[3]					
Affordable housing entities	**266**	**14**	**5,332**	**1,891**	**5,332**
Entities that provide capital to low-income and rural communities	**2,562**	**10**	**0**	**0**	**0**
Other[4]	**0**	**0**	**456**	**0**	**456**
Total other VIEs	**2,828**	**24**	**5,788**	**1,891**	**5,788**
Total VIEs	**$ 32,580**	**$ 18,815**	**$ 5,788**	**$ 1,891**	**$ 5,788**

	December 31, 2022				
	Consolidated		Unconsolidated		
(Dollars in millions)	Carrying Amount of Assets	Carrying Amount of Liabilities	Carrying Amount of Assets	Carrying Amount of Liabilities	Maximum Exposure to Loss
Securitization-Related VIEs:[1]					
Credit card loan securitizations[2]	$ 23,620	$ 13,877	$ 0	$ 0	$ 0
Auto loan securitizations	4,863	4,002	0	0	0
Total securitization-related VIEs	28,483	17,879	0	0	0

(Dollars in millions)	December 31, 2022 Consolidated Carrying Amount of Assets	Consolidated Carrying Amount of Liabilities	Unconsolidated Carrying Amount of Assets	Unconsolidated Carrying Amount of Liabilities	Unconsolidated Maximum Exposure to Loss
Other VIEs:[3]					
Affordable housing entities	261	19	4,944	1,596	4,944
Entities that provide capital to low-income and rural communities	2,301	10	0	0	0
Other[4]	0	0	337	0	337
Total other VIEs	2,562	29	5,281	1,596	5,281
Total VIEs	$ 31,045	$ 17,908	$ 5,281	$ 1,596	$ 5,281

(1) Excludes insignificant VIEs from previously exited businesses.

(2) 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.

(3) 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 $2.4 billion of assets and $780 million of liabilities as of June 30, 2023, and $2.3 billion of assets and $616 million of liabilities as of December 31, 2022.

(4) 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 13—Commitments, Contingencies, Guarantees and Others” for information about the loss sharing agreements, “Note 6—Goodwill and Other Intangible Assets” for information related to our MSRs associated with these securitizations and “Note 2—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 3—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, 2023 and December 31, 2022.

Table 5.2: Continuing Involvement in Securitization-Related VIEs

(Dollars in millions)	Credit Card	Auto
June 30, 2023:		
Securities held by third-party investors	**$ 13,766**	**$ 4,095**
Receivables in the trusts	**25,589**	**4,801**
Cash balance of spread or reserve accounts	**0**	**20**
Retained interests	**Yes**	**Yes**
Servicing retained	**Yes**	**Yes**
December 31, 2022:		
Securities held by third-party investors	$ 12,976	$ 3,997
Receivables in the trusts	24,367	4,682
Cash balance of spread or reserve accounts	0	23
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. 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 certain investments in qualified affordable housing projects using the proportional amortization method if certain criteria are met. The proportional amortization method amortizes the cost of the investment 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, 2023 and 2022, we recognized amortization of $345 million and $322 million, respectively, and tax credits of $434 million and $467 million, respectively, associated with these investments within income tax provision. The carrying value of our equity investments in these qualified affordable housing projects was $5.2 billion and $4.9 billion as of June 30, 2023 and December 31, 2022, 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

$2.1 billion and $1.8 billion as of June 30, 2023 and December 31, 2022 respectively, and is largely expected to be paid from 2023 to 2026.

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 $5.3 billion and $4.9 billion as of June 30, 2023 and December 31, 2022, 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 $13.2 billion and $12.5 billion as of June 30, 2023 and December 31, 2022, respectively.

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 $2.6 billion and $2.3 billion as of June 30, 2023 and December 31, 2022, 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 $456 million and $337 million as of June 30, 2023 and December 31, 2022, 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 6—GOODWILL AND OTHER INTANGIBLE ASSETS

The table below presents our goodwill, other intangible assets and MSRs as of June 30, 2023 and December 31, 2022. Goodwill is presented separately, while other intangible assets and MSRs are included in other assets on our consolidated balance sheets.

Table 6.1: Components of Goodwill, Other Intangible Assets and MSRs

	June 30, 2023		
(Dollars in millions)	Carrying Amount of Assets	Accumulated Amortization	Net Carrying Amount
Goodwill	**$ 15,060**	**N/A**	**$ 15,060**
Other intangible assets:			
Purchased credit card relationship ("PCCR") intangibles	**369**	**$ (57)**	**312**
Other[1]	**176**	**(132)**	**44**
Total other intangible assets	**545**	**(189)**	**356**
Total goodwill and other intangible assets	**$ 15,605**	**$ (189)**	**$ 15,416**
Commercial MSRs[2]	**$ 653**	**$ (236)**	**$ 417**

	December 31, 2022		
(Dollars in millions)	Carrying Amount of Assets	Accumulated Amortization	Net Carrying Amount
Goodwill	$ 14,777	N/A	$ 14,777
Other intangible assets:			
Purchased credit card relationship ("PCCR") intangibles	147	$ (26)	121
Other[1]	195	(157)	38
Total other intangible assets	342	(183)	159
Total goodwill and other intangible assets	$ 15,119	$ (183)	$ 14,936
Commercial MSRs[2]	$ 660	$ (223)	$ 437

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

(2) 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 $22 million and $36 million for the three and six months ended June 30, 2023, respectively, and $14 million and $28 million for the three and six months ended June 30, 2022, respectively.

Goodwill

The following table presents changes in the carrying amount of goodwill by each of our business segments as of June 30, 2023 and December 31, 2022.

Table 6.2: Goodwill by Business Segments

(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking	Total
Balance as of December 31, 2022	$ 5,078	$ 4,645	$ 5,054	$ 14,777
Acquisitions	**273**	**0**	**0**	**273**
Other adjustments[1]	**10**	**0**	**0**	**10**
Balance as of June 30, 2023	**$ 5,361**	**$ 4,645**	**$ 5,054**	**$ 15,060**

(1) Represents foreign currency translation adjustments and measurement period adjustments.

NOTE 7—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, 2023 and December 31, 2022. 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 7.1: Components of Deposits, Short-Term Borrowings and Long-Term Debt

(Dollars in millions)	June 30, 2023	December 31, 2022
Deposits:		
Non-interest-bearing deposits	$ **29,312**	$ 32,203
Interest-bearing deposits[1]	**314,393**	300,789
Total deposits	$ **343,705**	$ 332,992
Short-term borrowings:		
Federal funds purchased and securities loaned or sold under agreements to repurchase	$ **649**	$ 883
Total short-term borrowings	$ **649**	$ 883

	June 30, 2023				December 31, 2022
(Dollars in millions)	Maturity Dates	Stated Interest Rates	Weighted-Average Interest Rate	Carrying Value	Carrying Value
Long-term debt:					
Securitized debt obligations	**2024-2028**	**0.32% - 5.81%**	**2.87%**	$ **17,861**	$ 16,973
Senior and subordinated notes:					
Fixed unsecured senior debt[2]	**2024-2034**	**0.80 - 6.38**	**4.00**	**26,727**	24,134
Floating unsecured senior debt	**2024-2025**	**5.75 - 6.41**	**5.93**	**1,248**	1,597
Total unsecured senior debt			**4.09**	**27,975**	25,731
Fixed unsecured subordinated debt	**2025-2032**	**2.36 - 4.20**	**3.57**	**3,652**	5,095
Total senior and subordinated notes				**31,627**	30,826
Other long-term borrowings	**2023-2031**	**0.35 - 9.91**	**8.29**	**121**	33
Total long-term debt				$ **49,609**	$ 47,832
Total short-term borrowings and long-term debt				$ **50,258**	$ 48,715

(1) Some customers have time deposits in excess of the federal deposit insurance limit, making a portion of the deposit uninsured. As of June 30, 2023, time deposits greater than the insured amount was $15.1 billion and the portion of those deposits estimated to be uninsured was $9.5 billion. As of December 31, 2022, time deposits greater than the insured amount was $6.1 billion and the portion of those deposits estimated to be uninsured was $2.0 billion.

(2) Includes $1.2 billion of Euro (“EUR”) denominated unsecured notes as of both June 30, 2023 and December 31, 2022.

NOTE 8—DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

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 exposures denominated in foreign currencies. We primarily use interest rate and foreign currency swaps to hedge, 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. Our fair value hedges primarily consist of interest rate swaps that are intended to modify our exposure to interest rate risk on various fixed-rate financial assets and liabilities.

- 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. Our cash flow hedges use interest rate swaps and floors that are intended to hedge the variability in interest receipts or interest payments on some of our variable-rate financial assets or liabilities. 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 mitigates the risk of changes in value due to daily market movements and is exchanged daily, and initial margin, which mitigates the risk of potential future exposure of a derivative and is exchanged at the outset of a transaction and adjusted daily. 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 8.3 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, 2023 and December 31, 2022, 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 8.1: Derivative Assets and Liabilities at Fair Value

	June 30, 2023			December 31, 2022		
	Notional or Contractual Amount	Derivative[1]		Notional or Contractual Amount	Derivative[1]	
(Dollars in millions)		Assets	Liabilities		Assets	Liabilities
Derivatives designated as accounting hedges:						
Interest rate contracts:						
Fair value hedges	**$ 67,225**	**$ 6**	**$ 25**	$ 60,956	$ 3	$ 53
Cash flow hedges	**53,100**	**64**	**32**	30,350	0	451
Total interest rate contracts	**120,325**	**70**	**57**	91,306	3	504
Foreign exchange contracts:						
Fair value hedges	**1,364**	**0**	**176**	1,338	0	211
Cash flow hedges	**2,340**	**1**	**34**	2,175	4	14
Net investment hedges	**4,760**	**0**	**199**	4,147	78	91
Total foreign exchange contracts	**8,464**	**1**	**409**	7,660	82	316
Total derivatives designated as accounting hedges	**128,789**	**71**	**466**	98,966	85	820
Derivatives not designated as accounting hedges:						
Customer accommodation:						
Interest rate contracts	**116,019**	**1,523**	**1,921**	91,601	1,140	1,873
Commodity contracts	**29,508**	**1,064**	**1,093**	28,935	1,756	1,738
Foreign exchange and other contracts	**4,585**	**51**	**45**	4,926	74	78
Total customer accommodation	**150,112**	**2,638**	**3,059**	125,462	2,970	3,689
Other interest rate exposures[2]	**999**	**23**	**14**	1,135	34	22
Other contracts	**2,610**	**13**	**17**	2,238	9	19
Total derivatives not designated as accounting hedges	**153,721**	**2,674**	**3,090**	128,835	3,013	3,730
Total derivatives	**$ 282,510**	**$ 2,745**	**$ 3,556**	$ 227,801	$ 3,098	$ 4,550
Less: netting adjustment[3]		**(1,250)**	**(717)**		(1,134)	(1,235)
Total derivative assets/liabilities		**$ 1,495**	**$ 2,839**		$ 1,964	$ 3,315

(1) Does not reflect $2 million and $4 million recognized as a net valuation allowance on derivative assets and liabilities for non-performance risk as of June 30, 2023 and December 31, 2022, respectively. Non-performance risk is included in derivative assets and liabilities, which are 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.

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

(3) 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, 2023 and December 31, 2022.

Table 8.2: Hedged Items in Fair Value Hedging Relationships

	June 30, 2023			December 31, 2022		
		Cumulative Amount of Basis Adjustments Included in the Carrying Amount			Cumulative Amount of Basis Adjustments Included in the Carrying Amount	
(Dollars in millions)	Carrying Amount Assets/(Liabilities)	Total Assets/(Liabilities)	Discontinued-Hedging Relationships	Carrying Amount Assets/(Liabilities)	Total Assets/(Liabilities)	Discontinued-Hedging Relationships
Line item on our consolidated balance sheets in which the hedged item is included:						
Investment securities available for sale[1][2]	**$ 4,118**	**$ (97)**	**$ 164**	$ 3,983	$ (80)	$ 200
Interest-bearing deposits	**(17,621)**	**543**	**(1)**	(17,280)	500	(1)
Securitized debt obligations	**(13,110)**	**761**	**0**	(11,921)	748	0
Senior and subordinated notes	**(30,380)**	**1,620**	**(453)**	(24,544)	1,542	(527)

(1) 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 $380 million and $236 million as of June 30, 2023 and December 31, 2022, respectively. The amount of the designated hedged items was $365 million and $225 million as of June 30, 2023 and December 31, 2022, respectively. The cumulative basis adjustments associated with these hedges was $11 million and $13 million as of June 30, 2023 and December 31, 2022, respectively.

(2) 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, 2023 and December 31, 2022. 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 8.3: Offsetting of Financial Assets and Financial Liabilities

(Dollars in millions)	Gross Amounts	Gross Amounts Offset in the Balance Sheet: Financial Instruments	Gross Amounts Offset in the Balance Sheet: Cash Collateral Received	Net Amounts as Recognized	Securities Collateral Held Under Master Netting Agreements	Net Exposure
As of June 30, 2023						
Derivative assets[1]	**$ 2,745**	**$ (479)**	**$ (771)**	**$ 1,495**	**$ (71)**	**$ 1,424**
As of December 31, 2022						
Derivative assets[1]	3,098	(759)	(375)	1,964	(96)	1,868

(Dollars in millions)	Gross Amounts	Gross Amounts Offset in the Balance Sheet: Financial Instruments	Gross Amounts Offset in the Balance Sheet: Cash Collateral Pledged	Net Amounts as Recognized	Securities Collateral Pledged Under Master Netting Agreements	Net Exposure
As of June 30, 2023						
Derivative liabilities[1]	**$ 3,556**	**$ (479)**	**$ (238)**	**$ 2,839**	**$ (56)**	**$ 2,783**
Repurchase agreements[2]	**649**	**0**	**0**	**649**	**(649)**	**0**
As of December 31, 2022						
Derivative liabilities[1]	4,550	(759)	(476)	3,315	(85)	3,230
Repurchase agreements[2]	883	0	0	883	(883)	0

(1) We received cash collateral from derivative counterparties totaling $1.2 billion and $608 million as of June 30, 2023 and December 31, 2022, respectively. We also received securities from derivative counterparties with a fair value of approximately $66 million and $82 million as of June 30, 2023 and December 31, 2022, respectively, which we have the ability to re-pledge. We posted $1.9 billion and $2.3 billion of cash collateral as of June 30, 2023 and December 31, 2022, respectively.

(2) Under our customer repurchase agreements, which mature the next business day, we pledged collateral with a fair value of $662 million and $900 million as of June 30, 2023 and December 31, 2022, 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, 2023 and 2022.

Table 8.4: Effects of Fair Value and Cash Flow Hedge Accounting

	Three Months Ended June 30, 2023						
	Net Interest Income						Non-Interest Income
(Dollars in millions)	Investment Securities	Loans, Including Loans Held for Sale	Other	Interest-bearing Deposits	Securitized Debt Obligations	Senior and Subordinated Notes	Other
Total amounts presented in our consolidated statements of income	**$ 639**	**$ 9,057**	**$ 470**	**$ (2,277)**	**$ (236)**	**$ (528)**	**$ 275**
Fair value hedging relationships:							
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[1]	**(47)**	**0**	**0**	**223**	**162**	**430**	**(8)**

	Three Months Ended June 30, 2023						
	Net Interest Income						Non-Interest Income
Excluded component of fair value hedges[2]	0	0	0	0	0	0	0
Net income (expense) recognized on fair value hedges	$ 20	$ 0	$ 0	$ (97)	$ (101)	$ (218)	$ 0
Cash flow hedging relationships:[3]							
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[4]	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
(Dollars in millions)	Investment Securities	Loans, Including Loans Held for Sale	Other	Interest-bearing Deposits	Securitized Debt Obligations	Senior and Subordinated Notes	Other
Total amounts presented in our consolidated statements of income	$ 1,254	$ 17,780	$ 886	$ (4,133)	$ (447)	$ (1,017)	$ 474
Fair value hedging relationships:							
Interest rate and foreign exchange contracts:							
Interest recognized on derivatives	$ 71	$ 0	$ 0	$ (174)	$ (185)	$ (479)	$ 0
Gains (losses) recognized on derivatives	(20)	0	0	(46)	(14)	(2)	25
Gains (losses) recognized on hedged items[1]	(16)	0	0	43	13	75	(25)
Excluded component of fair value hedges[2]	0	0	0	0	0	(1)	0
Net income (expense) recognized on fair value hedges	$ 35	$ 0	$ 0	$ (177)	$ (186)	$ (407)	$ 0
Cash flow hedging relationships:[3]							
Interest rate contracts:							
Realized gains (losses) reclassified from AOCI into net income	$ 0	$ (559)	$ 0	$ 0	$ 0	$ 0	$ 0
Foreign exchange contracts:							
Realized gains (losses) reclassified from AOCI into net income[4]	0	0	6	0	0	0	0
Net income (expense) recognized on cash flow hedges	$ 0	$ (559)	$ 6	$ 0	$ 0	$ 0	$ 0

	Three Months Ended June 30, 2022						
	Net Interest Income						Non-Interest Income
(Dollars in millions)	**Investment Securities**	**Loans, Including Loans Held for Sale**	**Other**	**Interest-bearing Deposits**	**Securitized Debt Obligations**	**Senior and Subordinated Notes**	**Other**
Total amounts presented in our consolidated statements of income	$ 435	$ 6,605	$ 55	$ (293)	$ (65)	$ (194)	$ 99
Fair value hedging relationships:							
Interest rate and foreign exchange contracts:							
Interest recognized on derivatives	$ 8	$ 0	$ 0	$ 21	$ 6	$ 13	$ 0
Gains (losses) recognized on derivatives	36	0	0	(73)	(119)	(376)	(74)
Gains (losses) recognized on hedged items[1]	(61)	0	0	74	120	413	73
Excluded component of fair value hedges[2]	0	0	0	0	0	0	0
Net income (expense) recognized on fair value hedges	$ (17)	$ 0	$ 0	$ 22	$ 7	$ 50	$ (1)
Cash flow hedging relationships:[3]							
Interest rate contracts:							
Realized gains reclassified from AOCI into net income	$ 0	$ 63	$ 0	$ 0	$ 0	$ 0	$ 0
Foreign exchange contracts:							
Realized gains reclassified from AOCI into net income[4]	0	0	(1)	0	0	0	0
Net income (expense) recognized on cash flow hedges	$ 0	$ 63	$ (1)	$ 0	$ 0	$ 0	$ 0

(Dollars in millions)	Six Months Ended June 30, 2022						
	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
Total amounts presented in our consolidated statements of income	$ 837	$ 12,972	$ 70	$ (511)	$ (94)	$ (325)	$ 442
Fair value hedging relationships:							
Interest rate and foreign exchange contracts:							
Interest recognized on derivatives	$ 0	$ 0	$ 0	$ 42	$ 33	$ 51	$ 0
Gains (losses) recognized on derivatives	211	0	0	(188)	(424)	(1,232)	(112)
Gains (losses) recognized on hedged items[1]	(262)	0	0	189	423	1,309	111
Excluded component of fair value hedges[2]	0	0	0	0	0	(1)	0
Net income (expense) recognized on fair value hedges	$ (51)	$ 0	$ 0	$ 43	$ 32	$ 127	$ (1)
Cash flow hedging relationships:[3]							
Interest rate contracts:							
Realized gains reclassified from AOCI into net income	$ 0	$ 190	$ 0	$ 0	$ 0	$ 0	$ 0
Foreign exchange contracts:							
Realized gains (losses) reclassified from AOCI into net income[4]	0	0	(1)	0	0	0	0
Net income (expense) recognized on cash flow hedges	$ 0	$ 190	$ (1)	$ 0	$ 0	$ 0	$ 0

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(1) Includes amortization benefit of $21 million and $36 million for the three and six months ended June 30, 2023, respectively, and amortization benefit of $17 million and $34 million for the three and six months ended June 30, 2022, respectively, related to basis adjustments on discontinued hedges.

(2) 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.

(3) See "Note 9—Stockholders' Equity" for the effects of cash flow and net investment hedges on AOCI and amounts reclassified to net income, net of tax.

(4) We recognized a loss of $22 million and $30 million for the three and six months ended June 30, 2023, respectively, and a gain of $31 million and $18 million for the three and six months ended June 30, 2022, 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 $882 million recorded in AOCI as of June 30, 2023 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, 2023. 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, 2023 and 2022. These gains or losses are recognized in other non-interest income on our consolidated statements of income.

Table 8.5: Gains (Losses) on Free-Standing Derivatives

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**	**2023**	**2022**
Gains (losses) recognized in other non-interest income:				
Customer accommodation:				
Interest rate contracts	**$ 11**	$ 11	**$ 19**	$ 20
Commodity contracts	**9**	11	**17**	17
Foreign exchange and other contracts	**5**	3	**8**	4
Total customer accommodation	**25**	25	**44**	41
Other interest rate exposures	**66**	(12)	**118**	14
Other contracts	**(12)**	(7)	**(17)**	(5)
Total	**$ 79**	$ 6	**$ 145**	$ 50

NOTE 9—STOCKHOLDERS' EQUITY

Preferred Stock

The following table summarizes our preferred stock outstanding as of June 30, 2023 and December 31, 2022.

Table 9.1: Preferred Stock Outstanding[1]

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, 2023	Carrying Value (in millions) June 30, 2023	Carrying Value (in millions) December 31, 2022
Series I	5.000% Non-Cumulative	September 11, 2019	December 1, 2024	5.000%	Quarterly	$ 1,000	1,500,000	**$ 1,462**	$ 1,462
Series J	4.800% Non-Cumulative	January 31, 2020	June 1, 2025	4.800	Quarterly	1,000	1,250,000	**1,209**	1,209
Series K	4.625% Non-Cumulative	September 17, 2020	December 1, 2025	4.625	Quarterly	1,000	125,000	**122**	122
Series L	4.375% Non-Cumulative	May 4, 2021	September 1, 2026	4.375	Quarterly	1,000	675,000	**652**	652
Series M	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
Series N	4.250% Non-Cumulative	July 29, 2021	September 1, 2026	4.250%	Quarterly	1,000	425,000	**412**	412
Total								**$ 4,845**	$ 4,845

(1) 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, 2023, and 2022.

