

**Capital One Financial Corporation
Financial Supplement
Second Quarter 2011
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CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 1: Financial & Statistical Summary—Consolidated

	2011	2011	2010	2010	2010
<i>(Dollars in millions, except per share data and as noted) (unaudited)</i>	Q2	Q1	Q4	Q3	Q2
Earnings					
Net interest income	\$ 3,136	\$ 3,140	\$ 3,023	\$ 3,109	\$ 3,097
Non-interest income ⁽¹⁾⁽²⁾	857	942	939	907	807
Total revenue	\$ 3,993	\$ 4,082	\$ 3,962	\$ 4,016	\$ 3,904
Provision for loan and lease losses	343	534	839	867	723
Marketing expenses	329	276	308	250	219
Operating expenses ⁽³⁾	1,926	1,886	1,783	1,746	1,781
Income from continuing operations before income taxes	\$ 1,395	\$ 1,386	\$ 1,032	\$ 1,153	\$ 1,181
Income tax provision	450	354	331	335	369
Income from continuing operations, net of tax	945	1,032	701	818	812
Loss from discontinued operations, net of tax ⁽²⁾	(34)	(16)	(4)	(15)	(204)
Net income	\$ 911	\$ 1,016	\$ 697	\$ 803	\$ 608
Common Share Statistics					
Basic EPS:					
Income from continuing operations, net of tax	\$ 2.07	\$ 2.27	\$ 1.55	\$ 1.81	\$ 1.79
Loss from discontinued operations, net of tax	(0.07)	(0.03)	(0.01)	(0.03)	(0.45)
Net income per common share	\$ 2.00	\$ 2.24	\$ 1.54	\$ 1.78	\$ 1.34
Diluted EPS:					
Income from continuing operations, net of tax	\$ 2.04	\$ 2.24	\$ 1.53	\$ 1.79	\$ 1.78
Loss from discontinued operations, net of tax	(0.07)	(0.03)	(0.01)	(0.03)	(0.45)
Net income per common share	\$ 1.97	\$ 2.21	\$ 1.52	\$ 1.76	\$ 1.33
Weighted average common shares outstanding (in millions):					
Basic EPS	455.6	454.1	452.7	452.5	452.1
Diluted EPS	462.2	460.3	457.2	456.6	456.4
Common shares outstanding (period end)	455.8	455.2	452.8	452.6	452.3
Dividends per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Tangible book value per common share (period end) ⁽⁴⁾	32.33	29.70	27.73	26.60	24.89
Stock price per common share (period end)	51.67	51.96	42.56	39.55	40.30
Total market capitalization (period end)	23,551	23,652	19,271	17,900	18,228
Balance Sheet (Period End)					
Loans held for investment ⁽⁵⁾	\$ 128,965	\$ 124,092	\$ 125,947	\$ 126,334	\$ 127,140
Interest-earning assets	174,302	172,849	172,024	170,520	170,547
Total assets	199,753	199,300	197,503	196,933	197,489
Tangible assets ⁽⁶⁾	185,778	184,928	183,158	182,904	183,474
Interest-bearing deposits	109,278	109,097	107,162	104,741	103,172
Total deposits	126,117	125,446	122,210	119,212	117,331
Borrowings	37,735	39,797	41,796	44,333	48,018
Stockholders' equity	28,681	27,550	26,541	26,061	25,270
Tangible common equity (TCE) ⁽⁷⁾	14,737	13,520	12,558	12,037	11,259
Balance Sheet (Quarterly Average Balances)					
Average loans held for investment ⁽⁵⁾	\$ 127,916	\$ 125,077	\$ 125,441	\$ 126,391	\$ 128,203
Average interest-earning assets	174,143	173,540	173,992	172,473	174,650
Average total assets	199,229	198,075	197,704	196,598	199,357
Average interest-bearing deposits	109,251	108,633	106,597	104,186	104,163
Average total deposits	125,834	124,158	121,736	118,255	118,484
Average borrowings	39,451	40,538	42,428	45,910	50,404
Average stockholders' equity	28,255	27,009	26,255	25,307	24,526
Performance Metrics					
Net interest income growth (quarter over quarter)	0 %	4 %	(3) %	0 %	(4) %
Non-interest income growth (quarter over quarter)	(9)	0	4	12	(24)
Revenue growth (quarter over quarter)	(2)	3	(1)	3	(9)
Revenue margin ⁽⁸⁾	9.17	9.41	9.11	9.31	8.94
Net interest margin ⁽⁹⁾	7.20	7.24	6.95	7.21	7.09
Risk-adjusted margin ⁽¹⁰⁾	7.03	6.77	5.90	5.78	5.01
Return on average assets ⁽¹¹⁾	1.90	2.08	1.42	1.66	1.63
Return on average equity ⁽¹²⁾	13.38	15.28	10.68	12.93	13.24
Return on average tangible common equity ⁽¹³⁾	26.47	31.73	22.90	28.95	30.97
Non-interest expense as a % of average loans held for investment ⁽¹⁴⁾	7.05	6.91	6.67	6.32	6.24
Efficiency ratio ⁽¹⁵⁾	56.47	52.96	52.78	49.70	51.23
Effective income tax rate	32.3	25.5	32.1	29.1	31.2
Full-time equivalent employees (in thousands)	28.2	27.9	25.7	25.7	25.7
Credit Quality Metrics					
Allowance for loan and lease losses	\$ 4,488	\$ 5,067	\$ 5,628	\$ 6,175	\$ 6,799
Allowance as a % of loans held for investment	3.48 %	4.08 %	4.47 %	4.89 %	5.35 %
Net charge-offs	\$ 931	\$ 1,145	\$ 1,394	\$ 1,522	\$ 1,717
Net charge-off rate ^{(16) (17)}	2.91 %	3.66 %	4.45 %	4.82 %	5.36 %
30+ day performing delinquency rate	2.90	3.07	3.52	3.71	3.81
Capital Ratios					
Tier 1 risk-based capital ratio ⁽¹⁸⁾	11.6 %	10.9 %	11.6 %	11.1 %	9.9 %
Tier 1 common equity ratio ⁽¹⁹⁾	9.2	8.4	8.8	8.2	7.0
Total risk-based capital ratio ⁽²⁰⁾	14.8	14.2	16.8	16.4	17.0
Tangible common equity (TCE) ratio ⁽²¹⁾	7.9	7.3	6.9	6.6	6.1