Table 9.2: AOCI

	Three Months Ended June 30, 2023				
(Dollars in millions)	Securities Available for Sale	Hedging Relationships[1]	Foreign Currency Translation Adjustments [2]	Other	Total
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				
(Dollars in millions)	Securities Available for Sale	Hedging Relationships[1]	Foreign Currency Translation Adjustments [2]	Other	Total
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)**

	Three Months Ended June 30, 2022				
(Dollars in millions)	Securities Available for Sale	Hedging Relationships[1]	Foreign Currency Translation Adjustments [2]	Other	Total
AOCI as of March 31, 2022	$ (2,956)	$ (1,091)	$ (26)	$ (20)	$ (4,093)
Other comprehensive income (loss) before reclassifications	(2,293)	(412)	(52)	0	(2,757)
Amounts reclassified from AOCI into earnings	5	(71)	0	0	(66)
Other comprehensive income (loss), net of tax	(2,288)	(483)	(52)	0	(2,823)
AOCI as of June 30, 2022	$ (5,244)	$ (1,574)	$ (78)	$ (20)	$ (6,916)

	Six Months Ended June 30, 2022				
(Dollars in millions)	Securities Available for Sale	Hedging Relationships[1]	Foreign Currency Translation Adjustments [2]	Other	Total
AOCI as of December 31, 2021	$ 297	$ 118	$ (21)	$ (20)	$ 374
Other comprehensive income (loss) before reclassifications	(5,546)	(1,535)	(57)	0	(7,138)
Amounts reclassified from AOCI into earnings	5	(157)	0	0	(152)
Other comprehensive income (loss), net of tax	(5,541)	(1,692)	(57)	0	(7,290)
AOCI as of June 30, 2022	$ (5,244)	$ (1,574)	$ (78)	$ (20)	$ (6,916)

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

(2) Includes other comprehensive losses of $78 million and $116 million for the three and six months ended June 30, 2023, respectively, and other comprehensive gains of $174 million and $222 million for the three and six months ended June 30, 2022, 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, 2023 and 2022.

Table 9.3: Reclassifications from AOCI

(Dollars in millions)		Three Months Ended June 30,		Six Months Ended June 30,	
AOCI Components	**Affected Income Statement Line Item**	**2023**	**2022**	**2023**	**2022**
Securities available for sale:					
	Non-interest income (loss)	**$ 0**	$ (6)	**$ 0**	$ (6)
	Income tax provision (benefit)	**0**	(1)	**0**	(1)
	Net income (loss)	**0**	(5)	**0**	(5)
Hedging relationships:					
Interest rate contracts:	Interest income (loss)	**(297)**	63	**(559)**	190
Foreign exchange contracts:	Interest income (loss)	**3**	(1)	**6**	(1)
	Interest expense	**0**	0	**(1)**	(1)
	Non-interest income (loss)	**(22)**	31	**(30)**	18
	Income (loss) from continuing operations before income taxes	**(316)**	93	**(584)**	206
	Income tax provision (benefit)	**(76)**	22	**(141)**	49
	Net income (loss)	**(240)**	71	**(443)**	157
Other:					
	Non-interest income and non-interest expense	**0**	0	**0**	0
	Net income	**0**	0	**0**	0
Total reclassifications		**$ (240)**	$ 66	**$ (443)**	$ 152

The table below summarizes other comprehensive income (loss) activity and the related tax impact for the three and six months ended June 30, 2023 and 2022.

Table 9.4: Other Comprehensive Income (Loss)

	Three Months Ended June 30,					
	2023			**2022**		
(Dollars in millions)	**Before Tax**	**Provision (Benefit)**	**After Tax**	**Before Tax**	**Provision (Benefit)**	**After Tax**
Other comprehensive income (loss):						
Net unrealized losses on securities available for sale	**$ (1,171)**	**$ (283)**	**$ (888)**	$ (3,012)	$ (724)	$ (2,288)
Net unrealized losses on hedging relationships	**(558)**	**(134)**	**(424)**	(634)	(151)	(483)
Foreign currency translation adjustments[1]	**9**	**(25)**	**34**	4	56	(52)
Other comprehensive loss	**$ (1,720)**	**$ (442)**	**$ (1,278)**	$ (3,642)	$ (819)	$ (2,823)

	Six Months Ended June 30,					
	2023			**2022**		
(Dollars in millions)	**Before Tax**	**Provision (Benefit)**	**After Tax**	**Before Tax**	**Provision (Benefit)**	**After Tax**
Other comprehensive income (loss):						
Net unrealized gains (losses) on securities available for sale	**$ 96**	**$ 22**	**$ 74**	$ (7,299)	$ (1,758)	$ (5,541)
Net unrealized gains (losses) on hedging relationships	**(30)**	**(7)**	**(23)**	(2,227)	(535)	(1,692)
Foreign currency translation adjustments[1]	**10**	**(37)**	**47**	14	71	(57)
Other comprehensive income (loss)	**$ 76**	**$ (22)**	**$ 98**	$ (9,512)	$ (2,222)	$ (7,290)

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(1) Includes the impact of hedging instruments designated as net investment hedges.

NOTE 10—EARNINGS PER COMMON SHARE

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

Table 10.1: Computation of Basic and Diluted Earnings per Common Share

(Dollars and shares in millions, except per share data)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net income	**$ 1,431**	$ 2,031	**$ 2,391**	$ 4,434
Dividends and undistributed earnings allocated to participating securities	**(23)**	(25)	**(39)**	(53)
Preferred stock dividends	**(57)**	(57)	**(114)**	(114)
Net income available to common stockholders	**$ 1,351**	$ 1,949	**$ 2,238**	$ 4,267
Total weighted-average basic common shares outstanding	**382.8**	391.2	**382.7**	400.8
Effect of dilutive securities:[1]				
Stock options	**0.1**	0.4	**0.1**	0.4
Other contingently issuable shares	**0.8**	1.0	**1.0**	1.1
Total effect of dilutive securities	**0.9**	1.4	**1.1**	1.5
Total weighted-average diluted common shares outstanding	**383.7**	392.6	**383.8**	402.3
Basic earnings per common share:				
Net income per basic common share	**$ 3.53**	$ 4.98	**$ 5.85**	$ 10.65
Diluted earnings per common share:[1]				
Net income per diluted common share	**$ 3.52**	$ 4.96	**$ 5.83**	$ 10.61

[1] There were no awards excluded from the computation of diluted earnings per share for the three months ended June 30, 2023. Excluded from the computation of diluted earnings per share were awards of 20 thousand shares for the six months ended June 30, 2023, because their inclusion would be anti-dilutive. For the three and six months ended June 30, 2022, awards of 37 thousand shares and 19 thousand shares were excluded from the computation of diluted earnings per share. There were no anti-dilutive stock options for the three months and six months ended June, 30, 2023 or the three months and six months ended June 30, 2022.

NOTE 11—FAIR VALUE MEASUREMENT

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. 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. 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 2022 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, 2023 and December 31, 2022.

Table 11.1: Assets and Liabilities Measured at Fair Value on a Recurring Basis

	June 30, 2023				
	Fair Value Measurements Using				
(Dollars in millions)	Level 1	Level 2	Level 3	Netting Adjustments[1]	Total
Assets:					
Securities available for sale:					
U.S. Treasury securities	**$ 5,110**	**$ 0**	**$ 0**	**0**	**$ 5,110**
RMBS	**0**	**63,312**	**206**	**0**	**63,518**
CMBS	**0**	**7,879**	**133**	**0**	**8,012**
Other securities	**125**	**1,647**	**0**	**0**	**1,772**
Total securities available for sale	**5,235**	**72,838**	**339**	**0**	**78,412**
Loans held for sale	**0**	**542**	**0**	**0**	**542**
Other assets:					
Derivative assets[2]	**545**	**988**	**1,212**	**$ (1,250)**	**1,495**
Other[3]	**540**	**3**	**36**	**0**	**579**
Total assets	**$ 6,320**	**$ 74,371**	**$ 1,587**	**$ (1,250)**	**$ 81,028**
Liabilities:					
Other liabilities:					
Derivative liabilities[2]	**$ 482**	**$ 1,926**	**$ 1,148**	**$ (717)**	**$ 2,839**
Total liabilities	**$ 482**	**$ 1,926**	**$ 1,148**	**$ (717)**	**$ 2,839**

	December 31, 2022				
	Fair Value Measurements Using				
(Dollars in millions)	Level 1	Level 2	Level 3	Netting Adjustments[1]	Total
Assets:					
Securities available for sale:					
U.S. Treasury securities	$ 5,041	$ 0	$ 0	0	$ 5,041
RMBS	0	62,353	236	0	62,589
CMBS	0	7,728	142	0	7,870
Other securities	186	1,233	0	0	1,419
Total securities available for sale	5,227	71,314	378	0	76,919
Loans held for sale	0	191	0	0	191
Other assets:					
Derivative assets[2]	474	2,545	79	$ (1,134)	1,964
Other[3]	464	3	36	0	503
Total assets	$ 6,165	$ 74,053	$ 493	$ (1,134)	$ 79,577
Liabilities:					
Other liabilities:					
Derivative liabilities[2]	$ 823	$ 3,653	$ 74	$ (1,235)	$ 3,315
Total liabilities	$ 823	$ 3,653	$ 74	$ (1,235)	$ 3,315

(1) 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 8—Derivative Instruments and Hedging Activities" for additional information.

(2) Does not reflect $2 million and $4 million recognized as a net valuation allowance on derivative assets and liabilities for non-performance risk as of June 30, 2023 and December 31, 2022, 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.

(3) As of June 30, 2023 and December 31, 2022, other includes retained interests in securitizations of $36 million and $36 million, deferred compensation plan assets of $536 million and $453 million, and equity securities of $7 million (including unrealized losses of $1 million) and $14 million (including unrealized losses of $23 million), respectively.

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, 2023 and 2022. 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 11.2: Level 3 Recurring Fair Value Rollforward

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Three Months Ended June 30, 2023										
		Total Gains (Losses) (Realized/Unrealized)									
(Dollars in millions)	Balance, April 1, 2023	Included in Net Income[1]	Included in OCI	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[1]
Securities available for sale:[2]											
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)[3][4]	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										
		Total Gains (Losses) (Realized/Unrealized)									
(Dollars in millions)	Balance, January 1, 2023	Included in Net Income[1]	Included in OCI	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[1]
Securities available for sale:[2]											
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)[3][4]	5	**(18)**	**0**	**0**	**0**	**173**	**57**	**(152)**	**(1)**	**64**	**51**

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Three Months Ended June 30, 2022										
		Total Gains (Losses) (Realized/Unrealized)									
(Dollars in millions)	Balance, April 1, 2022	Included in Net Income[1]	Included in OCI	Purchases	Sales	Issuances	Settlements	Transfers Into Level 3	Transfers Out of Level 3	Balance, June 30, 2022	Net Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2022[1]
Securities available for sale:[2]											
RMBS	$ 211	$ 3	$ (8)	$ 0	$ 0	$ 0	$ (15)	$ 72	$ (23)	$ 240	$ 2
CMBS	21	0	(1)	0	0	0	(4)	0	(3)	13	0
Total securities available for sale	232	3	(9)	0	0	0	(19)	72	(26)	253	2
Other assets:											
Retained interests in securitizations	39	(2)	0	0	0	0	0	0	0	37	(2)
Net derivative assets (liabilities)[3]	22	(46)	0	0	0	8	4	0	0	(12)	(18)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Six Months Ended June 30, 2022										
		Total Gains (Losses) (Realized/Unrealized)									
(Dollars in millions)	Balance, January 1, 2022	Included in Net Income[1]	Included in OCI	Purchases	Sales	Issuances	Settlements	Transfers Into Level 3	Transfers Out of Level 3	Balance, June 30, 2022	Net Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2022[1]
Securities available for sale:[2]											
RMBS	$ 258	$ 13	$ (20)	$ 0	$ 0	$ 0	$ (43)	$ 84	$ (52)	$ 240	$ 5
CMBS	9	0	(1)	0	0	0	(5)	13	(3)	13	(1)
Total securities available for sale	267	13	(21)	0	0	0	(48)	97	(55)	253	4
Other assets:											
Retained interests in securitizations	41	(4)	0	0	0	0	0	0	0	37	(4)
Net derivative assets (liabilities)[3]	19	(41)	0	0	0	36	2	(28)	0	(12)	(38)

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(1) 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.

(2) 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. For the three and six months ended June 30, 2022, included in OCI related to Level 3 securities available for sale still held as of June 30, 2022 were net unrealized losses of $11 million and $20 million.

(3) Includes derivative assets and liabilities of $1.2 billion and $1.1 billion, respectively, as of June 30, 2023 and $131 million and $143 million, respectively, as of June 30, 2022.

(4) Transfers into Level 3 primarily consist of term 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 11.3: Quantitative Information about Level 3 Fair Value Measurements

	Quantitative Information about Level 3 Fair Value Measurements				
(Dollars in millions)	**Fair Value at June 30, 2023**	**Significant Valuation Techniques**	**Significant Unobservable Inputs**	**Range**	**Weighted Average[1]**
Securities available for sale:					
RMBS	**$ 206**	Discounted cash flows (vendor pricing)	Yield Voluntary prepayment rate Default rate Loss severity	**3-17%** **5-12%** **0-12%** **30-80%**	**7%** **8%** **2%** **57%**
CMBS	**133**	Discounted cash flows (vendor pricing)	Yield	**4-6%**	**5%**
Other assets:					
Retained interests in securitizations[2]	**36**	Discounted cash flows	Life of receivables (months) Voluntary prepayment rate Discount rate Default rate Loss severity	**33-60** **9-13%** **5-12%** **1-2%** **23-163%**	**N/A**
Net derivative assets (liabilities)	**64**	Discounted cash flows	Swap rates	**3-5%**	**4%**

(Dollars in millions)	Fair Value at December 31, 2022	Significant Valuation Techniques	Significant Unobservable Inputs	Range	Weighted Average[(1)]
	Quantitative Information about Level 3 Fair Value Measurements				
Securities available for sale:					
RMBS	$ 236	Discounted cash flows (vendor pricing)	Yield Voluntary prepayment rate Default rate Loss severity	3-12% 4-20% 0-11% 30-80%	7% 8% 2% 58%
CMBS	142	Discounted cash flows (vendor pricing)	Yield	4-5%	5%
Other assets:					
Retained interests in securitizations[(2)]	36	Discounted cash flows	Life of receivables (months) Voluntary prepayment rate Discount rate Default rate Loss severity	30-43 9-18% 4-7% 1% 62-291%	N/A
Net derivative assets (liabilities)	5	Discounted cash flows	Swap rates	3-4%	4%

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

(2) 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, 2023 and December 31, 2022, and for which a nonrecurring fair value measurement was recorded during the six and twelve months then ended.

Table 11.4: Nonrecurring Fair Value Measurements

	June 30, 2023		
	Estimated Fair Value Hierarchy		
(Dollars in millions)	Level 2	Level 3	Total
Loans held for investment	**$ 0**	**$ 391**	**$ 391**
Loans held for sale	**0**	**0**	**0**
Other assets[(1)]	**0**	**85**	**85**
Total	**$ 0**	**$ 476**	**$ 476**

	December 31, 2022		
	Estimated Fair Value Hierarchy		
(Dollars in millions)	Level 2	Level 3	Total
Loans held for investment	$ 0	$ 284	$ 284
Loans held for sale	11	0	11
Other assets[(1)]	0	220	220
Total	$ 11	$ 504	$ 515

(1) As of June 30, 2023, other assets included investments accounted for under measurement alternative of $33 million, repossessed assets of $50 million, and long-lived assets held for sale and right-of-use assets totaling $2 million. As of December 31, 2022, other assets included investments accounted for under

measurement alternative of $4 million, cost method investments of $3 million, repossessed assets of $55 million and long-lived assets held for sale and right-of-use assets totaling $158 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 0% to 100%, with a weighted average of 20%, and from 0% to 43%, with a weighted average of 20%, as of June 30, 2023 and December 31, 2022, 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, 2023 and 2022.

Table 11.5: Nonrecurring Fair Value Measurements Included in Earnings

	Total Gains (Losses)	
	Six Months Ended June 30,	
(Dollars in millions)	2023	2022
Loans held for investment	**$ (275)**	$ 31
Loans held for sale	**0**	(6)
Other assets[1]	**(45)**	(28)
Total	**$ (320)**	$ (3)

[1] Other assets include fair value adjustments related to repossessed assets, long-lived assets held for sale and right-of-use 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, 2023 and December 31, 2022.

Table 11.6: Fair Value of Financial Instruments

	June 30, 2023				
			Estimated Fair Value Hierarchy		
(Dollars in millions)	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	**$ 41,596**	**$ 41,596**	**$ 3,360**	**$ 38,236**	**$ 0**
Restricted cash for securitization investors	**452**	**452**	**452**	**0**	**0**
Net loans held for investment	**296,677**	**299,206**	**0**	**0**	**299,206**
Loans held for sale[1]	**669**	**669**	**0**	**669**	**0**
Interest receivable	**2,297**	**2,297**	**0**	**2,297**	**0**
Other investments[2]	**1,326**	**1,326**	**0**	**1,326**	**0**
Financial liabilities:					
Deposits with defined maturities	**78,336**	**77,924**	**0**	**77,924**	**0**
Securitized debt obligations	**17,861**	**17,811**	**0**	**17,811**	**0**
Senior and subordinated notes	**31,627**	**31,334**	**0**	**31,334**	**0**
Federal funds purchased and securities loaned or sold under agreements to repurchase	**649**	**649**	**0**	**649**	**0**
Interest payable	**637**	**637**	**0**	**637**	**0**

(Dollars in millions)	December 31, 2022 Carrying Value	Estimated Fair Value	Estimated Fair Value Hierarchy Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 30,856	$ 30,856	$ 5,193	$ 25,663	$ 0
Restricted cash for securitization investors	400	400	400	0	0
Net loans held for investment	299,091	302,920	0	0	302,920
Loans held for sale	11	11	0	11	0
Interest receivable	2,104	2,104	0	2,104	0
Other investments[(2)]	1,326	1,326	0	1,326	0
Financial liabilities:					
Deposits with defined maturities	45,858	45,531	0	45,531	0
Securitized debt obligations	16,973	16,918	0	16,918	0
Senior and subordinated notes	30,826	30,744	0	30,744	0
Federal funds purchased and securities loaned or sold under agreements to repurchase	883	883	0	883	0
Interest payable	527	527	0	527	0

(1) Represents individual loans and loan portfolios we have made the decision to sell, including a commercial office real estate loan portfolio.

(2) Other investments include FHLB and Federal Reserve stock. These investments are included in other assets on our consolidated balance sheets.

NOTE 12—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 segment, such as management of our corporate investment portfolio, asset/liability management by our centralized Corporate Treasury group and residual tax expense or benefit to arrive at the consolidated effective tax rate that is not assessed to our primary business segments, are included in the Other category.

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 revenue 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 rate. 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 2022 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, 2023 and 2022, selected balance sheet data as of June 30, 2023 and 2022, and a reconciliation of our total business segment results to our reported consolidated income from continuing operations, loans held for investment and deposits.

Table 12.1: Segment Results and Reconciliation

	Three Months Ended June 30, 2023				
(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking[1]	Other[1]	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)[2]	**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**

	Six Months Ended June 30, 2023				
(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking[1]	Other[1]	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)[2]	**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**

	Three Months Ended June 30, 2022				
(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking[1]	Other[1]	Consolidated Total
Net interest income (loss)	$ 3,899	$ 2,147	$ 635	$ (164)	$ 6,517
Non-interest income (loss)	1,410	96	272	(63)	1,715
Total net revenue (loss)[2]	5,309	2,243	907	(227)	8,232
Provision for credit losses	581	281	222	1	1,085
Non-interest expense	2,771	1,286	485	41	4,583
Income (loss) from continuing operations before income taxes	1,957	676	200	(269)	2,564
Income tax provision (benefit)	466	160	48	(141)	533
Income (loss) from continuing operations, net of tax	$ 1,491	$ 516	$ 152	$ (128)	$ 2,031
Loans held for investment	$ 120,880	$ 81,531	$ 93,973	$ 0	$ 296,384
Deposits	0	255,904	38,844	13,137	307,885

(Dollars in millions)	Six Months Ended June 30, 2022				
	Credit Card	Consumer Banking	Commercial Banking[1]	Other[1]	Consolidated Total
Net interest income (loss)	$ 7,738	$ 4,260	$ 1,242	$ (326)	$ 12,914
Non-interest income (loss)	2,868	201	549	(127)	3,491
Total net revenue (loss)[2]	10,606	4,461	1,791	(453)	16,405
Provision (benefit) for credit losses	1,126	411	230	(5)	1,762
Non-interest expense	5,554	2,522	973	85	9,134
Income (loss) from continuing operations before income taxes	3,926	1,528	588	(533)	5,509
Income tax provision (benefit)	935	362	140	(362)	1,075
Income (loss) from continuing operations, net of tax	$ 2,991	$ 1,166	$ 448	$ (171)	$ 4,434
Loans held for investment	$ 120,880	$ 81,531	$ 93,973	$ 0	$ 296,384
Deposits	0	255,904	38,844	13,137	307,885

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(1) 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.

(2) Total net revenue was reduced by $443 million and $848 million in the three and six months ended June 30, 2023, respectively, and $211 million and $403 million in the three and six months ended June 30, 2022, 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 on certain marketing and promotional events from our auto dealers. 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, 2023 and 2022.

Table 12.2: Revenue from Contracts with Customers and Reconciliation to Segment Results

(Dollars in millions)	Three Months Ended June 30, 2023				
	Credit Card	Consumer Banking	Commercial Banking[1]	Other[1]	Consolidated Total
Contract revenue:					
Interchange fees, net[2]	**$ 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[1]**	**Other[1]**	**Consolidated Total**
Contract revenue:					
Interchange fees, net[2]	**$ 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**

	Three Months Ended June 30, 2022				
(Dollars in millions)	**Credit Card**	**Consumer Banking**	**Commercial Banking[1]**	**Other[1]**	**Consolidated Total**
Contract revenue:					
Interchange fees, net[2]	$ 1,093	$ 80	$ 28	$ 0	$ 1,201
Service charges and other customer-related fees	0	21	63	0	84
Other	98	21	3	0	122
Total contract revenue	1,191	122	94	0	1,407
Revenue (reduction) from other sources	219	(26)	178	(63)	308
Total non-interest income (loss)	$ 1,410	$ 96	$ 272	$ (63)	$ 1,715

	Six Months Ended June 30, 2022				
(Dollars in millions)	**Credit Card**	**Consumer Banking**	**Commercial Banking[1]**	**Other[1]**	**Consolidated Total**
Contract revenue:					
Interchange fees, net[2]	$ 2,030	$ 151	$ 52	$ 1	$ 2,234
Service charges and other customer-related fees	0	47	128	(1)	174
Other	193	38	1	0	232
Total contract revenue	2,223	236	181	0	2,640
Revenue (reduction) from other sources	645	(35)	368	(127)	851
Total non-interest income (loss)	$ 2,868	$ 201	$ 549	$ (127)	$ 3,491

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[1] 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.

[2] Interchange fees are presented net of customer reward expenses.