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Table 2: Notes to Consolidated Financial & Statistical Summary (Table 1)

- (1) Includes the impact from the change in fair value of retained interests, including interest-only strips, which totaled \$16 million in Q2 2011, \$7 million in Q1 2011, \$8 million in Q4 2010, \$6 million in Q3 2010 and \$17 million in Q2 2010.
- (2) The mortgage representation and warranty reserve increased to \$869 million as of June 30, 2011, from \$846 million as of March 31, 2011. We recorded a provision for repurchase losses of \$37 million in Q2 2011, \$44 million in Q1 2011, \$(7) million in Q4 2010, \$16 million in Q3 2010 and \$404 million in Q2 2010. The majority of the provision for repurchase losses is included in discontinued operations, with the remaining portion included in non-interest income.
- (3) Includes core deposit intangible amortization expense of \$44 million in Q2 2011, \$45 million in Q1 2011, \$47 million in Q4 2010, \$49 million in Q3 2010 and \$50 million in Q2 2010 and integration costs of \$0 in Q2 2011, \$2 million in Q1 2011, \$15 million in Q4 2010, \$27 million in Q3 2010 and \$22 million in Q2 2010.
- (4) Tangible book value per common share is a non-GAAP measure calculated based on tangible common equity divided by common shares outstanding. See "Table 8: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures" for the calculation of this measure.
- (5) Reflects the impact of the April 1, 2011 acquisition of the existing private-label credit card loan portfolio of Kohl's Department Stores ("Kohl's"), which had an outstanding principal and interest balance of approximately \$3.7 billion at acquisition.
- (6) Tangible assets is a non-GAAP measure consisting of total assets less assets from discontinued operations and intangible assets. See "Table 8: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures" for the calculation of this measure.
- (7) Tangible common equity is a non-GAAP measure consisting of total stockholders' equity less intangible assets. See "Table 8: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures" for the calculation of this measure.
- (8) Calculated based on annualized total revenue for the period divided by average interest-earning assets for the period.
- (9) Calculated based on annualized net interest income for the period divided by average interest-earning assets for the period.
- (10) Calculated based on annualized total revenue less net charge-offs for the period divided by average interest-earning assets for the period.
- (11) Calculated based on annualized income from continuing operations, net of tax, for the period divided by average total assets for the period.
- (12) Calculated based on annualized income from continuing operations, net of tax, for the period divided by average stockholders' equity for the period.
- (13) Calculated based on annualized income from continuing operations, net of tax, for the period divided by average tangible common equity for the period.
- (14) Calculated based on annualized non-interest expense for the period divided by average loans held for investment for the period.
- (15) Calculated based on non-interest expense for the period divided by total revenue for the period.
- (16) In accordance with our loss share agreement with Kohl's, charge-offs for the portfolio are reported net of any reimbursement of credit losses from Kohl's, which has the impact of lowering the overall charge-off rate.
- (17) Calculated based on annualized net charge-offs for the period divided by average loans held for investment for the period. Average loans held for investment include purchased credit impaired loans acquired as part of the Chevy Chase Bank acquisition.
- (18) Tier 1 risk-based capital ratio is a regulatory measure calculated based on Tier 1 capital divided by risk-weighted assets. See "Table 8: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures" for the calculation of this ratio.
- (19) Tier 1 common equity ratio is a non-GAAP measure calculated based on Tier 1 common equity divided by risk-weighted assets. See "Table 8: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures" for the calculation of this ratio and non-GAAP reconciliation.
- (20) Total risk-based capital ratio is a regulatory capital measure calculated based on total risk-based capital divided by risk-weighted assets. See "Table 8: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures" for the calculation of this ratio.
- (21) Tangible common equity ratio ("TCE ratio") is a non-GAAP measure calculated based on tangible common equity divided by tangible assets. See "Table 8: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures" for the calculation of this ratio and non-GAAP reconciliation.

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 3: Consolidated Statements of Income

	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
<i>(Dollars in millions, except per share data) (unaudited)</i>					
Interest income:					
Loans held for investment, including past-due fees	\$ 3,367	\$ 3,417	\$ 3,476	\$ 6,784	\$ 7,134
Investment securities	313	316	342	629	691
Other	19	19	17	38	40
Total interest income	3,699	3,752	3,835	7,451	7,865
Interest expense:					
Deposits	307	322	368	629	767
Securitized debt obligations	113	140	212	253	454
Senior and subordinated notes	63	64	72	127	140
Other borrowings	80	86	86	166	179
Total interest expense	563	612	738	1,175	1,540
Net interest income	3,136	3,140	3,097	6,276	6,325
Provision for loan and lease losses	343	534	723	877	2,201
Net interest income after provision for loan and lease losses	2,793	2,606	2,374	5,399	4,124
Non-interest income:					
Servicing and securitizations	12	11	21	23	(15)
Service charges and other customer-related fees	460	525	496	985	1,081
Interchange	331	320	333	651	644
Net other-than-temporary impairment losses recognized in earnings	(6)	(3)	(26)	(9)	(57)
Other	60	89	(17)	149	215
Total non-interest income	857	942	807	1,799	1,868
Non-interest expense:					
Salaries and associate benefits	715	741	650	1,456	1,296
Marketing	329	276	219	605	399
Communications and data processing	162	164	164	326	333
Supplies and equipment	124	135	129	259	253
Occupancy	118	119	117	237	237
Other	807	727	721	1,534	1,329
Total non-interest expense	2,255	2,162	2,000	4,417	3,847
Income from continuing operations before income taxes	1,395	1,386	1,181	2,781	2,145
Income tax provision	450	354	369	804	613
Income from continuing operations, net of tax	945	1,032	812	1,977	1,532
Loss from discontinued operations, net of tax	(34)	(16)	(204)	(50)	(288)
Net income	\$ 911	\$ 1,016	\$ 608	\$ 1,927	\$ 1,244
Basic earnings per common share:					
Income from continuing operations	\$ 2.07	\$ 2.27	\$ 1.79	\$ 4.35	\$ 3.38
Loss from discontinued operations	(0.07)	(0.03)	(0.45)	(0.11)	(0.63)
Net income per common share	\$ 2.00	\$ 2.24	\$ 1.34	\$ 4.24	\$ 2.75
Diluted earnings per common share:					
Income from continuing operations	\$ 2.04	\$ 2.24	\$ 1.78	\$ 4.29	\$ 3.36
Loss from discontinued operations	(0.07)	(0.03)	(0.45)	(0.11)	(0.63)
Net income per common share	\$ 1.97	\$ 2.21	\$ 1.33	\$ 4.18	\$ 2.73
Weighted average common shares outstanding (in millions):					
Basic EPS	455.6	454.1	452.1	454.9	451.6
Diluted EPS	462.2	460.3	456.4	461.3	455.9
Dividends per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