NOTE 13—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, 2023 and December 31, 2022. The carrying value represents our reserve and deferred revenue on legally binding commitments.

Table 13.1: Unfunded Lending Commitments

	Contractual Amount		Carrying Value	
(Dollars in millions)	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Credit card lines	**$ 384,993**	$ 359,507	**N/A**	N/A
Other loan commitments[1]	**46,408**	48,405	**$ 134**	$ 176
Standby letters of credit and commercial letters of credit[2]	**1,486**	1,402	**23**	28
Total unfunded lending commitments	**$ 432,887**	$ 409,314	**$ 157**	$ 204

(1) Includes $4.5 billion and $4.4 billion of advised lines of credit as of June 30, 2023 and December 31, 2022, respectively.

(2) These financial guarantees have expiration dates that range from 2023 to 2027 as of June 30, 2023.

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 in provision for credit losses in our consolidated statements of income. The liability recognized on our consolidated balance sheets for these loss sharing agreements was $128 million and $82 million as of June 30, 2023 and December 31, 2022, respectively. See "Note 4—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, 2023 are approximately $200 million. Our reserve and reasonably possible loss estimates involve considerable judgment and reflect that there is still 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 the range of reasonably possible losses disclosed here. Given the inherent uncertainties involved in these matters, especially those involving governmental agencies, and the very large or indeterminate damages sought in some of these matters, 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

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. Other merchants have asserted similar claims in separate lawsuits, and while these separate cases did not name any issuing banks, Visa, MasterCard and issuers, including Capital One, have entered 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 and have pursued their own claims. The claims by the injunctive relief class have not been resolved, but the settlement of $5.5 billion for the monetary damages class received final approval from the trial court, and has been appealed to the U.S. Court of Appeals for the Second Circuit. Visa and MasterCard have also settled a number of the opt-out cases, which required non-material payments from issuing banks, including Capital One. Visa created a litigation escrow account following its initial public offering of stock in 2008 that funds settlements for its member banks, and any settlements related to MasterCard-allocated losses have either already been paid or are reflected in our reserves.

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 “Cybersecurity Incident”). As a result of the 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 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 the second quarter of 2022, a trial court in British Columbia preliminarily certified a class of all impacted Canadian consumers except those in Quebec, which would allow the case to proceed with discovery on a classwide basis under Canadian law. The preliminary certification decision has been appealed, and preliminary class certification proceedings are continuing in parallel in three other Canadian provinces (Ontario, Quebec, and Alberta).

Governmental inquiries. In August 2020, we entered into consent orders with the Federal Reserve and the Office of the Comptroller of the Currency (“OCC”) resulting from regulatory reviews of the 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. Canada's Office of Privacy Commissioner's ("OPC") investigation into the Cybersecurity Incident is still open.

Walmart Litigation

On April 7, 2023, Walmart filed a lawsuit in the Southern District of New York seeking a declaratory judgment that it has the contractual right to early termination of the credit card partnership agreement under which we are the exclusive issuer of Walmart's private label and co-branded credit card program in the U.S. and share in certain related economics. On May 2, 2023, Walmart filed an amended complaint in which it also alleges breach of contract and seeks damages caused by any delay in termination. On May 4, 2023, we filed an Answer and Counterclaim to Walmart's amended complaint, denying that Walmart has any right to terminate the partnership and alleging that Walmart has breached its contractual obligations to Capital One.

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), 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.

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.

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 and Chief Financial Officer, 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 Chief Executive Officer and Chief Financial Officer, 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, 2023, the end of the period covered by this Report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2023, 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 2023 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 and Supplementary Data—Note 13—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 2022 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 2023. Commission costs are excluded from the amounts presented below.

	Total Number of Shares Purchased[1]	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans[1]	Maximum Amount That May Yet be Purchased Under the Plan or Program[1] *(in millions)*
April	**518,255**	**$ 96.48**	**518,255**	**$ 4,986**
May	**606,392**	**93.34**	**538,541**	**4,936**
June	**457,934**	**109.19**	**457,897**	**4,886**
Total	**1,582,581**	**98.96**	**1,514,693**	

(1) In January 2022, our Board of Directors authorized the repurchase of up to $5.0 billion of shares of our common stock. In April 2022, our Board of Directors authorized the repurchase of up to an additional $5.0 billion of shares of our common stock. The January authorization of up to $5.0 billion of shares of our common stock was reached during the second quarter of 2023, and subsequent repurchases continue under the April 2022 Board authorization. There were 67,851 and 37 shares withheld in May and June, respectively, to cover taxes on restricted stock units ("RSUs") whose restrictions have 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, 2023, certain of our officers and directors adopted or terminated Rule 10b5-1 trading arrangements as follows:

Robert M. Alexander, our Chief Information Officer, entered into a pre-arranged stock trading plan on May 3, 2023. Mr. Alexander's plan provides for the potential exercise of vested stock options and the associated sale of up to 42,524 shares of Capital One common stock in amounts and prices determined in accordance with a formula set forth in the plan and terminates on the earlier of the date all shares under the plan are sold and July 26, 2024. This trading plan 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
3.1*	Restated Certificate of Incorporation of Capital One Financial Corporation (as restated July 26, 2023).
3.2	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).
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+	Seventh Amended and Restated 2004 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K, filed on May 9, 2023).
31.1*	Certification of Richard D. Fairbank.
31.2*	Certification of Andrew M. Young.
32.1**	Certification of Richard D. Fairbank.
32.2**	Certification of Andrew M. Young.
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, 2023, 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 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: July 27, 2023	By:	/s/ ANDREW M. YOUNG
		Andrew M. Young
		Chief Financial Officer

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

CAPITAL ONE FINANCIAL CORPORATION

1. The name of the corporation (which is hereafter referred to as the Corporation) is "Capital One Financial Corporation".

2. The original Certificate of Incorporation was filed with the Secretary of State of Delaware on July 21, 1994, under the name of BCD Holdings Corporation.

3. This Restated Certificate of Incorporation, which only restates and integrates and does not further amend the provisions of the Restated Certificate of Incorporation of the Corporation as heretofore amended or supplemented, there being no discrepancies between those provisions and the provisions of this Restated Certificate of Incorporation, has been duly proposed by resolutions adopted and declared advisable by the Board of Directors of the Corporation (the "Board of Directors"), and adopted in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware (the "GCL").

4. The text of the Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

Article I

The name of the corporation (which is hereinafter referred to as the "Corporation") is:

Capital One Financial Corporation

Article II

The address of the Corporation’s registered office in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, County of New Castle, 19808. The name of the Corporation’s registered agent at such address is Corporation Service Company.

Article III

The purpose of the Corporation shall be to engage in any lawful act or activity for which corporations may be organized and incorporated under the GCL.

Article IV

A. Authorized Stock. The Corporation shall be authorized to issue 1,050,000,000 shares of capital stock, of which 1,000,000,000 shares shall be shares of Common Stock, $.01 par value ("Common Stock"), and 50,000,000 shares shall be shares of Preferred Stock, $.01 par value ("Preferred Stock").

B. Preferred Stock. Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to create and provide for the issuance of shares of Preferred Stock in series and, by filing a certificate pursuant to the applicable law of the State of Delaware (hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

i. The designation of the series, which may be by distinguishing number, letter or title.

ii. The number of shares of the series, which number the Board of Directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding).

iii. Whether dividends, if any, shall be cumulative or noncumulative and the dividend rate of the series.

iv. Dates at which dividends, if any, shall be payable.

v. The redemption rights and price or prices, if any, for shares of the series.

vi. The terms and amount of any sinking fund provided for the purchase or redemption of shares of the series.

vii. The amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

viii. Whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series of such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible and all other terms and conditions upon which such conversion may be made.

ix. Restrictions on the issuance of shares of the same series or of any other class or series.

x. The voting rights, if any, of the holders of shares of the series.

xi. Such other powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof as the Board of Directors shall determine.

Pursuant to the authority conferred by this Article IV, Paragraph (B), the following series of Preferred Stock are hereby provided for, with the number of shares to be included in each such series, and the designation, powers, preference and rights, and qualifications, limitations or restrictions thereof fixed as stated and expressed with respect to each such series in the respective exhibits specified below, which exhibits are attached hereto and incorporated herein by reference:

Exhibit 1 Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series I

Exhibit 2 Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series J

Exhibit 3 Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series K

Exhibit 4 Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series L

Exhibit 5 Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock, Series M

Exhibit 6 Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series N

C. The Common Stock. The Common Stock shall be subject to the express terms of the Preferred Stock and any series thereof. Each share of Common Stock shall have the right to cast one vote for each share for the election of Directors and on all other matters upon which stockholders are entitled to vote.

D. Vote. Except as otherwise provided in this Certificate of Incorporation or in a Preferred Stock Designation, or as may be required by applicable law, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes and holders of shares of Preferred Stock shall not be entitled to receive notice of any meeting of shareholders at which they are not entitled to vote. Each share of Common Stock shall have one vote, and the Common Stock shall vote together as a single class.

E. Record Holders. The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

Article V

The Board of Directors is hereby authorized to create and issue, whether or not in connection with the issuance and sale of any of its stock or other securities or property, rights entitling the holders thereof to purchase from the Corporation shares of stock or other securities of the Corporation or any other corporation, recognizing that, under certain circumstances, the creation and issuance of such rights could have the effect of discouraging third parties from seeking, or impairing their ability to seek, to acquire a significant portion of the outstanding securities of the Corporation, to engage in any transaction which might result in a change of control of the Corporation or to enter into any agreement, arrangement or understanding with another party to accomplish the foregoing or for the purpose of acquiring, holding, voting or disposing of any securities of the Corporation. The times at which and the terms upon which such rights are to be issued will be determined by the Board of Directors and set forth in the contracts or instruments that evidence such rights. The authority of the Board of Directors with respect to such rights shall include, but not be limited to, determination of the following:

A. The initial purchase price per share or other unit of the stock or other securities or property to be purchased upon exercise of such rights.

B. Provisions relating to the times at which and the circumstances under which such rights may be exercised or sold or otherwise transferred, either together with or separately from, any other stock or other securities of the Corporation.

C. Provisions which adjust the number or exercise price of such rights or amount or nature of the stock or other securities or property receivable upon exercise of such rights in the event of a combination, split or recapitalization of any stock of the Corporation, a change in ownership of the Corporation's stock or other securities or a reorganization, merger, consolidation, sale of assets or other occurrence relating to the Corporation or any stock of the Corporation, and provisions restricting the ability of the Corporation to enter into any such transaction absent an assumption by the other party or parties thereto of the obligations of the Corporation under such rights.

D. Provisions which deny the holder of a specified percentage of the outstanding stock or other securities of the Corporation the right to exercise such rights and/or cause the rights held by such holder to become void.

E. Provisions which permit the Corporation to redeem or exchange such rights, which redemption or exchange may be within the sole discretion of the Board of Directors, if the Board of Directors reserves such right to itself.

F. The appointment of a rights agent with respect to such rights.

Article VI

A. In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized and empowered:

i. to adopt, amend or repeal the Bylaws of the Corporation, provided, however, that the Bylaws adopted by the Board of Directors under the powers hereby conferred may be altered, amended or repealed by the Board of Directors or by the stockholders having voting power with respect thereto, provided further than in the case of amendments by stockholders, the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to alter, amend or repeal, the Bylaws; and

ii. from time to time to determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the Corporation, or any of them, shall be open to inspection of stockholders; and, except as so determined, or as expressly provided in this Certificate of Incorporation or in any Preferred Stock Designation, no stockholder shall have any right to inspect any account, book or document of the Corporation other than such rights as may be conferred by law.

B. The Corporation may in its Bylaws confer powers upon the Board of Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon the Board of Directors by law.

C. A special meeting of the stockholders of the Corporation: (a) may be called at any time by the Chair of the Board of Directors or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies; and (b) shall be called by the Chair of the Board of Directors or the Secretary of the Corporation upon the written request of one or more stockholders of record that (i) Own, or who are acting on behalf of persons who Own, shares representing 25% or more of the voting power of the then outstanding Voting Stock entitled to vote on the matter or matters to be brought before the proposed special meeting, (ii) provide the information regarding such stockholder(s) (and the persons for whom the stockholders are acting, as applicable) and the proposed special meeting and comply with such procedures as shall be set forth in the Bylaws of the Corporation from time to time, (iii) continue to Own, or are acting on behalf of persons who continue to Own, shares representing 25% or more of the voting power of the then outstanding Voting Stock entitled to vote on the matter or matters to be brought before the proposed special meeting for such period as shall be set forth in the Bylaws, as amended from time to time, and (iv) satisfy such additional terms, conditions and limitations as may be set forth in the Bylaws of the Corporation from time to time. Except as provided for in the preceding sentence of this Article VI(C) or in the terms of any series of Preferred Stock, special meetings of the stockholders of the Corporation may not be called by any other person or persons. For purposes of this Article VI(C), a person shall be deemed to "Own" only those shares of outstanding Voting Stock as to which the person possesses both (i) full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such shares, which terms may be further defined in the Bylaws of the Corporation adopted from time to time. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting (or, in the case of nominations for directors to be elected at a special meeting, if such nominations are brought in accordance with the procedures set forth in the Bylaws from time to time).

D. For purposes of this Certificate of Incorporation, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors.

Article VII

Section 1. Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specific circumstances or to consent to specific actions taken by the Corporation, an action required or permitted to be taken by the stockholders of the Corporation at an annual or special meeting of stockholders of the Corporation may be taken by consent in writing in lieu of a meeting, only if such action is taken in accordance with the provisions of this Article VII, the Bylaws of the Corporation as amended from time to time and applicable law.

Section 2. Consent Record Date.

A. Request for Consent Record Date. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting (a "Consent Record

Date") shall be fixed by the Board of Directors or otherwise established under this Article VII. In order for the stockholders of the Corporation to authorize or take corporate action by written consent without a meeting, one or more written requests that a Consent Record Date be fixed for such purpose (individually or collectively, a "Request"), signed and dated by one or more stockholders of record (or their duly authorized agents) that, at the time the Request is delivered, Own, or are acting on behalf of persons who Own, shares representing 25% (for purposes of this Article VII, the "Requisite Percent") or more (measured as of the Requisite Percent Solicitation Record Date (as defined in Section 2(C) of this Article VII), if applicable), of the voting power of the then outstanding Voting Stock entitled to vote on the action or actions proposed to be taken by written consent, must be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation. If a stockholder of record is the nominee for more than one beneficial owner of shares of Voting Stock, the stockholder of record may deliver a Request pursuant to this Article VII solely with respect to the shares of Voting Stock owned by the beneficial owner who is directing the stockholder of record to sign such Request. As used in this Article VII, the terms "Own" and "Voting Stock" shall have the same meanings as in paragraph (C) of Article VI of this Certificate of Incorporation (including as the term "Own" may be further defined in the Bylaws of the Corporation adopted from time to time). The Request must contain the information set forth or identified in Section 3 of this Article VII. The Corporation shall not be required to accept a Request delivered by electronic transmission.

B. Fixing a Consent Record Date. Following receipt of the Request described in Section 2(A) of this Article VII, the Board of Directors shall, by the later of (i) 20 days after delivery of a Request from one or more stockholders of record (or their duly authorized agents) that Own, or are acting on behalf of persons who Own, the Requisite Percent, and (ii) five days after delivery of all information requested by the Corporation to determine the validity of the Request or to determine whether the action to which the Request relates may be effected by written consent, determine the validity of the Request and whether the Request relates to an action that may be taken by written consent pursuant to this Article VII and, if appropriate, adopt a resolution fixing the Consent Record Date for such purpose. The Consent Record Date for such purpose shall be no more than ten days after the date upon which the resolution fixing the Consent Record Date is adopted by the Board of Directors and shall not precede the date such resolution is adopted. If the Request has been determined to be valid and to relate to an action that may be effected by written consent pursuant to this Article VII, but no Consent Record Date has been fixed by the Board of Directors by the date required by the first sentence of this paragraph (B), the Consent Record Date shall be at the close of business on the first date on which a signed written consent setting forth the action taken or proposed to be taken by written consent is delivered to the Corporation in accordance with Section 7 of this Article VII and Section 228 of the GCL; provided that, if prior action by the Board of Directors is required under the provisions of Delaware law, the Consent Record Date shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

C. Requisite Percent. Any stockholder (an "Initiating Stockholder") seeking to engage in a solicitation (as the term "solicitation" is defined under Regulation 14A of the Securities Exchange Act of 1934 (or any subsequent provisions replacing such Act or regulations), disregarding clause (iv) of Rule 14a-1(l)(2) and including any otherwise exempt solicitation pursuant to Rule 14a-2(b)) to attain the Requisite Percent (a "Requisite Percent Solicitation") shall first deliver (in writing and not by electronic transmission) to the Secretary at the principal executive offices of the Corporation a request that the Board of Directors fix a record date to determine the stockholders entitled to deliver a Request in connection with such Requisite Percent Solicitation (the "Requisite Percent Solicitation Record Date"). The request for a Requisite Percent Solicitation Record Date shall (i) contain a representation that the Initiating Stockholder plans to engage in a Requisite Percent Solicitation to attain the Requisite Percent, and with respect to any subsequent solicitation of written consents, an agreement to solicit consents in accordance with Section 5 of this Article VII; (ii) describe the action or actions proposed to be taken by written consent; and (iii) contain, with respect to the Initiating Stockholder and each person that is part of a group (within the meaning of Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations)) with the Initiating Stockholder, the information, representations, and completed and signed questionnaires described in Section 3 of this Article VII (as applicable). Following delivery of a request for a Requisite Percent Solicitation Record Date, the Board of Directors may, by the later of (i) ten days after delivery of such request, and (ii) five days after delivery of all information requested by the Corporation to determine the validity of such request or to determine whether the action to which the request relates may be effected by written consent pursuant to this Article VII, determine the validity of such request and whether such request relates to an action that may be taken by written consent and, if appropriate, adopt a resolution fixing the Requisite Percent Solicitation Record Date. The Requisite Percent Solicitation Record Date shall be no more than ten days after the date upon which the resolution fixing the Requisite Percent Solicitation Record Date is adopted by the Board of Directors and shall not precede the date such resolution is adopted. If a valid request for a Requisite Percent Solicitation Record Date has been duly delivered to the Secretary but no Requisite Percent Solicitation Record Date has been fixed by the Board of Directors by the date required by the third sentence of this paragraph C, the Requisite Percent Solicitation Record Date shall be at the close of business on the tenth day after delivery of the valid request for the Requisite Percent Solicitation Record Date to the Secretary. To be valid, any Request that has been the subject of a Requisite Percent Solicitation must be delivered to the Secretary no earlier than the applicable Requisite Percent Solicitation Record Date and no later than 60 days after the applicable Requisite Percent Solicitation Record Date.

D. Revocation. Any stockholder seeking to take action by written consent may revoke a Request by written revocation delivered to, or mailed and received by, the Secretary at any time, and any stockholder signing a Request may revoke such Request as to the shares of Voting Stock that such person Owns (or Owned by the beneficial owners on whose behalf the stockholder is acting, as applicable) at any time by written revocation delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation. If, as a result of such revocation(s), there no longer are valid and unrevoked Requests from stockholders who Own the Requisite Percent of the voting power of the then outstanding Voting Stock entitled to vote on the action or actions proposed to be taken by written consent, then the Board of Directors shall not be required to fix a Consent Record Date. Further, in the event that the stockholder seeking to take action by written consent withdraws the Request, the Board of Directors, in its discretion, may cancel the action by written consent and any consents relating to such action shall be null and void.

Section 3. Contents of Request. Any Request required by Section 2(A) of this Article VII must (A) be delivered by one or more stockholders of record (or their duly authorized agents) that, at the time the Request is delivered Own, or are acting on behalf of persons who Own (as applicable), shares representing the Requisite Percent or more (measured as of the

Requisite Percent Solicitation Record Date, if applicable), of the voting power of the then outstanding Voting Stock entitled to vote on the action or actions proposed to be taken by written consent, who shall not revoke such Request, and who shall continue to Own not less than the Requisite Percent through the date of delivery of consents signed by a sufficient number of stockholders to authorize or take such action (provided that, notwithstanding the foregoing, one or more Requests that have been obtained by an Initiating Stockholder pursuant to a Requisite Percent Solicitation under Section 2(C) only need to evidence that the stockholder of record or beneficial owner(s) on whose behalf the Request is submitted Owned the relevant Voting Stock as of the appropriate Requisite Percent Solicitation Record Date); (B) include evidence of such Ownership, as to each stockholder of record, or if such stockholder is a nominee or custodian, the beneficial owner(s) on whose behalf the Request is submitted; (C) describe the action or actions proposed to be taken by written consent; (D) contain the information, representations, and completed and signed questionnaires, to the extent applicable, then required to be set forth in a stockholder's notice pursuant to the advance notice provisions in the Bylaws of the Corporation as amended from time to time, as if the action or actions proposed to be taken by written consent were a nomination or other business proposed to be brought before a meeting of stockholders, including the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such proposal or business includes a proposal to amend the Bylaws of the Corporation, the text of the proposed amendment); and (E) contain an agreement to solicit consents in accordance with Section 5 of this Article VII. The Corporation may require any Initiating Stockholder, and any other person seeking to take action by written consent, to furnish such other information as may reasonably be required by the Corporation to determine the validity of the Request, and to determine whether the Request relates to an action that may be effected by written consent under this Article VII, the Bylaws of the Corporation as amended from time to time and applicable law. In connection with an action or actions proposed to be taken by written consent in accordance with this Article VII, the Initiating Stockholder, and the persons seeking to take action by written consent, shall further update and supplement the information previously provided to the Corporation in connection therewith, if necessary, so that the information shall be true and correct as of the Consent Record Date to the same extent as would be required by the advance notice provisions in the Bylaws of the Corporation as of the record date for a meeting of stockholders if such action were a nomination or other business proposed to be brought before a meeting of stockholders, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five business days after the Consent Record Date.

Section 4. Actions That May Be Taken by Written Consent. The Board of Directors shall not be obligated to set a Consent Record Date (and no related action may be taken by written consent) if (A) the Request does not comply with this Article VII or the Bylaws of the Corporation; (B) such action relates to an item of business that is not a proper subject for stockholder action under applicable law; (C) the Request is delivered during the period commencing 90 days prior to the first anniversary of the preceding year's annual meeting of stockholders and ending on the earlier of (i) the date of the next annual meeting of stockholders, or (ii) 30 days after the first anniversary of the immediately preceding annual meeting of stockholders; (D) the same or a substantially similar item (as determined in good faith by the Board of Directors, a "Similar Item" (and which determination shall be conclusive and binding)), other than the election of directors, was presented at an annual or special meeting of stockholders held not more than 12 months before the Request is delivered; (E) a Similar Item was presented at an annual or special meeting of stockholders held not more than 90 days before the Request is delivered (and, for purposes of this clause (E), the election of directors shall be deemed to be a "Similar Item" with respect to all items of business involving the election or removal of directors, changing the size of the Board of Directors and the filling of vacancies and/or newly created directorships resulting from an increase in the number of directors); (F) a Similar Item is included in the Corporation's notice of meeting as an item of business to be brought before an annual or special meeting of stockholders that has been called but not yet held or that is called for a date within 90 days of the receipt by the Corporation of a Request; or (G) the Request was made, any Request was solicited, any related Requisite Percent Solicitation was made, or any consents were solicited, in a manner that involved a violation of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) or other applicable law.

Section 5. Manner of Consent Solicitation. Stockholders may take action by written consent only if the stockholder seeking to take action by written consent solicits consents from all stockholders of the Corporation entitled to vote on the action or actions proposed to be taken by written consent pursuant to and in accordance with this Article VII, Regulation 14A of the Securities Exchange Act of 1934 (without reliance upon any exemption in Regulation 14A, including the exemption contained in clause (iv) of Rule 14a-1(l)(2) or Rule 14a-2(b) thereunder) (or any subsequent provisions replacing such Act or regulations), and applicable law.

Section 6. Date of Consents. Every written consent purporting to take or authorize the taking of corporate action must bear the signature of the stockholder signing the consent, and no consent shall be effective to take the corporate action referred to therein unless consents signed by a sufficient number of stockholders to take such action are delivered to the Corporation in the manner required by Section 7 of this Article VII (A) within 60 days of the first date on which a consent is so delivered to the Corporation, and (B) not later than 120 days after the Consent Record Date or such later date as may be determined in good faith by the Board of Directors (and which determination shall be conclusive and binding) in the event it concludes, consistent with its fiduciary duties, that additional time is required for stockholders to deliver consents. A written consent shall not be valid if it purports to provide (or if the person signing such consent provides, through instructions to an agent or otherwise) that it will be effective at a future time or at a time determined upon the happening of an event.

Section 7. Delivery of Consents. No consents may be delivered to the Corporation or its registered office in the State of Delaware, until (A) 60 days after the delivery of a valid Request from one or more stockholders of record (or their duly authorized agents) that Own, or are acting on behalf of persons who Own, the Requisite Percent, or (B) such later date as may be determined in good faith by the Board of Directors (and which determination shall be conclusive and binding) in the event it concludes, consistent with its fiduciary duties, that additional time is required for stockholders to make an informed decision in connection with such consent. Delivery of consents must be made by hand or by certified or registered mail, return receipt requested and in accordance with the other provisions of Section 228 of the GCL not inconsistent with this Article VII. The Corporation shall not be required to accept a consent given by electronic transmission unless a paper reproduction of the consent is delivered in accordance with the preceding sentence. In the event of the delivery to the Corporation of consents, the Secretary, or such other officer or agent of the Corporation as the Board of Directors may designate, shall provide for the safe-keeping of such consents and any related revocations and shall promptly conduct such ministerial review of the sufficiency of all consents and any related revocations and of the validity of the action or actions to be taken by written consent as the Secretary, or such other officer or agent of the Corporation as the Board of Directors may designate, as the case may be, deems necessary or appropriate, including, without limitation, whether the holders of a number of shares of Voting Stock having the requisite voting power to authorize or take the action or actions specified in consents have given consent. Notwithstanding the foregoing, if the action or actions to which the consents relate is the election or removal of one or more members of the Board of Directors, the Secretary, or such other officer or agent of the Corporation as the Board of Directors may designate, as the case may be, shall promptly designate two persons, who shall not be members of the Board of Directors, to serve as independent inspectors ("Inspectors") with respect to such consent and such Inspectors shall discharge the functions of the Secretary, or such other officer or agent of the Corporation as the Board of Directors may designate, as the case may be, under this Article VII. If after such investigation the Secretary, such other officer or agent of the Corporation as the Board of Directors may designate or the Inspectors, as the case may be, shall determine that the action or actions purported to have been taken by written consent is duly authorized by the consents, that fact shall be certified on the records of the Corporation kept for the purpose of recording the proceedings of meetings of stockholders and the consents shall be filed in such records. In conducting the investigation required by this section, the Secretary, such other officer or agent of the Corporation as the Board of Directors may designate or the Inspectors, as the case may be, may, at the expense of the Corporation, retain special legal counsel and any other necessary or appropriate professional advisors as such person or persons may deem necessary or appropriate and, to the fullest extent permitted by law, shall be fully protected in relying in good faith upon the opinion of such counsel or advisors.

Section 8. Effectiveness of Consent. Notwithstanding anything in this Certificate of Incorporation to the contrary, no action may be taken by written consent except in accordance with this Article VII, the Bylaws of the Corporation then in effect and applicable law. Notwithstanding anything in this Certificate of Incorporation to the contrary, if the Board of Directors shall determine in good faith (and which determination shall be conclusive and binding) that any Request to fix a Consent Record Date or to take any stockholder action by written consent was not properly made in accordance with, or relates to an action that may not be effected by written consent pursuant to, this Article VII, the Bylaws of the Corporation or applicable law, or the stockholder or stockholders seeking to take such action do not otherwise comply with this Article VII, the Bylaws of the Corporation or applicable law, then the Board of Directors shall not be required to fix a Consent Record Date and any such purported action by written consent shall be null and void to the fullest extent permitted by applicable law, provided that (to the extent permitted by applicable law), the Board of Directors shall have the authority to waive, other than with respect to the Initiating Stockholder, clause (D) or (E) of Section 3 of this Article VII if the Board of Directors determines in good faith, consistent with its fiduciary duties, that such action is appropriate (and which determination shall be conclusive and binding). No action by written consent without a meeting shall be effective until such date as the Secretary, such other officer or agent of the Corporation as the Board of Directors may designate, or the Inspectors, as applicable, certify to the Corporation that the consents delivered to the Corporation in accordance with this Article VII, represent at least the minimum number of votes that would be necessary to take the corporate action at a meeting at which all shares of Voting Stock entitled to vote thereon were present and voted, in accordance with Delaware law and this Certificate of Incorporation. The action by written consent will take effect as of the date and time of such certification and will not relate back to the date that the written consents were delivered to the Corporation.

Section 9. Challenge to Validity of Consent. Nothing contained in this Article VII shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any consent or related revocations, whether before or after such certification by the Secretary, such other officer or agent of the Corporation as the Board of Directors may designate or the Inspectors, as the case may be, or to take any other action (including, without limitation, the commencement, prosecution, or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

Section 10. Board-Solicited Stockholder Action by Written Consent. Notwithstanding anything to the contrary set forth above, the Board of Directors may authorize one or more actions to be taken by written consent and, with respect to such actions, none of the foregoing provisions of this Article VII shall apply to such actions unless the Board of Directors determines otherwise. The Board of Directors shall be entitled to solicit stockholder action by written consent in accordance with applicable law.

Article VIII

A. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specific circumstances, the number of directors of the Corporation shall be fixed by the Bylaws of the Corporation and may be increased or decreased from time to time in such a manner as may be prescribed by the Bylaws.

B. Unless and except to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

C. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specific circumstances, the removal of any director, whether for or without cause, requires the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class.

Article IX

Section 1. Vote Required for Certain Business Combinations.

A. Higher Vote for Certain Business Combinations. In addition to any affirmative vote required by law or this Certificate of Incorporation and except as otherwise expressly provided in Section 2 of this Article IX:

i. any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (a) any Interested Stockholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

ii. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder, including all

Affiliates of the Interested Stockholder, of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) of $10,000,000 or more; or

iii. the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder, including all Affiliates of the Interested Stockholder, in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of $10,000,000 or more; or

iv. the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Stockholder or any Affiliates of an Interested Stockholder; or

v. any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not an Interested Stockholder is a party thereto) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which are directly or indirectly owned by any Interested Stockholder or one or more Affiliates of the Interested Stockholder;

shall require the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class, including the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock not owned directly or indirectly by any Interested Stockholder or any Affiliate of any Interested Stockholder. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be permitted by law or in any agreement with any national securities exchange or otherwise.

B. Definition of "Business Combination." The term "Business Combination" as used in this Article IX shall mean any transaction described in any one or more of clauses (i) through (v) of paragraph (A) of this Section 1.

Section 2. When Higher Vote is Not Required. The Provision of Section 1 of this Article IX shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law or any other provision of this Restated Certificate of Incorporation, if the conditions specified in either of the following paragraphs (A) or (B) are met:

A. Approval by Continuing Directors The Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined).

B. Price and Procedure Requirements. All of the following conditions shall have been met:

i. The aggregate amount of the cash and the Fair Market Value as hereinafter defined as of the date of the consummation of the Business Combination of consideration other than cash, to be received per share by holders of Common Stock in such Business Combination, shall be at least equal to the highest of the following:

a. (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of Common Stock acquired by it (1) within the two-year period immediately prior to the first public announcement of the proposal of such Business Combination (the "Announcement Date"), or (2) in the transaction in which it became an interested Stockholder, whichever is higher.

b. the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Stockholder became an Interested Stockholder (the "Determination Date"), whichever is higher, and

c. (if applicable) the price per share equal to the Fair Market Value per share of Common Stock determined pursuant to paragraph (B) (i) (b) above, multiplied by the ratio of (1) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of Common Stock acquired by it within the two-year period immediately prior to the Announcement Date to (2) the Fair Market Value per share of Common Stock on the first day in such two-year period upon which the Interested Stockholder acquired any shares of Common Stock.

ii. The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of any other class, other than Common Stock or Excluded Preferred Stock (as hereinafter defined), of outstanding Voting Stock shall be at least equal to the highest of the following (it being intended that the requirements of this paragraph (B) (ii) shall be required to be met with respect to every such class of outstanding Voting Stock whether or not the Interested Stockholder has previously acquired any shares of a particular class of Voting Stock):

a. (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it (1) within the two-year period immediately prior to the Announcement Date, or (2) in the transaction in which it became an Interested Stockholder, whichever is higher.

b. (if applicable) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

c. the Fair Market per share of such class of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher, and

d. (if applicable) the price per share equal to the Fair Market Value per share of such class of Voting Stock determined pursuant to paragraph (B) (ii) (c) above multiplied by the ratio of (1) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it within the two-year period immediately prior to the Announcement

Date to (2) the Fair Market Value per share of such class of Voting Stock on the first date in such two-year period upon which the Interested Stockholder acquired any shares of such class of Voting Stock.

iii. The consideration to be received by holders of a particular class of outstanding Voting Stock (including Common Stock and other than Excluded Preferred Stock) shall be in cash or in the same form as the Interested Stockholder has previously paid for shares of such class of Voting Stock. If the Interested Stockholder has paid for shares of any class of Voting Stock with varying forms of consideration, the form of consideration of such class of Voting Stock shall either be cash or the form used to acquire the largest number of shares of such class of Voting Stock previously acquired by it.

iv. After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination; (a) there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding preferred stock, except as approved by a majority of the Continuing Directors; (b) there shall have been no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Continuing Directors; (c) there shall have been an increase in the annual rate of dividends is necessary fully to reflect any recapitalization (including any reverse stock split), reorganization or any similar reorganization which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and (d) such Interested Stockholder shall not have become the Beneficial Owner of any additional Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder.

v. After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation or in connection with such Business Combination or otherwise.

vi. A proxy or information statement describing the proposed Business Combination and complying with the requirement of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to stockholders of the Corporation at least thirty (30) days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

Section 3. Certain Definitions. For purposes of this Article IX:

A. "Person" shall mean any individual, firm, corporation or other entity.

B. "Interested Stockholder" shall mean any Person (other than the Corporation or any Subsidiary) who or which:

i. itself, or along with its Affiliates, is the Beneficial Owner directly or indirectly, of more than 5% of the then outstanding Voting Stock; or

ii. is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was itself, or along with its Affiliates, the Beneficial Owner, directly or indirectly, of 5% or more of the then outstanding Voting Stock; or

iii. is an assignee of or has otherwise succeeded to any Voting Stock which was at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

C. "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations of the Securities Exchange Act of 1934, as in effect July 1, 1994. In addition, a Person shall be the "Beneficial Owner" of any Voting Stock which such Person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding (but neither such person nor any such Affiliate or Associate shall be deemed to be the Beneficial Owner of any shares of Voting Stock solely by reason of a revocable proxy granted for a particular meeting of stockholders, pursuant to a public solicitation of proxies for such meeting, and with respect to which shares neither such Person nor any such Affiliate or Associate is otherwise deemed the Beneficial Owner).

D. For the purpose of determining whether a Person is an Interested Stockholder pursuant to paragraph (B) of this section 3, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph (C) of this Section 3 but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding or upon exercise of conversion rights, warrants or options or otherwise.

E. "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on July 1, 1994.

F. "Subsidiary" shall mean any corporation of which a majority of any share of equity security is owned, directly or indirectly, by the Corporation, provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph (B) of this Section 3, the term "Subsidiary" shall mean only a corporation of which a majority of each share of equity security is owned, directly or indirectly, by the Corporation.

G. "Continuing Director" shall mean any member of the Board of Directors who is unaffiliated with the Interested Stockholder and was a member of the Board of Directors prior to the time that the Interested Stockholder became an Interested Stockholder, and any director who is thereafter chosen to fill any vacancy on the Board of Directors or who is elected and who, in either event, is unaffiliated with the Interested Stockholder and in connection with his or her initial assumption of office is recommended for appointment or election by a majority of Continuing Directors then on the Board.

H. "Fair Market Value" shall mean (i) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange listed stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange or, if such stock is not listed on such exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 60-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use in its stead, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by the Board of Directors in accordance with Section 4 of this Article IX, and (ii) in the case of property on the date in question as determined by the Board of Directors in accordance with Section 4 of this Article IX.

I. In the event of any Business Combination in which the Corporation survives, the phrase "other considerations to be received" as used in paragraphs (B) (i) and (ii) of Section 2 of this Article IX shall include the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

J. "Excluded Preferred Stock" means any series of Preferred Stock with respect to which a majority of the Continuing Directors have approved a Preferred Stock Designation creating such series that expressly provides that the provisions of this Article IX shall not apply.

Section 4. The Continuing Directors of the Corporation shall have the power and duty to determine for the purposes of this Article IX on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article IX, including, without limitation, (i) whether a Person is an Interested Stockholder, (ii) the number of shares of Voting Stock beneficially owned by any Person, (iii) whether a Person is an Affiliate or Associate of another, (iv) whether the applicable conditions set forth in paragraph (B) of Section 2 of this Article IX have been met with respect to any Business Combination, (v) the Fair Market Value of stock or other property in accordance with paragraph (H) of Section 3 of this Article IX and (vi) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of Securities by the Corporation or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of $10,000,000 or more.

Section 5. No Effect on Fiduciary Obligations of Interested Stockholders. Nothing Contained in this Article IX shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

Section 6. Section 203 of the GCL. The Corporation hereby expressly elects not to be subject to the provisions of Section 203 of the GCL.

Section 7. Amendment, Repeal, etc. Notwithstanding any other provisions of this Certificate of Incorporation or the Bylaws of the Corporation (and notwithstanding the fact that a lesser percentage may be permitted by law, this Certificate of Incorporation or the Bylaws of the Corporation), but in addition to any affirmative vote of the holders of any particular class of Voting Stock required by law or this Certificate of Incorporation, the affirmative vote of the holders of a majority of the voting power of the shares of the then outstanding Voting Stock voting together as a single class, including the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock not owned directly or indirectly by any Interested Stockholder or any Affiliate of any Interested Stockholder, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article IX of this Certificate of Incorporation.

Article X

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the GCL, or (iv) for any transaction from which the director derived an improper personal benefit.

Article XI

Each person who is or was or had agreed to become a director or officer of the Corporation, or each such person who is or was serving or who had agreed to serve at the request of the Board of Directors or an officer of the Corporation as an employee or agent of the Corporation or as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including the heirs, executor, administrators or estate of such person), shall be indemnified by the Corporation, in accordance with the Bylaws of the Corporation, to the fullest extent permitted from time to time by the GCL as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) or any other applicable laws as presently or hereafter in effect. Without limiting the generality or the effect of the foregoing, the Corporation may enter into one or more agreements with any person which provide for indemnification greater or different than that provided in this Article XI. Any amendment or repeal of this Article XI shall not adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

Article XII

Except as may be expressly provided in this Certificate of Incorporation, the Corporation reserves the right at any time from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, or a Preferred Stock Designation, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed herein or by law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article XII; provided, however, that any amendment or repeal of Article X or Article XI of this Certificate of Incorporation shall not adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such amendment or repeal; and provided further that no Preferred Stock Designation shall be amended after the issuance of any shares of the series of Preferred stock created thereby, except in accordance with the terms of such Preferred Stock Designation and the requirements of applicable law.

[Signature Page Follows]

IN WITNESS WHEREOF, Capital One Financial Corporation has caused this Restated Certificate of Incorporation to be executed by its duly authorized officer on the date set forth below.

CAPITAL ONE FINANCIAL CORPORATION

By: /s/ Matthew W. Cooper
Matthew W. Cooper
Corporate Secretary

DATED: July 26, 2023

EXHIBIT 1

CERTIFICATE OF DESIGNATIONS

OF

FIXED RATE NON-CUMULATIVE PERPETUAL PREFERRED STOCK,

SERIES I

OF

CAPITAL ONE FINANCIAL CORPORATION

Capital One Financial Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 141 and 151 thereof, does hereby certify:

At a meeting of the Board of Directors (the "Board") of the Corporation duly convened and held on January 31 - February 1, 2019, the Board duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's authorized and unissued preferred stock ("Preferred Stock"), and (b) appointing a Preferred Stock Committee (the "Preferred Stock Committee") of the Board to act on behalf of the Board in, without limitation, approving the terms and conditions of, and authorizing the execution, delivery and filing of any certificate of designations relating to any such series of Preferred Stock fixing the designations, powers, preferences, rights, privileges, qualifications, limitations, restrictions, terms and conditions of such series of Preferred Stock;

Thereafter, on September 4, 2019, the Preferred Stock Committee duly adopted the following resolution creating a series of 1,500,000 shares of Preferred Stock of the Corporation designated as "Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series I" by written consent:

RESOLVED, that pursuant to the provisions of the Restated Certificate of Incorporation and the amended and restated bylaws of the Corporation and applicable law, a series of Preferred Stock, par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of Preferred Stock a series of Preferred Stock designated as the "Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series I" (hereinafter called "Series I Preferred Stock"). The authorized number of shares of Series I Preferred Stock shall be 1,500,000 shares, $0.01 par value per share, having a liquidation preference of $1,000 per share. The number of shares constituting Series I Preferred Stock may be increased from time to time in accordance with law up to the maximum number of shares of Preferred Stock authorized to be issued under the Restated Certificate of Incorporation of the Corporation, as amended, less all shares at the time authorized of any other series of Preferred Stock, and any such additional shares of Series I Preferred Stock would form a single series with the Series I Preferred Stock. Shares of Series I Preferred Stock will be dated the date of issue, which shall be referred to herein as the "original issue date". Shares of outstanding Series I Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

a. "Common Stock" means the common stock, par value $0.01 per share, of the Corporation

b. "original issue date" means the date of issue of the Series I Preferred Stock.

c. "Preferred Stock" means any and all series of preferred stock of the Corporation, including the Series I Preferred Stock.

Part 4. Certain Voting Matters. Holders of shares of Series I Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Series I Preferred Stock are entitled to vote, including any action by written consent.

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IN WITNESS WHEREOF, Capital One Financial Corporation has caused this certificate of Designations to be signed by the undersigned as of this 10th day of September, 2019.

CAPITAL ONE FINANCIAL CORPORATION

By: /s/ Kelly Ledman
Name: Kelly Ledman
Title: Assistant Secretary

[Signature Page to Series I Certificate of Designations]

Annex A

STANDARD PROVISIONS

Section 1. Definitions.

a. "Business Day" means any weekday that is not a legal holiday in New York, New York and that is not a day on which banking institutions in New York, New York are closed.

b. "DTC" means The Depository Trust Company.

c. "Regulatory Capital Treatment Event" means the good faith determination by the Corporation that, as a result of (1) any amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of the Series I Preferred Stock; (2) any proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any share of the Series I Preferred Stock; or (3) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of the Series I Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of the Series I Preferred Stock then outstanding as "Tier 1 Capital" (or its equivalent) for purposes of the capital adequacy guidelines of Federal Reserve Regulation Y (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking regulator or agency), as then in effect and applicable, for as long as any share of the Series I Preferred Stock is outstanding.

d. "Series I Dividend Payment Date" has the meaning set forth in Section 3(b).

e. "Series I Dividend Period" means the period from and including a Series I Dividend Payment Date to, but excluding, the next Series I Dividend Payment Date, except that the initial Series I Dividend Period will commence on and include the original issue date of Series I Preferred Stock.

f. "Series I Junior Securities" has the meaning set forth in Section 2(a).

g. "Series I Parity Securities" has the meaning set forth in Section 2(b).

Section 2. Ranking. The shares of Series I Preferred Stock shall rank:

a. senior, as to dividends and upon liquidation, dissolution and winding up of the Corporation, to the Common Stock, and to any other class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, does not expressly provide that it ranks *pari passu* with the Series I Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be (collectively, "Series I Junior Securities"); and

b. on a parity, as to dividends and upon liquidation, dissolution and winding up of the Corporation, with any class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, expressly provides that it ranks *pari passu* with the Series I Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be, including the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series B, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series C, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series D, the Corporation's Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series E, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series F, Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series G and the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series H (collectively, "Series I Parity Securities").

c. The Corporation may authorize and issue additional shares of Series I Junior Securities and Series I Parity Securities without the consent of the holders of the Series I Preferred Stock.

Section 3. Dividends.

a. Holders of Series I Preferred Stock will be entitled to receive, when, as and if declared by the Board or a duly authorized committee of the Board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends based on the liquidation preference of the Series I Preferred Stock at a rate equal to 5.00% per annum for each Series I Dividend Period from the original issue date of the Series I Preferred Stock to, and including, the redemption date of the Series I Preferred Stock, if any. If the Corporation issues additional shares of the Series I Preferred Stock after the original issue date, dividends on such shares will accrue from the date such additional shares are issued.

b. If declared by the Board or a duly authorized committee of the Board, dividends will be payable on the Series I Preferred Stock (each such date, a "Series I Dividend Payment Date") quarterly in arrears, on March 1, June 1, September 1 and December 1of each year, beginning on December 1, 2019. If any date on which dividends would otherwise be payable is not a Business Day, then the Series I Dividend Payment Date will be the next Business Day, without any adjustment to the amount.

c. Dividends will be payable to holders of record of Series I Preferred Stock as they appear on the Corporation's books on the applicable record date, which shall be the 15th calendar day before the applicable Series I Dividend Payment Date, or such other record date, no earlier than 30 calendar days before the applicable Series I Dividend Payment Date, as shall be fixed by the Board or a duly authorized committee of the Board.

d. Dividends payable on Series I Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upwards.

Dividends on the Series I Preferred Stock will cease to accrue on the redemption date, if any, unless the Corporation defaults in the payment of the redemption price of the Series I Preferred Stock called for redemption.

e. Dividends on the Series I Preferred Stock will not be cumulative. If the Board or a duly authorized committee of the Board does not declare a dividend on the Series I Preferred Stock in respect of a Series I Dividend Period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable Series I Dividend Payment Date or be cumulative, and the Corporation will have no obligation to pay any dividend for that Series I Dividend Period, whether or not the Board or a duly authorized committee of the Board declares a dividend for any future Series I Dividend Period with respect to the Series I Preferred Stock, the Corporation's Common Stock, or any other class or series of the Corporation's Preferred Stock.

f. So long as any share of Series I Preferred Stock remains outstanding:

1. no dividend shall be declared or paid or set aside for payment, and no distribution shall be declared or made or set aside for payment, on any Series I Junior Securities, other than (i) a dividend payable solely in Series I Junior Securities or (ii) any dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under any such plan;

2. no shares of Series I Junior Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (i) as a result of a reclassification of Series I Junior Securities for or into other Series I Junior Securities, (ii) the exchange or conversion of one share of Series I Junior Securities for or into another share of Series I Junior Securities, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series I Junior Securities, (iv) purchases, redemptions or other acquisitions of shares of Series I Junior Securities in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (v) purchases of shares of Series I Junior Securities pursuant to a contractually binding requirement to buy Series I Junior Securities existing prior to the preceding Series I Dividend Period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series I Junior Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series I Junior Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker- dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in junior stock for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation); and

3. no shares of Series I Parity Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, during a dividend period (other than (i) pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series I

Preferred Stock and such Series I Parity Securities, if any, (ii) as a result of a reclassification of Series I Parity Securities for or into other Series I Parity Securities, (iii) the exchange or conversion of Series I Parity Securities for or into other Series I Parity Securities or Series I Junior Securities, (iv) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series I Parity Securities, (v) purchases of shares of Series I Parity Securities pursuant to a contractually binding requirement to buy Series I Parity Securities existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series I Parity Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series I Parity Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporations of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in Series I Parity Securities for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation); unless, in each case, the full dividends for the preceding Series I Dividend Period on all outstanding shares of Series I Preferred Stock have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment.

g. The Corporation will not declare or pay or set apart funds for the payment of dividends on any Series I Parity Securities unless the Corporation has paid or set apart funds for the payment of dividends on the Series I Preferred Stock. When dividends are not paid in full upon the shares of Series I Preferred Stock and any Series I Parity Securities, all dividends declared upon shares of Series I Preferred Stock and any Series I Parity Securities will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the Series I Preferred Stock, and accrued dividends, including any accumulations, on any Series I Parity Securities, bear to each other for the then-current Series I Dividend Period.

h. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board or a duly authorized committee of the Board, may be declared and paid on the Common Stock and any other class or any Series I Junior Securities or Series I Parity Securities from time to time out of any assets legally available for such payment, and the holders of Series I Preferred Stock shall not be entitled to participate in any such dividend.

i. Dividends on the Series I Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with applicable laws and regulations, including applicable capital adequacy guidelines

Section 4. Liquidation.

a. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of Series I Preferred Stock are entitled to receive out of assets of the

Corporation available for distribution to stockholders, after satisfaction of liabilities to creditors and subject to the rights of holders of any securities ranking senior to Series I Preferred Stock, before any distribution of assets is made to holders of Common Stock or any Series I Junior Securities, a liquidating distribution in the amount of the liquidation preference of $1,000 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of Series I Preferred Stock will not be entitled to any other amounts from the Corporation after they have received their full liquidating distribution.

b. In any such distribution, if the assets of the Corporation are not sufficient to pay the liquidation preferences plus declared and unpaid dividends in full to all holders of Series I Preferred Stock and all holders of any Series I Parity Securities, the amounts paid to the holders of Series I Preferred Stock and to the holders of all Series I Parity Securities will be paid pro rata in accordance with the respective aggregate liquidating distribution owed to those holders. If the liquidation preference plus declared and unpaid dividends has been paid in full to all holders of Series I Preferred Stock and any Series I Parity Securities, the holders of the Corporation's Series I Junior Securities shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

c. For purposes of this section, the merger or consolidation of the Corporation with any other entity, including a merger or consolidation in which the holders of Series I Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of the Corporation for cash, securities or other property, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption.

a. Series I Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. Series I Preferred Stock is not redeemable prior to December 1, 2024. On and after that date, Series I Preferred Stock will be redeemable at the option of the Corporation, in whole or in part, on any Series I Dividend Payment Date, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends.

Holders of Series I Preferred Stock will have no right to require the redemption or repurchase of Series I Preferred Stock. Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, may redeem, at any time, all (but not less than all) of the shares of the Series I Preferred Stock at the time outstanding, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends, upon notice given as provided in Subsection (b)below.

b. If shares of Series I Preferred Stock are to be redeemed, the notice of redemption shall be sent to the holders of record of Series I Preferred Stock to be redeemed, sent not less than 15 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing Series I Preferred Stock are held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth: (1) the redemption date; (2) the number of shares of Series I Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where the certificates evidencing shares of Series I

Preferred Stock are to be surrendered for payment of the redemption price. On and after the redemption date, dividends will cease to accrue on shares of Series I Preferred Stock, and such shares of Series I Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, including rights described under Section 6, except the right to receive the redemption price plus any declared and unpaid dividends.

c. In case of any redemption of only part of the shares of Series I Preferred Stock at the time outstanding, the shares to be redeemed shall be selected *pro rata* or by lot.

d. Any redemption of the Preferred Stock is subject to our receipt of any required prior approval by the Board of Governors of the Federal Reserve System and to the satisfaction of any conditions set forth in the capital guidelines or regulations of the Board of Governors of the Federal Reserve System applicable to redemption of the Preferred Stock.

Section 6. Voting Rights.

a. Except as provided below or as expressly required by law, the holders of shares of Series I Preferred Stock shall have no voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of capital stock, and shall not be entitled to call a meeting of such holders for any purpose, nor shall they be entitled to participate in any meeting of the holders of the Common Stock.

b. So long as any shares of Series I Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series I Preferred Stock at the time outstanding, voting separately as a class, shall be required to: (1) authorize or increase the authorized amount of, or issue shares of any class or series of stock ranking senior to the Series I Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation, or issue any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to Series I Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation; (2) amend the provisions of the Corporation's restated certificate of incorporation, as amended, so as to adversely affect the powers, preferences, privileges or rights of Series I Preferred Stock, taken as a whole, provided, however, that any increase in the amount of the authorized or issued shares of Series I Preferred Stock or authorized Common Stock or Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock ranking equally with or junior to Series I Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of Series I Preferred Stock; and (3) consummate a binding share-exchange or reclassification involving the Series I Preferred Stock, or a merger or consolidation of the Corporation with or into another entity unless (i) the shares of the Series I Preferred Stock remain outstanding or are converted into or exchanged for preference securities of the new surviving entity and (ii) the shares of the remaining Series I Preferred Stock or new preferred securities have terms that are not materially less favorable than the Series I Preferred Stock. The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series I Preferred Stock shall have been redeemed.

c. If the Corporation fails to pay, or declare and set apart for payment, dividends on outstanding shares of the Series I Preferred Stock for six quarterly dividend periods, whether or not consecutive, the number of directors on the Board shall be increased by two at the Corporation's first annual meeting of the shareholders held thereafter, and at such meeting and at each subsequent annual meeting until continuous noncumulative dividends for at least one year on all outstanding shares of Series I Preferred Stock entitled thereto shall have been paid, in full, the holders of shares of Series I Preferred Stock shall have the right, voting as a class with holders of any other equally ranked series of Preferred Stock that have similar voting rights, to elect such two additional members of the Corporation's Board to hold office for a term of one year; provided that the Corporation's Board shall at no time include more than two additional directors elected by holders of Series I Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, voting together as one class. Upon such payment in full, the terms of the two additional directors so elected shall forthwith terminate, and the number of directors shall be reduced by two, and such voting right of the holders of shares of Series I Preferred Stock shall cease, subject to increase in the number of directors as described above and to revesting of such voting right in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, whether or not consecutive, as described above. In addition, if and when the rights of holders of Series I Preferred Stock terminate for any reason, including under circumstances described above under Section 5, such voting rights shall terminate along with the other rights (except, if applicable, the right to receive the redemption price plus any declared and unpaid dividends as provided for in Section 5), and the terms of any additional directors elected by the holders of Series I Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, shall terminate automatically and the number of directors reduced by two, assuming that the rights of holders of such equally ranked series of Preferred Stock have similarly terminated.

Section 7. Conversion Rights. The holders of shares of Series I Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of securities of the Corporation.

Section 8. Preemptive Rights. The holders of shares of Series I Preferred Stock will have no preemptive rights with respect to any shares of the Corporation's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

Section 9. Certificates. The Corporation may at its option issue shares of Series I Preferred Stock without certificates.

Section 10. Transfer Agent. The duly appointed transfer agent for the Series I Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the transfer agent in accordance with the agreement between the Corporation and the transfer agent; provided that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the holders of the Series I Preferred Stock.

Section 11. Registrar. The duly appointed registrar for the Series I Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The

Corporation may, in its sole discretion, remove the registrar in accordance with the agreement between the Corporation and the registrar; provided that the Corporation shall appoint a successor registrar who shall accept such appointment prior to the effectiveness of such removal.

Exhibit 2

CERTIFICATE OF DESIGNATION

OF

FIXED RATE NON-CUMULATIVE PERPETUAL PREFERRED STOCK,

SERIES J

OF

CAPITAL ONE FINANCIAL CORPORATION

Capital One Financial Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 141 and 151 thereof, does hereby certify:

At a meeting of the Board of Directors (the "Board") of the Corporation duly convened and held on January 31 - February 1, 2019, the Board duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's authorized and unissued preferred stock ("Preferred Stock"), and (b) appointing a Preferred Stock Committee (the "Preferred Stock Committee") of the Board to act on behalf of the Board in, without limitation, approving the terms and conditions of, and authorizing the execution, delivery and filing of any certificate of designations relating to any such series of Preferred Stock fixing the designations, powers, preferences, rights, privileges, qualifications, limitations, restrictions, terms and conditions of such series of Preferred Stock;

Thereafter, on January 28, 2020, the Preferred Stock Committee duly adopted the following resolution creating a series of 1,250,000 shares of Preferred Stock of the Corporation designated as "Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series J" by written consent:

RESOLVED, that pursuant to the provisions of the Restated Certificate of Incorporation and the amended and restated bylaws of the Corporation and applicable law, a series of Preferred Stock, par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of Preferred Stock a series of Preferred Stock designated as the "Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series J" (hereinafter called "Series J Preferred Stock"). The authorized number of shares of Series J Preferred Stock shall be 1,250,000 shares, $0.01 par value per share, having a liquidation preference of $1,000 per share. The number of shares constituting Series J Preferred Stock may be increased from time to time in accordance with law up to the maximum number of shares of Preferred Stock authorized to be issued under the Restated Certificate of Incorporation of the Corporation, as amended, less all shares at the time authorized of any other series of Preferred Stock, and any such additional shares of Series J Preferred Stock would form a single series with the Series J Preferred Stock. Shares of Series J Preferred Stock will be dated the date of issue, which shall be referred to herein as the "original issue date". Shares of outstanding Series J Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

a. "Common Stock" means the common stock, par value $0.01 per share, of the Corporation.

b. "original issue date" means the date of issue of the Series J Preferred Stock.

c. "Preferred Stock" means any and all series of preferred stock of the Corporation, including the Series J Preferred Stock.

Part 4. Certain Voting Matters. Holders of shares of Series J Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Series J Preferred Stock are entitled to vote, including any action by written consent.

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IN WITNESS WHEREOF, Capital One Financial Corporation has caused this Certificate of Designations to be signed by the undersigned as of this 30th day of January, 2020.

CAPITAL ONE FINANCIAL CORPORATION

By: /s/ Cassandra Tillinghast
Name: Cassandra Tillinghast
Title: Assistant Secretary

[Signature Page to Series J Certificate of Designations]

Annex A

STANDARD PROVISIONS

Section 1. Definitions.

a. "Business Day" means any weekday that is not a legal holiday in New York, New York and that is not a day on which banking institutions in New York, New York are closed.

b. "DTC" means The Depository Trust Company.

c. "Regulatory Capital Treatment Event" means the good faith determination by the Corporation that, as a result of (1) any amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of the Series J Preferred Stock; (2) any proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any share of the Series J Preferred Stock; or (3) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of the Series J Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of the Series J Preferred Stock then outstanding as "Tier 1 Capital" (or its equivalent) for purposes of the capital adequacy guidelines of Federal Reserve Regulation Y (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking regulator or agency), as then in effect and applicable, for as long as any share of the Series J Preferred Stock is outstanding.

d. "Series J Dividend Payment Date" has the meaning set forth in Section 3(b).

e. "Series J Dividend Period" means the period from and including a Series J Dividend Payment Date to, but excluding, the next Series J Dividend Payment Date, except that the initial Series J Dividend Period will commence on and include the original issue date of Series J Preferred Stock.

f. "Series J Junior Securities" has the meaning set forth in Section 2(a).

g. "Series J Parity Securities" has the meaning set forth in Section 2(b).

Section 2. Ranking. The shares of Series J Preferred Stock shall rank:

a. senior, as to dividends and upon liquidation, dissolution and winding up of the Corporation, to the Common Stock, and to any other class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, does not expressly provide that it ranks *pari passu* with the Series J Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be (collectively, "Series J Junior Securities"); and

b. on a parity, as to dividends and upon liquidation, dissolution and winding up of the Corporation, with any class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, expressly provides that it ranks *pari passu* with the Series J Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be, including the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series B, the Corporation's Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series E, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series F, Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series G, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series Hand the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series I (collectively, "Series J Parity Securities").

c. The Corporation may authorize and issue additional shares of Series J Junior Securities and Series J Parity Securities without the consent of the holders of the Series J Preferred Stock.

Section 3. Dividends.

a. Holders of Series J Preferred Stock will be entitled to receive, when, as and if declared by the Board or a duly authorized committee of the Board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends based on the liquidation preference of the Series J Preferred Stock at a rate equal to 4.800% per annum for each Series J Dividend Period from the original issue date of the Series J Preferred Stock to, and including, the redemption date of the Series J Preferred Stock, if any. If the Corporation issues additional shares of the Series J Preferred Stock after the original issue date, dividends on such shares will accrue from the date such additional shares are issued.

b. If declared by the Board or a duly authorized committee of the Board, dividends will be payable on the Series J Preferred Stock (each such date, a "Series J Dividend Payment Date") quarterly in arrears, on March 1, June 1, September I and December I of each year, beginning on June 1, 2020. If any date on which dividends would otherwise be payable is not a Business Day, then the Series J Dividend Payment Date will be the next Business Day, without any adjustment to the amount.

c. Dividends will be payable to holders of record of Series J Preferred Stock as they appear on the Corporation's books on the applicable record date, which shall be the 15th calendar day before the applicable Series J Dividend Payment Date, or such other record date, no earlier than 30 calendar days before the applicable Series J Dividend Payment Date, as shall be fixed by the Board or a duly authorized committee of the Board.

d. Dividends payable on Series J Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upwards. Dividends on the Series J Preferred Stock will cease to accrue on the redemption date, if any, unless the Corporation defaults in the payment of the redemption price of the Series J Preferred Stock called for redemption.

e. Dividends on the Series J Preferred Stock will not be cumulative. If the Board or a duly authorized committee of the Board does not declare a dividend on the Series J Preferred Stock in respect of a Series J Dividend Period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable Series J Dividend Payment Date or be cumulative, and the Corporation will have no obligation to pay any dividend for that Series J Dividend Period, whether or not the Board or a duly authorized committee of the Board declares a dividend for any future Series J Dividend Period with respect to the Series J Preferred Stock, the Corporation's Common Stock, or any other class or series of the Corporation's Preferred Stock.

f. So long as any shares of Series J Preferred Stock remains outstanding:

1. no dividend shall be declared or paid or set aside for payment, and no distribution shall be declared or made or set aside for payment, on any Series J Junior Securities, other than (i) a dividend payable solely in Series J Junior Securities or (ii) any dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under any such plan;

2. no shares of Series J Junior Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (i) as a result of a reclassification of Series J Junior Securities for or into other Series J Junior Securities, (ii) the exchange or conversion of one share of Series J Junior Securities for or into another share of Series J Junior Securities, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series J Junior Securities, (iv) purchases, redemptions or other acquisitions of shares of Series J Junior Securities in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (v) purchases of shares of Series J Junior Securities pursuant to a contractually binding requirement to buy Series J Junior Securities existing prior to the preceding Series J Dividend Period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series J Junior Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series J Junior Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker- dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in junior stock for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation); and no shares of Series J Parity Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, during a dividend period (other than (i) pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series J Preferred Stock and such Series J Parity Securities, if any, (ii) as a result of a reclassification of Series J Parity Securities for or into other Series J Parity Securities, (iii) the exchange or conversion of Series J Parity Securities for or into other Series J Parity Securities or Series J Junior Securities, (iv) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series J Parity Securities, (v) purchases of shares of Series J Parity Securities pursuant to a contractually binding requirement to buy Series J Parity Securities existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series J Parity Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or

customer facilitation transactions in Series J Parity Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporations of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in Series J Parity Securities for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation); unless, in each case, the full dividends for the preceding Series J Dividend Period on all outstanding shares of Series J Preferred Stock have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment.

g. The Corporation will not declare or pay or set apart funds for the payment of dividends on any Series J Parity Securities unless the Corporation has paid or set apart funds for the payment of dividends on the Series J Preferred Stock. When dividends are not paid in full upon the shares of Series J Preferred Stock and any Series J Parity Securities, all dividends declared upon shares of Series J Preferred Stock and any Series J Parity Securities will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the Series J Preferred Stock, and accrued dividends, including any accumulations, on any Series J Parity Securities, bear to each other for the then-current Series J Dividend Period.

h. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board or a duly authorized committee of the Board, may be declared and paid on the Common Stock and any other class or any Series J Junior Securities or Series J Parity Securities from time to time out of any assets legally available for such payment, and the holders of Series J Preferred Stock shall not be entitled to participate in any such dividend.

i. Dividends on the Series J. Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with applicable laws and regulations, including applicable capital adequacy guidelines.

Section 4. Liquidation.

a. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of Series J Preferred Stock are entitled to receive out of assets of the Corporation available for distribution to stockholders, after satisfaction of liabilities to creditors and subject to the rights of holders of any securities ranking senior to Series J Preferred Stock, before any distribution of assets is made to holders of Common Stock or any Series J Junior Securities, a liquidating distribution in the amount of the liquidation preference of $1,000 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of Series J Preferred Stock will not be entitled to any other amounts from the Corporation after they have received their full liquidating distribution.

b. In any such distribution, if the assets of the Corporation are not sufficient to pay the liquidation preferences plus declared and unpaid dividends in full to all holders of Series J Preferred Stock and all holders of any Series J Parity Securities, the amounts paid to the holders of Series J Preferred Stock and to the holders of all Series J Parity Securities will be paid pro rata in accordance with the respective aggregate liquidating distribution owed to those holders. If the liquidation preference plus declared and unpaid dividends has been paid in full to all holders of Series J Preferred Stock and any Series J Parity Securities, the holders of the Corporation's Series J Junior Securities shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

c. For purposes of this section, the merger or consolidation of the Corporation with any other entity, including a merger or consolidation in which the holders of Series J Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of the Corporation for cash, securities or other property, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption.

a. Series J Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. Series J Preferred Stock is not redeemable prior to June 1, 2025. On and after that date, Series J Preferred Stock will be redeemable at the option of the Corporation, in whole or in part, on any Series J Dividend Payment Date, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends. Holders of Series J Preferred Stock will have no right to require the redemption or repurchase of Series J Preferred Stock. Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, may redeem, at any time, all (but not less than all) of the shares of the Series J Preferred Stock at the time outstanding, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends, upon notice given as provided in Subsection (b) below.

b. If shares of Series J Preferred Stock are to be redeemed, the notice of redemption shall be sent to the holders of record of Series J Preferred Stock to be redeemed, sent not less than 15 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing Series J Preferred Stock are held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth: (1) the redemption date; (2) the number of shares of Series J Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where the certificates evidencing shares of Series J Preferred Stock are to be surrendered for payment of the redemption price. On and after the redemption date, dividends will cease to accrue on shares of Series J Preferred Stock, and such shares of Series J Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, including rights described under Section 6, except the right to receive the redemption price plus any declared and unpaid dividends.

c. In case of any redemption of only part of the shares of Series J Preferred Stock, at the time outstanding, the shares to be redeemed shall be selected pro rata or by lot.

d. Any redemption of the Preferred Stock is subject to our receipt of any required prior approval by the Board of Governors of the Federal Reserve System and to the satisfaction of any conditions set forth in the capital guidelines or regulations of the Board of Governors of the Federal Reserve System applicable to redemption of the Preferred Stock.

Section 6. Voting Rights.

a. Except as provided below or as expressly required by law, the holders of shares of Series J Preferred Stock shall have no voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of capital stock, and shall not be entitled to call a meeting of such holders for any purpose, nor shall they be entitled to participate in any meeting of the holders of the Common Stock.

b. So long as any shares of Series J Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series J Preferred Stock at the time outstanding, voting separately as a class, shall be required to: (I) authorize or increase the authorized amount of, or issue shares of any class or series of stock ranking senior to the Series J Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation, or issue any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to Series J Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation; (2) amend the provisions of the Corporation's restated certificate of incorporation, as amended, so as to adversely affect the powers, preferences, privileges or rights of Series J Preferred Stock, taken as a whole, provided, however, that any increase in the amount of the authorized or issued shares of Series J Preferred Stock or authorized Common Stock or Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock ranking equally with or junior to Series J Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of Series J Preferred Stock; and (3) consummate a binding share-exchange or reclassification involving the Series J Preferred Stock, or a merger or consolidation of the Corporation with or into another entity unless (i) the shares of the Series J Preferred Stock remain outstanding or are converted into or exchanged for preference securities of the new surviving entity and (ii) the shares of the remaining Series J Preferred Stock or new preferred securities have terms that are not materially less favorable than the Series J Preferred Stock. The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series J Preferred Stock shall have been redeemed.

c. If the Corporation fails to pay, or declare and set apart for payment, dividends on outstanding shares of the Series J Preferred Stock for six quarterly dividend periods, whether or not consecutive, the number of directors on the Board shall be increased by two at the Corporation's first annual meeting of the shareholders held thereafter, and at such meeting and at each subsequent annual meeting until continuous noncumulative dividends for at least one year on all outstanding shares of Series J Preferred Stock entitled thereto shall have been paid, in full, the holders of shares of Series J Preferred Stock shall have the right, voting as a class with holders of any other equally ranked series of Preferred Stock that have similar voting rights, to elect such two additional members of the Corporation's Board to hold office for a term of one year; provided that the Corporation's Board shall at no time include more than two additional directors elected by holders of Series J Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, voting together as one class. Upon such payment in full, the terms of the two additional directors so elected shall forthwith terminate, and the number of directors shall be reduced by two, and such voting right of the holders of shares of Series J Preferred Stock shall cease, subject to increase in the number of directors as described above and to revesting of such voting right in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, whether or not consecutive, as described above. In addition, if and when the rights of holders of Series J Preferred Stock terminate for any reason, including under circumstances described above under Section 5, such voting rights shall terminate along with the other rights (except, if applicable, the right to receive the redemption price plus any declared and unpaid dividends as provided for in Section 5), and the terms of any additional directors elected by the holders of Series J Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, shall terminate automatically and the number of directors reduced by two, assuming that the rights of holders of such equally ranked series of Preferred Stock have similarly terminated.

Section 7. Conversion Rights. The holders of shares of Series J Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of securities of the Corporation.

Section 8. Preemptive Rights. The holders of shares of Series J Preferred Stock will have no preemptive rights with respect to any shares of the Corporation's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

Section 9. Certificates. The Corporation may at its option issue shares of Series J Preferred Stock without certificates.

Section I 0. Transfer Agent. The duly appointed transfer agent for the Series J Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the transfer agent in accordance with the agreement between the Corporation and the transfer agent; provided that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the holders of the Series J Preferred Stock.

Section 11. Registrar. The duly appointed registrar for the Series J Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the registrar in accordance with the agreement between the Corporation and the registrar; provided that the Corporation shall appoint a successor registrar who shall accept such appointment prior to the effectiveness of such removal.

Exhibit 3

CERTIFICATE OF DESIGNATIONS

OF

FIXED RATE NON-CUMULATIVE PERPETUAL PREFERRED STOCK,

SERIES K

OF

CAPITAL ONE FINANCIAL CORPORATION

Capital One Financial Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 141 and 151 thereof, does hereby certify:

At a meeting of the Board of Directors (the "Board") of the Corporation duly convened and held on January 29- January 31, 2020, the Board duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's authorized and unissued preferred stock ("Preferred Stock"), and (b) appointing a Preferred Stock Committee (the "Preferred Stock Committee") of the Board to act on behalf of the Board in, without limitation, approving the terms and conditions of, and authorizing the execution, delivery and filing of any certificate of designations relating to any such series of Preferred Stock fixing the designations, powers, preferences, rights, privileges, qualifications, limitations, restrictions, terms and conditions of such series of Preferred Stock;

Thereafter, on September 10, 2020, the Preferred Stock Committee duly adopted the following resolution creating a series of 125,000 shares of Preferred Stock of the Corporation designated as "Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series K" by written consent:

RESOLVED, that pursuant to the provisions of the Restated Certificate of Incorporation and the amended and restated bylaws of the Corporation and applicable law, a series of Preferred Stock, par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of Preferred Stock a series of Preferred Stock designated as the "Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series K" (hereinafter called "Series K Preferred Stock"). The authorized number of shares of Series K Preferred Stock shall be 125,000 shares, $0.01 par value per share, having a liquidation preference of $1,000 per share. The number of shares constituting Series K Preferred Stock may be increased from time to time in accordance with law up to the maximum number of shares of Preferred Stock authorized to be issued under the Restated Certificate of Incorporation of the Corporation, as amended, less all shares at the time authorized of any other series of Preferred Stock, and any such additional shares of Series K Preferred Stock would form a single series with the Series K Preferred Stock. Shares of Series K Preferred Stock will be dated the date of issue, which shall be referred to herein as the "original issue date". Shares of outstanding Series K Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

a. "Common Stock" means the common stock, par value $0.01 per share, of the Corporation.

b. "original issue date" means the date of issue of the Series K Preferred Stock.

c. "Preferred Stock" means any and all series of preferred stock of the Corporation, including the Series K Preferred Stock.

Part 4. Certain Voting Matters. Holders of shares of Series K Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Series K Preferred Stock are entitled to vote, including any action by written consent.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Capital One Financial Corporation has caused this Certificate of Designations to be signed by the undersigned as of this 16th day of September, 2020.

CAPITAL ONE FINANCIAL CORPORATION

By: /s/ Jonathan Chiu
Name: Jonathan Chiu
Title: Assistant Secretary

[Signature Page to Series K Certificate of Designations]

Annex A

STANDARD PROVISIONS

Section 1. Definitions.

a. "Business Day" means any weekday that is not a legal holiday in New York, New York and that is not a day on which banking institutions in New York, New York are closed.

b. "DTC" means The Depository Trust Company

c. "Regulatory Capital Treatment Event" means the good faith determination by the Corporation that, as a result of (1) any amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of the Series K Preferred Stock; (2) any proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any share of the Series K Preferred Stock; or (3) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of the Series K Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of the Series K Preferred Stock then outstanding as "additional Tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking regulator or agency), as then in effect and applicable, for as long as any share of the Series K Preferred Stock is outstanding.

d. "Series K Dividend Payment Date" has the meaning set forth in Section 3(b).

e. "Series K Dividend Period" means the period from and including a Series K Dividend Payment Date to, but excluding, the next Series K Dividend Payment Date, except that the initial Series K Dividend Period will commence on and include the original issue date of Series K Preferred Stock.

f. "Series K Junior Securities" has the meaning set forth in Section 2(a).

g. "Series K Parity Securities has the meaning set forth in Section 2(b).

Section 2. Ranking. The shares of Series K Preferred Stock shall rank:

a. senior, as to dividends and upon liquidation, dissolution and winding up of the Corporation, to the Common Stock, and to any other class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, does not expressly provide that it ranks *pari passu* with the Series K Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be (collectively, "Series K Junior Securities"); and

b. on a parity, as to dividends and upon liquidation, dissolution and winding up of the Corporation, with any class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, expressly provides that it ranks *pari passu* with the Series K Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be, including the Corporation's Fixed-to Floating Rate Non-Cumulative Perpetual Preferred Stock, Series E, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series F, Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series G, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series H, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series I and the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series J (collectively, "Series K Parity Securities").

c. The Corporation may authorize and issue additional shares of Series K Junior Securities and Series K Parity Securities without the consent of the holders of the Series K Preferred Stock.

Section 3. Dividends.

a. Holders of Series K Preferred Stock will be entitled to receive, when, as and if declared by the Board or a duly authorized committee of the Board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends based on the liquidation preference of the Series K Preferred Stock at a rate equal to 4.625% per annum for each Series K Dividend Period from the original issue date of the Series K Preferred Stock to, and including, the redemption date of the Series K Preferred Stock, if any. If the Corporation issues additional shares of the Series K Preferred Stock after the original issue date, dividends on such shares will accrue from the date such additional shares are issued.

b. If declared by the Board or a duly authorized committee of the Board, dividends will be payable on the Series K Preferred Stock (each such date, a "Series K Dividend Payment Date") quarterly in arrears, on March 1, June 1, September I and December I of each year, beginning on December 1, 2020. If any date on which dividends would otherwise be payable is not a Business Day, then the Series K Dividend Payment Date will be the next Business Day, without any adjustment to the amount.

c. Dividends will be payable to holders of record of Series K Preferred Stock as they appear on the Corporation's books on the applicable record date, which shall be the 15th calendar day before the applicable Series K Dividend Payment Date, or such other record date, no earlier than 30 calendar days before the applicable Series K Dividend Payment Date, as shall be fixed by the Board or a duly authorized committee of the Board.

d. Dividends payable on Series K Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upwards. Dividends on the Series K Preferred Stock will cease to accrue on the redemption date, if any, unless the Corporation defaults in the payment of the redemption price of the Series K Preferred Stock called for redemption.

e. Dividends on the Series K Preferred Stock will not be cumulative. If the Board or a duly authorized committee of the Board does not declare a dividend on the Series K Preferred Stock in respect of a Series K Dividend Period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable Series K Dividend Payment Date or be cumulative, and the Corporation will have no obligation to pay any dividend for that Series K Dividend Period, whether or not the Board or a duly authorized committee of the Board declares a dividend for any future Series K Dividend Period with respect to the Series K Preferred Stock, the Corporation's Common Stock, or any other class or series of the Corporation's Preferred Stock.

f. So long as any share of Series K Preferred Stock remains outstanding:

1. no dividend shall be declared or paid or set aside for payment, and no distribution shall be declared or made or set aside for payment, on any Series K Junior Securities, other than (i) a dividend payable solely in Series K Junior Securities or (ii) any dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under any such plan;

2. no shares of Series K Junior Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (i) as a result of a reclassification of Series K Junior Securities for or into other Series K Junior Securities, (ii) the exchange or conversion of one share of Series K Junior Securities for or into another share of Series K Junior Securities, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series K Junior Securities, (iv) purchases, redemptions or other acquisitions of shares of Series K Junior Securities in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (v) purchases of shares of Series K Junior Securities pursuant to a contractually binding requirement to buy Series K Junior Securities existing prior to the preceding Series K Dividend Period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series K Junior Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series K Junior Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in junior stock for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation; and

3. no shares of Series K Parity Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, during a dividend period (other than (i) pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series K Preferred Stock and such Series K Parity Securities, if any, (ii) as a result of a reclassification of Series K Parity Securities for or into other Series K Parity Securities, (iii) the exchange or conversion of Series K Parity Securities for or into other Series K Parity Securities

or Series K Junior Securities, (iv) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series K Parity Securities, (v) purchases of shares of Series K Parity Securities pursuant to a contractually binding requirement to buy Series K Parity Securities existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series K Parity Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series K Parity Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporations of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in Series K Parity Securities for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation;

unless, in each case, the full dividends for the preceding Series K Dividend Period on all outstanding shares of Series K Preferred Stock have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment.

g. The Corporation will not declare or pay or set apart funds for the payment of dividends on any Series K Parity Securities unless the Corporation has paid or set apart funds for the payment of dividends on the Series K Preferred Stock. When dividends are not paid in full upon the shares of Series K Preferred Stock and any Series K Parity Securities, all dividends declared upon shares of Series K Preferred Stock and any Series K Parity Securities will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the Series K Preferred Stock, and accrued dividends, including any accumulations, on any Series K Parity Securities, bear to each other for the then-current Series K Dividend Period.

h. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board or a duly authorized committee of the Board, may be declared and paid on the Common Stock and any other class or any Series K Junior Securities or Series K Parity Securities from time to time out of any assets legally available for such payment, and the holders of Series K Preferred Stock shall not be entitled to participate in any such dividend.

i. Dividends on the Series K Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with applicable laws and regulations, including applicable capital adequacy guidelines.

Section 4. Liquidation.

a. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of Series K Preferred Stock are entitled to receive out of assets of the Corporation available for distribution to stockholders, after satisfaction of liabilities to creditors and subject to the rights of holders of any securities ranking senior to Series K Preferred Stock, before any distribution of assets is made to holders of Common Stock or any Series K Junior Securities, a liquidating distribution in the amount of the liquidation preference of $1,000 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of Series K Preferred Stock will not be entitled to any other amounts from the Corporation after they have received their full liquidating distribution.

b. In any such distribution, if the assets of the Corporation are not sufficient to pay the liquidation preferences plus declared and unpaid dividends in full to all holders of Series K Preferred Stock and all holders of any Series K Parity Securities, the amounts paid to the holders of Series K Preferred Stock and to the holders of all Series K Parity Securities will be paid pro rata in accordance with the respective aggregate liquidating distribution owed to those holders. If the liquidation preference plus declared and unpaid dividends has been paid in full to all holders of Series K Preferred Stock and any Series K Parity Securities, the holders of the Corporation's Series K Junior Securities shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

c. For purposes of this section, the merger or consolidation of the Corporation with any other entity, including a merger or consolidation in which the holders of Series K Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of the Corporation for cash, securities or other property, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption

a. Series K Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. Series K Preferred Stock is not redeemable prior to December 1, 2025. On and after that date, Series K Preferred Stock will be redeemable at the option of the Corporation, in whole or in part, on any Series K Dividend Payment Date, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends. Holders of Series K Preferred Stock will have no right to require the redemption or repurchase of Series K Preferred Stock. Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, may redeem, at any time, all (but not less than all) of the shares of the Series K Preferred Stock at the time outstanding, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends, upon notice given as provided in Subsection (b) below.

b. If shares of Series K Preferred Stock are to be redeemed, the notice of redemption shall be sent to the holders of record of Series K Preferred Stock to be redeemed, sent not less than 15 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing Series K Preferred Stock are held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth: (1) the redemption date; (2) the number of shares of Series K Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where the certificates evidencing shares of Series K Preferred Stock are to be surrendered for payment of the redemption price. On and after the redemption date, dividends will cease to accrue on shares of Series K Preferred Stock, and such shares of Series K Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, including rights described under Section 6, except the right to receive the redemption price plus any declared and unpaid dividends.

c. In case of any redemption of only part of the shares of Series K Preferred Stock at the time outstanding, the shares to be redeemed shall be selected *pro rata* or by lot.

d. Any redemption of the Preferred Stock is subject to our receipt of any required prior approval by the Board of Governors of the Federal Reserve System and to the satisfaction of any conditions set forth in the capital guidelines or regulations of the Board of Governors of the Federal Reserve System applicable to redemption of the Preferred Stock.

Section 6. Voting Rights.

a. Except as provided below or as expressly required by law, the holders of shares of Series K Preferred Stock shall have no voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of capital stock, and shall not be entitled to call a meeting of such holders for any purpose, nor shall they be entitled to participate in any meeting of the holders of the Common Stock.

b. So long as any shares of Series K Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series K Preferred Stock at the time outstanding, voting separately as a class, shall be required to: (I) authorize or increase the authorized amount of, or issue shares of any class or series of stock ranking senior to the Series K Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of tbe Corporation, or issue any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to Series K Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation; (2) amend the provisions of the Corporation's restated certificate of incorporation, as amended, so as to adversely affect the powers, preferences, privileges or rights of Series K Preferred Stock, taken as a whole, provided, however, that any increase in the amount of the authorized or issued shares of Series K Preferred Stock or authorized Common Stock or Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock ranking equally with or junior to Series K Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of Series K Preferred Stock; and (3) consummate a binding share-exchange or reclassification involving the Series K Preferred Stock, or a merger or consolidation of the Corporation with or into another entity unless (i) the shares of the Series K Preferred Stock remain outstanding or are converted into or exchanged for preference securities of the new surviving entity and (ii) the shares of the remaining Series K Preferred Stock or new preferred securities have terms that are not materially less favorable than the Series K Preferred Stock. The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series K Preferred Stock shall have been redeemed.

c. If the Corporation fails to pay, or declare and set apart for payment, dividends on outstanding shares of the Series K Preferred Stock for six quarterly dividend periods, whether or not consecutive, the number of directors on the Board shall be increased by two at the Corporation's first annual meeting of the shareholders held thereafter, and at such meeting and at each subsequent annual meeting until continuous noncumulative dividends for at least one year on all outstanding shares of Series K Preferred Stock entitled thereto shall have been paid, in full, the holders of shares of Series K Preferred Stock shall have the right, voting as a class with holders of any other equally ranked series of Preferred Stock that have similar voting rights, to elect such two additional members of the Corporation's Board to hold office for a term of one year; provided that the Corporation's Board shall at no time include more than two additional directors elected by holders of Series K Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, voting together as one class. Upon such payment in full, the terms of the two additional directors so selected shall forthwith terminate, and the number of directors shall be reduced by two, and such voting right of the holders of shares of Series K Preferred Stock shall cease, subject to increase in the number of directors as described above and to revesting of such voting right in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, whether or not consecutive, as described above. In addition, if and when the rights of holders of Series K Preferred Stock terminate for any reason, including under circumstances described above under Section 5, such voting rights shall terminate along with the other rights (except, if applicable, the right to receive the redemption price plus any declared and unpaid dividends as provided for in Section 5), and the terms of any additional directors elected by the holders of Series K Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, shall terminate automatically and the number of directors reduced by two, assuming that the rights of holders of such equally ranked series of Preferred Stock have similarly terminated.

Section 7. Conversion Rights. The holders of shares of Series K Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of securities of the Corporation.

Section 8. Preemptive Rights. The holders of shares of Series K Preferred Stock will have no preemptive rights with respect to any shares of the Corporation's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

Section 9. Certificates. The Corporation may at its option issue shares of Series K Preferred Stock without certificates.

Section 10. Transfer Agent. The duly appointed transfer agent for the Series K Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the transfer agent in accordance with the agreement between the Corporation and the transfer agent; provided that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the holders of the Series K Preferred Stock

Section 11. Registrar. The duly appointed registrar for the Series K Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the registrar in accordance with the agreement between the

Corporation and the registrar; provided that the Corporation shall appoint a successor registrar who shall accept such appointment prior to the effectiveness of such removal.

Exhibit 4

CERTIFICATE OF DESIGNATIONS

OF

FIXED RATE NON-CUMULATIVE PERPETUAL PREFERRED STOCK,

SERIES L

OF

CAPITAL ONE FINANCIAL CORPORATION

Capital One Financial Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 141 and 151 thereof, does hereby certify:

At a meeting of the Board of Directors (the "Board") of the Corporation duly convened and held on February 3 – February 5, 2021, the Board duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's authorized and unissued preferred stock ("Preferred Stock"), and (b) appointing a Preferred Stock Committee (the "Preferred Stock Committee") of the Board to act on behalf of the Board in, without limitation, approving the terms and conditions of, and authorizing the execution, delivery and filing of any certificate of designations relating to any such series of Preferred Stock fixing the designations, powers, preferences, rights, privilege, qualifications, limitations, restrictions, terms and conditions of such series of Preferred Stock;

Thereafter, on April 29, 2021, the Preferred Stock Committee duly adopted the following resolution creating a series of 675,000 shares of Preferred Stock of the Corporation designated as "Fixed Rate Non-Cumulative Perpetual Preferred Stock Series L" by written consent:

RESOLVED, that pursuant to the provisions of the Restated Certificate of Incorporation and the amended and restated bylaws of the Corporation and applicable law, a series of Preferred Stock par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of Preferred Stock a series of Preferred Stock designated as the "Fixed Rate Non-Cumulative Perpetual Preferred Stock Series L" (hereinafter called "Series L Preferred

Stock"). The authorized number of shares of Series L Preferred Stock shall be 675,000 shares, $0.01 par value per share, having a liquidation preference of $1,000 per shares. The number of shares constituting Series L Preferred Stock may be increased from time to time in accordance with law up to the maximum number of shares of Preferred Stock authorized to be issued under the Restated Certificate of Incorporation of the Corporation, as amended, less all shares at the time authorized of any other series of Preferred Stock, and any such additional shares of Series L Preferred Stock would form a single series with the Series L Preferred Stock. Shares of Series L Preferred Stock will be dated the date of issue, which shall be referred to herein as the "original issue date". Shares of outstanding Series L Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

a. "Common Stock" means the common stock, par value $0.01 per share, of the Corporation.

b. "original issue date" means the date of issue of the Series L Preferred Stock.

c. "Preferred Stock" means any and all series of preferred stock of the Corporation, including the Series L Preferred Stock.

Part 4. Certain Voting Matters. Holders of shares of Series L Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Series L Preferred Stock are entitled to vote, including any action by written consent.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, Capital One Financial Corporation has caused this Certificate of Designations to be signed by the undersigned as of this 3rd day of May, 2021.

CAPITAL ONE FINANCIAL CORPORATION

By: /s/ Jonathan Chiu
Name: Jonathan Chiu
Title: Assistant Secretary

[Signature Page to Series L Certificate of Designations]

STANDARD PROVISIONS

Section 1. Definitions.

a. "Business Day" means any weekday that is not a legal holiday in New York, New York and that is not a day on which banking institutions in New York, New York are closed.

b. "DTC" means The Depository Trust Company

c. "Regulatory Capital Treatment Event" means the good faith determination by the Corporation that, as a result of (1) any amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of the Series L Preferred Stock; (2) any proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any share of the Series L Preferred Stock; or (3) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of the Series L Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of the Series L Preferred Stock then outstanding as "additional Tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking regulator or agency), as then in effect and applicable, for as long as any share of the Series L Preferred Stock is outstanding.

d. "Series L Dividend Payment Date" has the meaning set forth in Section 3(b).

e. "Series L Dividend Period" means the period from and including a Series L Dividend Payment Date to, but excluding, the next Series L Dividend Payment Date, except that the initial Series L Dividend Period will commence on and include the original issue date of Series L Preferred Stock.

f. "Series L Junior Securities" has the meaning set forth in Section 2(a).

g. "Series L Parity Securities" has the meaning set forth in Section 2(b).

Section 2. Ranking. The shares of Series L Preferred Stock shall rank:

a. Senior, as to dividends and upon liquidation, dissolution and winding up of the Corporation, to the Common Stock, and to any other class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, does not expressly provide that it ranks *pari passu* with the Series L Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be (collectively, "Series L Junior Securities"); and

b. on a parity, as to dividends and upon liquidation, dissolution and winding up of the Corporation, with any class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding

c. that, by its terms, expressly provides that it ranks *pari passu* with the Series L Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be, including the Corporation's Fixed-to Floating Rate Non-Cumulative Perpetual Preferred Stock, Series E, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series G, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series H, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series I, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series J and the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series K (collectively, "Series L Parity Securities").

d. The Corporation may authorize and issue additional shares of Series L Junior Securities and Series L Parity Securities without the consent of the holders of the Series L Preferred Stock.

Section 3. Dividends.

a. Holders of Series L Preferred Stock will be entitled to receive, when, as and if declared by the Board or a duly authorized committee of the Board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends based on the liquidation preference of the Series L Preferred Stock at a rate equal to 4.375% per annum for each Series L Dividend Period from the original issue date of the Series L Preferred Stock to, and including, the redemption date of the Series L Preferred Stock, if any. If the Corporation issues additional shares of the Series L Preferred Stock after the original issue date, dividends on such shares will accrue from the date such additional shares are issued.

b. If declared by the Board or a duly authorized committee of the Board, dividends will be payable on the Series L Preferred Stock (each such date, a "Series L Dividend Payment Date") quarterly in arrears, on March 1, June 1, September I and December I of each year, beginning on September 1, 2021. If any date on which dividends would otherwise be payable is not a Business Day, then the Series L Dividend Payment Date will be the next Business Day, without any adjustment to the amount.

c. Dividends will be payable to holders of record of Series L Preferred Stock as they appear on the Corporation's books on the applicable record date, which shall be the 15th calendar day before the applicable Series L Dividend Payment Date, or such other record date, no earlier than 30 calendar days before the applicable Series L Dividend Payment Date, as shall be fixed by the Board or a duly authorized committee of the Board.

d. Dividends payable on Series L Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upwards.

Dividends on the Series L Preferred Stock will cease to accrue on the redemption date, if any, unless the Corporation defaults in the payment of the redemption price of the Series L Preferred Stock called for redemption.

e. Dividends on the Series L Preferred Stock will not be cumulative. If the Board or a duly authorized committee of the Board does not declare a dividend on the Series L Preferred Stock in respect of a Series L Dividend Period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable Series L Dividend Payment Date or be cumulative, and the Corporation will have no obligation to pay any dividend for that Series L Dividend Period, whether or not the Board or a duly authorized committee of the Board declares a dividend for any future Series L Dividend Period with respect to the Series L Preferred Stock, the Corporation's Common Stock, or any other class or series of the Corporation's Preferred Stock

f. So long as any share of Series L Preferred Stock remains outstanding:

(1) no dividend shall be declared or paid or set aside for payment, and no distribution shall be declared or made or set aside for payment, on any Series L Junior Securities, other than (i) a dividend payable solely in Series L Junior Securities or (ii) any dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under any such plan;

(2) no shares of Series L Junior Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (i) as a result of a reclassification of Series L Junior Securities for or into other Series L Junior Securities, (ii) the exchange or conversion of one share of Series L Junior Securities for or into another share of Series L Junior Securities, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series L Junior Securities, (iv) purchases, redemptions or other acquisitions of shares of Series L Junior Securities in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (v) purchases of shares of Series L Junior Securities pursuant to a contractually binding requirement to buy Series L Junior Securities existing prior to the preceding Series L Dividend Period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series L Junior Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series L Junior Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in junior stock for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation; and

(3) no shares of Series L Parity Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, during a dividend period (other than (i) pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series L Preferred Stock and such Series L Parity Securities, if any, (ii) as a result of a reclassification of Series L Parity Securities for or into other Series L Parity Securities, (iii) the exchange or conversion of Series L Parity Securities for or into other Series L Parity Securities or Series L Junior Securities, (iv) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series L Parity Securities, (v) purchases of shares of Series L Parity Securities pursuant to a contractually binding requirement to buy Series L Parity

Securities existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series L Parity Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series L Parity Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporations of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in Series L Parity Securities for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation;

unless, in each case, the full dividends for the preceding Series L Dividend Period on all outstanding shares of Series L Preferred Stock have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment.

g. The Corporation will not declare or pay or set apart funds for the payment of dividends on any Series L Parity Securities unless the Corporation has paid or set apart funds for the payment of dividends on the Series L Preferred Stock. When dividends are not paid in full upon the shares of Series L Preferred Stock and any Series L Parity Securities, all dividends declared upon shares of Series L Preferred Stock and any Series L Parity Securities will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the Series L Preferred Stock, and accrued dividends, including any accumulations, on any Series L Parity Securities, bear to each other for the then-current Series L Dividend Period.

h. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board or a duly authorized committee of the Board, may be declared and paid on the Common Stock and any other class or any Series L Junior Securities or Series L Parity Securities from time to time out of any assets legally available for such payment, and the holders of Series L Preferred Stock shall not be entitled to participate in any such dividend.

i. Dividends on the Series L Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with applicable laws and regulations, including applicable capital adequacy guidelines.

Section 4. Liquidation.

a. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of Series L Preferred Stock are entitled to receive out of assets of the Corporation available for distribution to stockholders, after satisfaction of liabilities to creditors and subject to the rights of holders of any securities ranking senior to Series L Preferred Stock, before any distribution of assets is made to holders of Common Stock or any Series L Junior Securities, a liquidating distribution in the amount of the liquidation preference of $1,000 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of Series L Preferred Stock will not be entitled to any other amounts from the Corporation after they have received their full liquidating distribution.

b. In any such distribution, if the assets of the Corporation are not sufficient to pay the liquidation preferences plus declared and unpaid dividends in full to all holders of Series L Preferred Stock and all holders of any Series L Parity Securities, the amounts paid to the holders of Series L Preferred Stock and to the holders of all Series L Parity Securities will be paid pro rata in accordance with the respective aggregate liquidating distribution owed to those holders. If the liquidation preference plus declared and unpaid dividends has been paid in full to all holders of Series L Preferred Stock and any Series L Parity Securities, the holders of the Corporation's Series L Junior Securities shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

c. For purposes of this section, the merger or consolidation of the Corporation with any other entity, including a merger or consolidation in which the holders of Series L Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of the Corporation for cash, securities or other property, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption.

a. Series L Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. Series L Preferred Stock is not redeemable prior to September I, 2026. On and after that date, Series L Preferred Stock will be redeemable at the option of the Corporation, in whole or in part, on any Series L Dividend Payment Date, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends. Holders of Series L Preferred Stock will have no right to require the redemption or repurchase of Series L Preferred Stock. Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, may redeem, at any time, all (but not less than all) of the shares of the Series L Preferred Stock at the time outstanding, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends, upon notice given as provided in Subsection (b) below.

b. If shares of Series L Preferred Stock are to be redeemed, the notice of redemption shall be sent to the holders of record of Series L Preferred Stock to be redeemed, sent not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof(provided that, if the depositary shares representing Series L Preferred Stock are held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth: (1) the redemption date; (2) the number of shares of Series L Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where the certificates evidencing shares of Series L Preferred Stock are to be surrendered for payment of the redemption price. On and after the redemption date, dividends will cease to accrue on shares of Series L Preferred Stock, and such shares of Series L Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, including rights described under Section 6, except the right to receive the redemption price plus any declared and unpaid dividends.

c. In case of any redemption of only part of the shares of Series L Preferred Stock at the time outstanding, the shares to be redeemed shall be selected pro rata or by lot.

d. Any redemption of the Preferred Stock is subject to our receipt of any required prior approval by the Board of Governors of the Federal Reserve System and to the satisfaction of any conditions set forth in the capital guidelines or regulations of the Board of Governors of the Federal Reserve System applicable to redemption of the Preferred Stock

Section 6. Voting Rights.

a. Except as provided below or as expressly required by law, the holders of shares of Series L Preferred Stock shall have no voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of capital stock, and shall not be entitled to call a meeting of such holders for any purpose, nor shall they be entitled to participate in any meeting of the holders of the Common Stock.

b. So long as any shares of Series L Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series L Preferred Stock at the time outstanding, voting separately as a class, shall be required to: (1) authorize or increase the authorized amount of, or issue shares of any class or series of stock ranking senior to the Series L Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation, or issue any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to Series L Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation; (2) amend the provisions of the Corporation's restated certificate of incorporation, as amended, so as to adversely affect the powers, preferences, privileges or rights of Series L Preferred Stock, taken as a whole, provided, however, that any increase in the amount of the authorized or issued shares of Series L Preferred Stock or authorized Common Stock or Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock ranking equally with or junior to Series L Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of Series L Preferred Stock; and (3) consummate a binding share-exchange or reclassification involving the Series L Preferred Stock, or a merger or consolidation of the Corporation with or into another entity unless (i) the shares of the Series L Preferred Stock remain outstanding or are converted into or exchanged for preference securities of the new surviving entity and (ii) the shares of the remaining Series L Preferred Stock or new preferred securities have terms that are not materially less favorable than the Series L Preferred Stock. The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series L Preferred Stock shall have been redeemed.

c. If the Corporation fails to pay, or declare and set apart for payment, dividends on outstanding shares of the Series L Preferred Stock for six quarterly dividend periods, whether or not consecutive, the number of directors on the Board shall be increased by two at the Corporation's first annual meeting of the shareholders held thereafter, and at such meeting and at each subsequent annual meeting until continuous noncumulative dividends for at least one year on all outstanding shares of Series L Preferred Stock entitled thereto shall have been paid, in full, the holders of shares of Series L Preferred Stock shall have the right, voting as a class with holders of any other equally ranked series of Preferred Stock that have similar voting rights, to elect such two additional members of the Corporation's Board to hold office for a term of one year; provided that the Corporation's Board shall at no time include more than two additional directors elected by holders of Series L Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, voting together as one class. Upon such payment in full, the terms of the two additional directors so elected shall forthwith terminate, and the number of directors shall be reduced by two, and such voting right of the holders of shares of Series L Preferred Stock shall cease, subject to increase in the number of directors as described above and to revesting of such voting right in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, whether or not consecutive, as described above. In addition, if and when the rights of holders of Series L Preferred Stock terminate for any reason, including under circumstances described above under Section 5, such voting rights shall terminate along with the other rights (except, if applicable, the right to receive the redemption price plus any declared and unpaid dividends as provided for in Section 5), and the terms of any additional directors elected by the holders of Series L Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, shall terminate automatically and the number of directors reduced by two, assuming that the rights of holders of such equally ranked series of Preferred Stock have similarly terminated.

Section 7. Conversion Rights. The holders of shares of Series L Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of securities of the Corporation.

Section 8. Preemptive Rights. The holders of shares of Series L Preferred Stock will have no preemptive rights with respect to any shares of the Corporation's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

Section 9. The Corporation may at its option issue shares of Series L Preferred Stock without certificates.

Section 10. Transfer Agent. The duly appointed transfer agent for the Series L Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the transfer agent in accordance with the agreement between the Corporation and the transfer agent; provided that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the holders of the Series L Preferred Stock.

Section 11. Registrar. The duly appointed registrar for the Series L Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the registrar in accordance with the agreement between the Corporation and the registrar; provided that the Corporation shall appoint a successor registrar who shall accept such appointment prior to the effectiveness of such removal.

Exhibit 5

CERTIFICATE OF DESIGNATIONS

OF

FIXED RATE RESET NON-CUMULATIVE PERPETUAL PREFERRED STOCK,

SERIES M

OF

CAPITAL ONE FINANCIAL CORPORATION

Capital One Financial Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 141 and 151 thereof, does hereby certify:

At a meeting of the Board of Directors (the "Board") of the Corporation duly convened and held on February 3 – February 5, 2021, the Board duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation’s authorized and unissued preferred stock ("Preferred Stock"), and (b) appointing a Preferred Stock Committee (the "Preferred Stock Committee") of the Board to act on behalf of the Board in, without limitation, approving the terms and conditions of, and authorizing the execution, delivery and filing of any certificate of designations relating to any such series of Preferred Stock fixing the designations, powers, preferences, rights, privilege, qualifications, limitations, restrictions, terms and conditions of such series of Preferred Stock;

Thereafter, on June 7, 2021, the Preferred Stock Committee duly adopted the following resolution creating a series of 1,000,000 shares of Preferred Stock of the Corporation designated as "Fixed Rate Non-Cumulative Perpetual Preferred Stock Series M" by written consent:

RESOLVED, that pursuant to the provisions of the Restated Certificate of Incorporation and the amended and restated bylaws of the Corporation and applicable law, a series of Preferred Stock par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of Preferred Stock a series of Preferred Stock designated as the "Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock Series M" (hereinafter called "Series M Preferred Stock"). The authorized number of shares of Series M Preferred Stock shall be 1,000,000 shares, $0.01 par value per share, having a liquidation preference of $1,000 per shares.

The number of shares constituting Series M Preferred Stock may be increased from time to time in accordance with law up to the maximum number of shares of Preferred Stock authorized to be issued under the Restated Certificate of Incorporation of the Corporation, as amended, less all shares at the time authorized of any other series of Preferred Stock, and any such additional shares of Series M Preferred Stock would form a single series with the Series M Preferred Stock. Shares of Series M Preferred Stock will be dated the date of issue, which shall be referred to herein as the "original issue date". Shares of outstanding Series M Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

a. "Common Stock" means the common stock, par value $0.01 per share, of the Corporation.

b. "original issue date" means the date of issue of the Series M Preferred Stock.

c. "Preferred Stock" means any and all series of preferred stock of the Corporation, including the Series M Preferred Stock.

Part 4. Certain Voting Matters. Holders of shares of Series M Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Series M Preferred Stock are entitled to vote, including any action by written consent.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Capital One Financial Corporation has caused this Certificate of Designations to be signed by the undersigned as of this 9th day of June, 2021.

CAPITAL ONE FINANCIAL CORPORATION

By: /s/ Jonathan Chiu
Name: Jonathan Chiu
Title: Assistant Secretary

[Signature Page to Series M Certificate of Designations]

Annex A

STANDARD PROVISIONS

Section I. Definitions.

a. "Business Day" means any weekday that is not a legal holiday in New York, New York and that is not a day on which banking institutions in New York, New York are closed.

b. "Calculation Agent" means Computershare Trust Company, N.A, collectively with Computershare Inc., or any other successor appointed by the Corporation, acting as Calculation Agent.

c. "DTC" means The Depository Trust Company.

d. "First Reset Date" means September 1, 2026.

e. "Regulatory Capital Treatment Event" means the good faith determination by the Corporation that, as a result of (I) any amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of the Series M Preferred Stock; (2) any proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any share of the Series M Preferred Stock; or (3) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of the Series M Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of the Series M Preferred Stock then outstanding as "additional Tier I capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking regulator or agency), as then in effect and applicable, for as long as any share of the Series M Preferred Stock is outstanding.

f. "Reset Date" means the First Reset Date and each subsequent date falling on the fifth anniversary of the preceding Reset Date, and if any Reset Date, including the First Reset Date, falls on a day that is not a Business Day, such Reset Date shall not be adjusted to a day that is a Business Day.

g. "Reset Dividend Determination Date" means, in respect of any Reset Period, the day falling three Business Days prior to the beginning of such Reset Period.

h. "Reset Period" means initially the period from and including the First Reset Date to, but excluding, the next following Reset Date, and thereafter each period from and including each Reset Date to, but excluding, the next following Reset Date.

i. "Series M Dividend Payment Date" has the meaning set forth in Section 3(b).

j. "Series M Dividend Period" means the period from and including a Series M Dividend Payment Date to, but excluding, the next Series M Dividend Payment Date, except that the initial

Series M Dividend Period will commence on and include the original issue date of Series M Preferred Stock.

k. "Series M Junior Securities" has the meaning set forth in Section 2(a).

l. "Series M Parity Securities" has the meaning set forth in Section 2(b).

m. "Treasury Rate" has the meaning set forth in Section 3(c).

Section 2. Ranking. The shares of Series M Preferred Stock shall rank:

a. senior, as to dividends and upon liquidation, dissolution and winding up of the Corporation, to the Common Stock, and to any other class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, does not expressly provide that it ranks *pari passu* with the Series M Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be (collectively, "Series M Junior Securities"); and

b. on a parity, as to dividends and upon liquidation, dissolution and winding up of the Corporation, with any class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, expressly provides that it ranks *pari passu* with the Series M Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be, including the Corporation's Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series E, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series G, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series H, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series I, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series J, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series K, and the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series L (collectively, "Series M Parity Securities").

c. The Corporation may authorize and issue additional shares of Series M Junior Securities and Series M Parity Securities without the consent of the holders of the Series M Preferred Stock.

Section 3. Dividends.

a. Holders of Series M Preferred Stock will be entitled to receive, when, as and if declared by the Board or a duly authorized committee of the Board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends based on the liquidation preference of the Series M Preferred Stock. Dividends will accrue when, as, and if declared, (i) from the date of issuance to, but excluding, the First Reset Date at a fixed rate equal to 3.950% per annum and (ii) from and including the First Reset Date to, but excluding, the redemption date of the Series M Preferred Stock, if any, for each Reset Period, at a rate equal to the Treasury Rate (as defined below) as of the most recent Reset Dividend Determination Date plus a spread of 3.157% per annum. If the Corporation issues additional shares of the Series M Preferred Stock after the original issue date, dividends on such shares will accrue from the date such additional shares are issued.

b. If declared by the Board or a duly authorized committee of the Board, dividends will be payable on the Series M Preferred Stock quarterly, in arrears, on March 1, June 1, September I and December I of each year, beginning on September I, 2021 (each, a "Series M Dividend

Payment Date"). If any date on which dividends would otherwise be payable is not a Business Day, then the Series M Dividend Payment Date will be the next Business Day, without any adjustment to the amount.

c. For each Reset Period, the "Treasury Rate" shall be determined by the Calculation Agent on the applicable Reset Dividend Determination Date as follows:

i. The Treasury Rate shall be the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, appearing under "Treasury Constant Maturities", for the five business days immediately preceding the Reset Dividend Determination Date for that Reset Period, available on or by reference to the most recently published statistical release designated H.15 Daily Update or any successor publication which is published by the Federal Reserve as of 5:00 p.m. (Eastern Time) as of such Reset Dividend Determination Date, as determined by the Calculation Agent in its sole discretion.

ii. If no calculation is provided as described above, then the Calculation Agent shall use a substitute or successor rate that the Corporation or its designee have determined, in their sole discretion, after consulting any source that the Corporation or its designee deem to be reasonable, is (i) the industry-accepted substitute or successor for the Treasury Rate or (ii) if there is no such industry accepted substitute or successor for the Treasury Rate, a substitute or successor rate that is most comparable to the Treasury Rate. Upon selection of a substitute or successor rate, the Calculation Agent may apply any technical, administrative or operational change that the Corporation or its designee may determine after consulting any source the Corporation or its designee deem to be reasonable, including with respect to the day count convention, the business day convention, the definition of Business Day, the Reset Dividend Determination Date and any other relevant methodology or definition for calculating such substitute or successor rate, including any adjustment factor that the Corporation or its designee determine is needed to make such substitute or successor rate comparable to the Treasury Rate, in a manner that is consistent with any industry accepted practices for such substitute or successor rate. If the Calculation Agent, the Corporation or its designee are unable to determine a substitute or successor base rate in accordance with the foregoing, then the Treasury Rate will be the same interest rate determined for the prior Reset Dividend Determination Date or, if this sentence is applicable with respect to the first Reset Dividend Determination Date, 0.793%.

d. Absent manifest error, any determination by the Calculation Agent, the Corporation or its designee of the dividend rate for a Series M Dividend Period shall be binding and conclusive. The determination or calculation by the Calculation Agent, the Corporation or its designee of any dividend rate, dividends for any Series M Dividend Period and any technical, administrative or operational changes that the Calculation Agent, the Corporation, or its designee determine for calculating any substitute or successor base rate, shall be maintained on file at the Corporation's principal offices and shall be made available to any holder of Series M Preferred Stock upon request.

e. Dividends will be payable to holders of record of Series M Preferred Stock as they appear on the Corporation's books on the applicable record date, which shall be the 15th calendar day before the applicable Series M Dividend Payment Date, or such other record date, no earlier than 30 calendar days before the applicable Series M Dividend Payment Date, as shall be fixed by the Board or a duly authorized committee of the Board.

f. Dividends payable on Series M Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upwards. Dividends on the Series M Preferred Stock will cease to accrue on the redemption date, if any, unless the Corporation defaults in the payment of the redemption price of the Series M Preferred Stock called for redemption.

g. Dividends on the Series M Preferred Stock will not be cumulative. If the Board or a duly authorized committee of the Board does not declare a dividend on the Series M Preferred Stock in respect of a Series M Dividend Period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable Series M Dividend Payment Date or be cumulative, and the Corporation will have no obligation to pay any dividend for that Series M Dividend Period, whether or not the Board or a duly authorized committee of the Board declares a dividend for any future Series M Dividend Period with respect to the Series M Preferred Stock, the Corporation's Common Stock, or any other class or series of the Corporation's Preferred Stock.

h. So long as any share of Series M Preferred Stock remains outstanding:

1. no dividend shall be declared or paid or set aside for payment, and no distribution shall be declared or made or set aside for payment, on any Series M Junior Securities, other than (i) a dividend payable solely in Series M Junior Securities or (ii) any dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under any such plan;

2. no shares of Series M Junior Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (i) as a result of a reclassification of Series M Junior Securities for or into other Series M Junior Securities, (ii) the exchange or conversion of one share of Series M Junior Securities for or into another share of Series M Junior Securities, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series M Junior Securities, (iv) purchases, redemptions or other acquisitions of shares of Series M Junior Securities in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (v) purchases of shares of Series M Junior Securities pursuant to a contractually binding requirement to buy Series M Junior Securities existing prior to the preceding Series M Dividend Period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series M Junior Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series M Junior Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in junior stock for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation); and

3. no shares of Series M Parity Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, during a dividend period (other than (i) pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series M Preferred Stock and such Series M Parity Securities, if any, (ii) as a result of a reclassification of Series M Parity Securities for or into other Series M Parity Securities, (iii) the

exchange or conversion of Series M Parity Securities for or into other Series M Parity Securities or Series M Junior Securities, (iv) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series M Parity Securities, (v) purchases of shares of Series M Parity Securities pursuant to a contractually binding requirement to buy Series M Parity Securities existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series M Parity Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series M Parity Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporations of such capital stock underwritten by such broker- dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in Series M Parity Securities for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation;

unless, in each case, the full dividends for the preceding Series M Dividend Period on all outstanding shares of Series M Preferred Stock have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment.

i. The Corporation will not declare or pay or set apart funds for the payment of dividends on any Series M Parity Securities unless the Corporation has paid or set apart funds for the payment of dividends on the Series M Preferred Stock. When dividends are not paid in full upon the shares of Series M Preferred Stock and any Series M Parity Securities, all dividends declared upon shares of Series M Preferred Stock and any Series M Parity Securities will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the Series M Preferred Stock, and accrued dividends, including any accumulations, on any Series M Parity Securities, bear to each other for the then-current Series M Dividend Period.

j. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board or a duly authorized committee of the Board, may be declared and paid on the Common Stock and any other class or any Series M Junior Securities or Series M Parity Securities from time to time out of any assets legally available for such payment, and the holders of Series M Preferred Stock shall not be entitled to participate in any such dividend.

k. Dividends on the Series M Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with applicable laws and regulations, including applicable capital adequacy guidelines.

Section 4. Liquidation.

a. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of Series M Preferred Stock are entitled to receive out of assets of the Corporation available for distribution to stockholders, after satisfaction of liabilities to creditors and subject to the rights of holders of any securities ranking senior to Series M Preferred Stock, before any distribution of assets is made to holders of Common Stock or any Series M Junior

Securities, a liquidating distribution in the amount of the liquidation preference of$1,000 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of Series M Preferred Stock will not be entitled to any other amounts from the Corporation after they have received their full liquidating distribution.

b. In any such distribution, if the assets of the Corporation are not sufficient to pay the liquidation preferences plus declared and unpaid dividends in full to all holders of Series M Preferred Stock and all holders of any Series M Parity Securities, the amounts paid to the holders of Series M Preferred Stock and to the holders of all Series M Parity Securities will be paid *pro rata* in accordance with the respective aggregate liquidating distribution owed to those holders. If the liquidation preference plus declared and unpaid dividends has been paid in full to all holders of Series M Preferred Stock and any Series M Parity Securities, the holders of the Corporation's Series M Junior Securities shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

c. For purposes of this section, the merger or consolidation of the Corporation with any other entity, including a merger or consolidation in which the holders of Series M Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of the Corporation for cash, securities or other property, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption.

a. Series M Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. Series M Preferred Stock is not redeemable prior to September 1, 2026. On and after that date, Series M Preferred Stock will be redeemable at the option of the Corporation, in whole or in part, on any Series M Dividend Payment Date, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends. Holders of Series M Preferred Stock will have no right to require the redemption or repurchase of Series M Preferred Stock. Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, may redeem, at any time, all (but not less than all) of the shares of the Series M Preferred Stock at the time outstanding, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends, upon notice given as provided in Subsection (b) below.

b. If shares of Series M Preferred Stock are to be redeemed, the notice of redemption shall be sent to the holders of record of Series M Preferred Stock to be redeemed, sent not less than 10 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing Series M Preferred Stock are held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth: (1) the redemption date; (2) the number of shares of Series M Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where the certificates evidencing shares of Series M Preferred Stock are to be surrendered for payment of the redemption price. On and after the redemption date, dividends will cease to accrue on shares of Series M Preferred Stock, and such shares of Series M Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, including rights described under Section 6, except the right to receive the redemption price plus any declared and unpaid dividends.

c. In case of any redemption of only part of the shares of Series M Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either pro rata or by lot.

d. Any redemption of the Preferred Stock is subject to our receipt of any required prior approval by the Board of Governors of the Federal Reserve System and to the satisfaction of any conditions set forth in the capital guidelines or regulations of the Board of Governors of the Federal Reserve System applicable to redemption of the Preferred Stock.

Section 6. Voting Rights.

a. Except as provided below or as expressly required by law, the holders of shares of Series M Preferred Stock shall have no voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of capital stock, and shall not be entitled to call a meeting of such holders for any purpose, nor shall they be entitled to participate in any meeting of the holders of the Common Stock.

b. So long as any shares of Series M Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series M Preferred Stock at the time outstanding, voting separately as a class, shall be required to: (1) authorize or increase the authorized amount of, or issue shares of any class or series of stock ranking senior to the Series M Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation, or issue any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to Series M Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation; (2) amend the provisions of the Corporation's restated certificate of incorporation, as amended, so as to adversely affect the powers, preferences, privileges or rights of Series M Preferred Stock, taken as a whole, provided, however, that any increase in the amount of the authorized or issued shares of Series M Preferred Stock or authorized Common Stock or Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock ranking equally with or junior to Series M Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of Series M Preferred Stock; and (3) consummate a binding share-exchange or reclassification involving the Series M Preferred Stock, or a merger or consolidation of the Corporation with or into another entity unless (i) the shares of the Series M Preferred Stock remain outstanding or are converted into or exchanged for preference securities of the new surviving entity and (ii) the shares of the remaining Series M Preferred Stock or new preferred securities have terms that are not materially less favorable than the Series M Preferred Stock. The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series M Preferred Stock shall have been redeemed.

c. If the Corporation fails to pay, or declare and set apart for payment, dividends on outstanding shares of the Series M Preferred Stock for six quarterly dividend periods, whether or not consecutive, the number of directors on the Board shall be increased by two at the Corporation's first annual meeting of the shareholders held thereafter, and at such meeting and at each subsequent annual meeting until continuous noncumulative dividends for at least one year on all outstanding shares of Series M Preferred Stock entitled thereto shall have been paid in full, the holders of shares of Series M Preferred Stock shall have the right, voting as a class with holders of any other equally ranked series of Preferred Stock that have similar voting rights, to elect such two additional members of the Corporation's Board to hold office for a term of one year; provided that the Corporation's Board shall at no time include more than two additional directors elected by holders of Series M Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, voting together as one class. Upon such payment in full, the terms of the two additional directors so elected shall forthwith terminate, and the number of directors shall be reduced by two, and such voting right of the holders of shares of Series M Preferred Stock shall cease, subject to increase in the number of directors as described above and to revesting of such voting right in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, whether or not consecutive, as described above. In addition, if and when the rights of holders of Series M Preferred Stock terminate for any reason, including under circumstances described above under Section 5, such voting rights shall terminate along with the other rights (except, if applicable, the right to receive the redemption price plus any declared and unpaid dividends as provided for in Section 5), and the terms of any additional directors elected by the holders of Series M Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, shall terminate automatically and the number of directors reduced by two, assuming that the rights of holders of such equally ranked series of Preferred Stock have similarly terminated.

Section 7. Conversion Rights. The holders of shares of Series M Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of securities of the Corporation.

Section 8. Preemptive Rights. The holders of shares of Series M Preferred Stock will have no preemptive rights with respect to any shares of the Corporation's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

Section 9. Certificates. The Corporation may at its option issue shares of Series M Preferred Stock without certificates.

Section I0. Calculation Agent. The duly appointed calculation agent for the Series M Preferred Stock shall be Computershare Trust Company, N.A, collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the Calculation Agent in accordance with the agreement between the Corporation and the Calculation Agent; provided that the Corporation shall appoint a successor Calculation Agent who shall accept such appointment prior to the effectiveness of such removal. The Corporation may appoint itself or an affiliate of the Corporation as the Calculation Agent.

Section 11. Transfer Agent. The duly appointed transfer agent for the Series M Preferred Stock shall be Computershare Trust Company, N.A, collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the transfer agent in accordance with the agreement between the Corporation and the transfer agent; provided that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the holders of the Series M Preferred Stock.

Section 12. Registrar. The duly appointed registrar for the Series M Preferred Stock shall be Computershare Trust Company, N.A, collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the registrar in accordance with the agreement between the Corporation and the registrar; provided that the Corporation shall appoint a successor registrar who shall accept such appointment prior to the effectiveness of such removal.

Exhibit 6

CERTIFICATE OF DESIGNATIONS

OF

FIXED RATE NON-CUMULATIVE PERPETUAL PREFERRED STOCK,

SERIES N OF

CAPITAL ONE FINANCIAL CORPORATION

Capital One Financial Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 141 and 151 thereof, does hereby certify:

At a meeting of the Board of Directors (the "Board") of the Corporation duly convened and held on February 3 – February 5, 2021, the Board duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation’s authorized and unissued preferred stock ("Preferred Stock"), and (b) appointing a Preferred Stock Committee (the "Preferred Stock Committee") of the Board to act on behalf of the Board in, without limitation, approving the terms and conditions of, and authorizing the execution, delivery and filing of any certificate of designations relating to any such series of Preferred Stock fixing the designations, powers, preferences, rights, privilege, qualifications, limitations, restrictions, terms and conditions of such series of Preferred Stock;

Thereafter, on July 26, 2021, the Preferred Stock Committee duly adopted the following resolution creating a series of 425,000 shares of Preferred Stock of the Corporation designated as "Fixed Rate Non-Cumulative Perpetual Preferred Stock Series N" by written consent:

RESOLVED, that pursuant to the provisions of the Restated Certificate of Incorporation and the amended and restated bylaws of the Corporation and applicable law, a series of Preferred Stock par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of Preferred Stock a series of Preferred Stock designated as the "Fixed Rate Non-Cumulative Perpetual Preferred Stock Series N" (hereinafter called "Series N Preferred Stock"). The authorized number of shares of Series N Preferred Stock shall be 425,000 shares, $0.01 par value per share, having a liquidation preference of $1,000 per shares. The number of shares constituting Series N Preferred Stock may be increased from time to time in accordance with law up to the maximum number of shares of Preferred Stock authorized to be issued under the Restated Certificate of Incorporation of the Corporation, as amended, less all shares at the time authorized of any other series of Preferred Stock, and any such additional shares of Series N Preferred Stock would form a single series with the Series N Preferred Stock. Shares of Series N Preferred Stock will be dated the date of issue, which shall be referred to herein as the "original issue date". Shares of outstanding Series N Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

a. "Common Stock" means the common stock, par value $0.01 per share, of the Corporation.

b. "original issue date" means the date of issue of the Series N Preferred Stock.

c. "Preferred Stock" means any and all series of preferred stock of the Corporation, including the Series N Preferred Stock.

Part 4. Certain Voting Matters. Holders of shares of Series N Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Series N Preferred Stock are entitled to vote, including any action by written consent.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, Capital One Financial Corporation has caused this Certificate of Designations to be signed by the undersigned as of this 28th day of July, 2021.

CAPITAL ONE FINANCIAL CORPORATION

By: /s/ Jonathan Chiu
Name: Jonathan Chiu
Title: Assistant Secretary

[Signature Page to Series N Certificate of Designations]

Annex A

STANDARD PROVISIONS

Section 1. Definitions.

a. "Business Day" means any weekday that is not a legal holiday in New York, New York and that is not a day on which banking institutions in New York, New York are closed.

b. "DTC" means The Depository Trust Company.

c. "Regulatory Capital Treatment Event" means the good faith determination by the Corporation that, as a result of (I) any amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of the Series N Preferred Stock; (2) any proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any share of the Series N Preferred Stock; or (3) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of the Series N Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of the Series N Preferred Stock then outstanding as "additional Tier I capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking regulator or agency), as then in effect and applicable, for as long as any share of the Series N Preferred Stock is outstanding.

d. "Series N Dividend Payment Date" has the meaning set forth in Section 3(b).

e. "Series N Dividend Period" means the period from and including a Series N Dividend Payment Date to, but excluding, the next Series N Dividend Payment Date, except that the initial Series N Dividend Period will commence on and include the original issue date of Series N Preferred Stock.

f. "Series N Junior Securities" has the meaning set forth in Section 2(a).

g. "Series N Parity Securities" has the meaning set forth in Section 2(b).

Section 2. Ranking. The shares of Series N Preferred Stock shall rank:

a. Senior, as to dividends and upon liquidation, dissolution and winding up of the Corporation, to the Common Stock; and to any other class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, does not expressly provide that it ranks *pari passu* with the Series N Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be (collectively, "Series N Junior Securities"); and

b. and to on a parity, as to dividends and upon liquidation, dissolution and winding up of the Corporation, with any class or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by its terms, expressly provides that it ranks *pari passu* with the Series N Preferred Stock as to dividends and upon liquidation, dissolution and winding up, as the case may be, including the Corporation's Fixed-to Floating Rate Non-Cumulative Perpetual Preferred Stock, Series E, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series G, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series H, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series I, the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series J, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series K, the Corporation's Fixed Rate Non Cumulative Perpetual Preferred Stock, Series Land the Corporation's Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock, Series M (collectively, "Series N Parity Securities").

c. The Corporation may authorize and issue additional shares of Series N Junior Securities and Series N Parity Securities without the consent of the holders of the Series N Preferred Stock.

Section 3. Dividends.

a. Holders of Series N Preferred Stock will be entitled to receive, when, as and if declared by the Board or a duly authorized committee of the Board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends based on the liquidation preference of the Series N Preferred Stock at a rate equal to 4.25% per annum for each Series N Dividend Period from the original issue date of the Series N Preferred Stock to, and including, the redemption date of the Series N Preferred Stock, if any. If the Corporation issues additional shares of the Series N Preferred Stock after the original issue date, dividends on such shares will accrue from the date such additional shares are issued.

b. If declared by the Board or a duly authorized committee of the Board, dividends will be payable on the Series N Preferred Stock (each such date, a "Series N Dividend Payment Date") quarterly in arrears, on March 1, June 1, September 1 and December 1 of each year, beginning on December 1, 2021. If any date on which dividends would otherwise be payable is not a Business Day, then the Series N Dividend Payment Date will be the next Business Day, without any adjustment to the amount.

c. Dividends will be payable to holders of record of Series N Preferred Stock as they appear on the Corporation's books on the applicable record date, which shall be the 15th calendar day before the applicable Series N Dividend Payment Date, or such other record date, no earlier than 30 calendar days before the applicable Series N Dividend Payment Date, as shall be fixed by the Board or a duly authorized committee of the Board.

d. Dividends payable on Series N Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upwards. Dividends on the Series N Preferred Stock will cease to accrue on the redemption date, if any, unless the Corporation defaults in the payment of the redemption price of the Series N Preferred Stock called for redemption.

e. Dividends on the Series N Preferred Stock will not be cumulative. If the Board or a duly authorized committee of the Board does not declare a dividend on the Series N Preferred Stock in respect of a Series N Dividend Period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable Series N Dividend Payment Date or be cumulative, and the Corporation will have no obligation to pay any dividend for that Series N Dividend Period, whether or not the Board or a duly authorized committee of the Board declares a dividend for any future Series N Dividend Period with respect to the Series N Preferred Stock, the Corporation's Common Stock, or any other class or series of the Corporation's Preferred Stock

f. So long as any share of Series N Preferred Stock remains outstanding:

1. no dividend shall be declared or paid or set aside for payment, and no distribution shall be declared or made or set aside for payment, on any Series N Junior Securities, other than (i) a dividend payable solely in Series N Junior Securities or (ii) any dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under any such plan;

2. no shares of Series N Junior Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (i) as a result of a reclassification of Series N Junior Securities for or into other Series N Junior Securities, (ii) the exchange or conversion of one share of Series N Junior Securities for or into another share of Series N Junior Securities, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series N Junior Securities, (iv) purchases, redemptions or other acquisitions of shares of Series N Junior Securities in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (v) purchases of shares of Series N Junior Securities pursuant to a contractually binding requirement to buy Series N Junior Securities existing prior to the preceding Series N Dividend Period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series N Junior Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series N Junior Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in junior stock for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation; and

3. no shares of Series N Parity Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, during a dividend period (other than (i) pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series N Preferred Stock and such Series N Parity Securities, if any, (ii) as a result of a reclassification of Series N Parity Securities for or into other Series N Parity Securities, (iii) the exchange or conversion of Series N Parity Securities for or into other Series N Parity Securities or Series N Junior Securities, (iv) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series N Parity Securities, (v) purchases of shares of Series N Parity Securities pursuant to a contractually binding requirement to buy Series N Parity Securities existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of Series N Parity Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Corporation's

broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Series N Parity Securities in the ordinary course of business, (viii) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporations of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Corporation or any of the Corporation's subsidiaries of record ownership in Series N Parity Securities for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of the Corporation's subsidiaries), including as trustees or custodians), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation;

unless, in each case, the full dividends for the preceding Series N Dividend Period on all outstanding shares of Series N Preferred Stock have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment.

g. The Corporation will not declare or pay or set apart funds for the payment of dividends on any Series N Parity Securities unless the Corporation has paid or set apart funds for the payment of dividends on the Series N Preferred Stock. When dividends are not paid in full upon the shares of Series N Preferred Stock and any Series N Parity Securities, all dividends declared upon shares of Series N Preferred Stock and any Series N Parity Securities will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the Series N Preferred Stock, and accrued dividends, including any accumulations, on any Series N Parity Securities, bear to each other for the then-current Series N Dividend Period.

h. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board or a duly authorized committee of the Board, may be declared and paid on the Common Stock and any other class or any Series N Junior Securities or Series N Parity Securities from time to time out of any assets legally available for such payment, and the holders of Series N Preferred Stock shall not be entitled to participate in any such dividend.

i. Dividends on the Series N Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with applicable laws and regulations, including applicable capital adequacy guidelines.

Section 4. Liquidation.

a. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of Series N Preferred Stock are entitled to receive out of assets of the Corporation available for distribution to stockholders, after satisfaction of liabilities to creditors and subject to the rights of holders of any securities ranking senior to Series N Preferred Stock, before any distribution of assets is made to holders of Common Stock or any Series N Junior Securities, a liquidating distribution in the amount of the liquidation preference of$1,000 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of Series N Preferred Stock will not be entitled to any other amounts from the Corporation after they have received their full liquidating distribution.

b. In any such distribution, if the assets of the Corporation are not sufficient to pay the liquidation preferences plus declared and unpaid dividends in full to all holders of Series N Preferred Stock and all holders of any Series N Parity Securities, the amounts paid to the holders of Series N Preferred Stock and to the holders of all Series N Parity Securities will be paid *pro* *rata* in accordance with the respective aggregate liquidating distribution owed to those holders. If the liquidation preference plus declared and unpaid dividends has been paid in full to all holders of Series N Preferred Stock and any Series N Parity Securities, the holders of the Corporation's Series N Junior Securities shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

c. For purposes of this section, the merger or consolidation of the Corporation with any other entity, including a merger or consolidation in which the holders of Series N Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of the Corporation for cash, securities or other property, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption.

a. Series N Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. Series N Preferred Stock is not redeemable prior to September I, 2026. On and after that date, Series N Preferred Stock will be redeemable at the option of the Corporation, in whole or in part, on any Series N Dividend Payment Date, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends. Holders of Series N Preferred Stock will have no right to require the redemption or repurchase of Series N Preferred Stock. Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, may redeem, at any time, all (but not less than all) of the shares of the Series N Preferred Stock at the time outstanding, at a redemption price equal to $1,000 per share, plus any declared and unpaid dividends, upon notice given as provided in Subsection (b) below.

b. If shares of Series N Preferred Stock are to be redeemed, the notice of redemption shall be sent to the holders of record of Series N Preferred Stock to be redeemed, sent not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing Series N Preferred Stock are held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth: (1) the redemption date; (2) the number of shares of Series N Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where the certificates evidencing shares of Series N Preferred Stock are to be surrendered for payment of the redemption price. On and after the redemption date, dividends will cease to accrue on shares of Series N Preferred Stock, and such shares of Series N Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, including rights described under Section 6, except the right to receive the redemption price plus any declared and unpaid dividends.

c. In case of any redemption of only part of the shares of Series N Preferred Stock at the time outstanding, the shares to be redeemed shall be selected pro rata or by lot.

d. Any redemption of the Preferred Stock is subject to our receipt of any required prior approval by the Board of Governors of the Federal Reserve System and to the satisfaction of any conditions set forth in the capital guidelines or regulations of the Board of Governors of the Federal Reserve System applicable to redemption of the Preferred Stock

Section 6. Voting Rights.

a. Except as provided below or as expressly required by law, the holders of shares of Series N Preferred Stock shall have no voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of capital stock, and shall not be entitled to call a meeting of such holders for any purpose, nor shall they be entitled to participate in any meeting of the holders of the Common Stock.

b. So long as any shares of Series N Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series N Preferred Stock at the time outstanding, voting separately as a class, shall be required to:(1) authorize or increase the authorized amount of, or issue shares of any class or series of stock ranking senior to the Series N Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation, or issue any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to Series N Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation; (2) amend the provisions of the Corporation's restated certificate of incorporation, as amended, so as to adversely affect the powers, preferences, privileges or rights of Series N Preferred Stock, taken as a whole, provided, however, that any increase in the amount of the authorized or issued shares of Series N Preferred Stock or authorized Common Stock or Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock ranking equally with or junior to Series N Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of Series N Preferred Stock; and (3) consummate a binding share-exchange or reclassification involving the Series N Preferred Stock, or a merger or consolidation of the Corporation with or into another entity unless (i) the shares of the Series N Preferred Stock remain outstanding or are converted into or exchanged for preference securities of the new surviving entity and (ii) the shares of the remaining Series N Preferred Stock or new preferred securities have terms that are not materially less favorable than the Series N Preferred Stock. The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series N Preferred Stock shall have been redeemed.

c. If the Corporation fails to pay, or declare and set apart for payment, dividends on outstanding shares of the Series N Preferred Stock for six quarterly dividend periods, whether or not consecutive, the number of directors on the Board shall be increased by two at the Corporation's first annual meeting of the shareholders held thereafter, and at such meeting and at each subsequent annual meeting until continuous noncumulative dividends for at least one year on all outstanding shares of Series N Preferred Stock entitled thereto shall have been paid, in full, the holders of shares of Series N Preferred Stock shall have the right, voting as a class with holders of any other equally ranked series of Preferred Stock that have similar voting rights, to elect such two additional members of the Corporation's Board to hold office for a term of one year; provided that the Corporation's Board shall at no time include more than two additional directors elected by holders of Series N Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, voting together as one class. Upon such payment in full, the terms of the two additional directors so elected shall forthwith terminate, and the number of directors shall be reduced by two, and such voting right of the holders of shares of Series N Preferred Stock shall cease, subject to increase in the number of directors as described above and to revesting of such voting right in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, whether or not consecutive, as described above. In addition, if and when the rights of holders of Series N Preferred Stock terminate for any reason, including under circumstances described above under Section 5, such voting rights shall terminate along with the other rights (except, if applicable, the right to receive the redemption price plus any declared and unpaid dividends as provided for in Section 5), and the terms of any additional directors elected by the holders of Series N Preferred Stock and any other equally ranked series of Preferred Stock having similar voting rights, if any, shall terminate automatically and the number of directors reduced by two, assuming that the rights of holders of such equally ranked series of Preferred Stock have similarly terminated.

Section 7. Conversion Rights. The holders of shares of Series N Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of securities of the Corporation.

Section 8. Preemptive Rights. The holders of shares of Series N Preferred Stock will have no preemptive rights with respect to any shares of the Corporation's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

Section 9. Certificates. The Corporation may at its option issue shares of Series N Preferred Stock without certificates.

Section 10. Transfer Agent. The duly appointed transfer agent for the Series N Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the transfer agent in accordance with the agreement between the Corporation and the transfer agent; provided that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the holders of the Series N Preferred Stock.

Section 11. Registrar. The duly appointed registrar for the Series N Preferred Stock shall be Computershare Trust Company, N.A., collectively with Computershare Inc. The Corporation may, in its sole discretion, remove the registrar in accordance with the agreement between the Corporation and the registrar; provided that the Corporation shall appoint a successor registrar who shall accept such appointment prior to the effectiveness of such removal.

Exhibit 31.1

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, 2023 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:	July 27, 2023	By:	/s/ RICHARD D. FAIRBANK
			Richard D. Fairbank Chair and Chief Executive Officer

Exhibit 31.2

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, 2023 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:	July 27, 2023	By:	/s/ ANDREW M. YOUNG
			Andrew M. Young Chief Financial Officer

Exhibit 32.1

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, 2023 (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-Q fairly presents, in all material respects, the financial condition and results of operations of Capital One.

Date:	July 27, 2023	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.

Exhibit 32.2

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, 2023 (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-Q fairly presents, in all material respects, the financial condition and results of operations of Capital One.

Date:	July 27, 2023	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.