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Table 4: Consolidated Balance Sheets

<i>(Dollars in millions)(unaudited)</i>	June 30, 2011	December 31, 2010	June 30, 2010
Assets:			
Cash and due from banks	\$ 1,954	\$ 2,067	\$ 2,668
Interest-bearing deposits with banks	4,037	2,776	2,147
Federal funds sold and repurchase agreements	652	406	384
Cash and cash equivalents	6,643	5,249	5,199
Restricted cash for securitization investors	1,328	1,602	3,446
Securities available for sale, at fair value	39,474	41,537	39,424
Loans held for investment:			
Unsecuritized loans held for investment, at amortized cost	81,585	71,921	71,491
Restricted loans for securitization investors	47,380	54,026	55,649
Total loans held for investment	128,965	125,947	127,140
Less: Allowance for loan and lease losses	(4,488)	(5,628)	(6,799)
Net loans held for investment	124,477	120,319	120,341
Loans held for sale, at lower-of-cost-or-fair-value	80	228	249
Accounts receivable from securitizations	106	118	206
Premises and equipment, net	2,754	2,749	2,730
Interest receivable	1,027	1,070	1,077
Goodwill	13,596	13,591	13,588
Other	10,268	11,040	11,229
Total assets	<u>\$ 199,753</u>	<u>\$ 197,503</u>	<u>\$ 197,489</u>
Liabilities:			
Interest payable	\$ 469	\$ 488	\$ 543
Customer deposits:			
Non-interest bearing deposits	16,839	15,048	14,159
Interest-bearing deposits	109,278	107,162	103,172
Total customer deposits	126,117	122,210	117,331
Securitized debt obligations	19,860	26,915	33,009
Other debt:			
Federal funds purchased and securities loaned or sold under agreements to repurchase	2,575	1,517	728
Senior and subordinated notes	8,664	8,650	9,424
Other borrowings	6,636	4,714	4,857
Total other debt	17,875	14,881	15,009
Other liabilities	6,751	6,468	6,327
Total liabilities	<u>171,072</u>	<u>170,962</u>	<u>172,219</u>
Stockholders' equity:			
Common stock	5	5	5
Paid-in capital, net	19,188	19,084	19,029
Retained earnings	12,287	10,406	8,969
Accumulated other comprehensive income	442	248	467
Less: Treasury stock, at cost	(3,241)	(3,202)	(3,200)
Total stockholders' equity	28,681	26,541	25,270
Total liabilities and stockholders' equity	<u>\$ 199,753</u>	<u>\$ 197,503</u>	<u>\$ 197,489</u>

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 5: Average Balances, Net Interest Income and Net Interest Margin

	Quarter Ended 06/30/11			Quarter Ended 03/31/11			Quarter Ended 06/30/10		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
<i>(Dollars in millions)(unaudited)</i>									
interest-earning assets:									
Loans held for investment	\$ 127,916	\$ 3,367	10.53 %	\$ 125,077	\$ 3,417	10.93 %	\$ 128,203	\$ 3,476	10.85 %
Investment securities	40,381	313	3.10	41,532	316	3.04	39,022	342	3.51
Other	5,846	19	1.30	6,931	19	1.10	7,425	17	0.92
Total interest-earning assets	<u>\$ 174,143</u>	<u>\$ 3,699</u>	<u>8.50 %</u>	<u>\$ 173,540</u>	<u>\$ 3,752</u>	<u>8.65 %</u>	<u>\$ 174,650</u>	<u>\$ 3,835</u>	<u>8.78 %</u>
interest-bearing liabilities:									
Interest-bearing deposits									
NOW accounts	\$ 13,186	\$ 9	0.27 %	\$ 13,648	\$ 9	0.26 %	\$ 11,601	\$ 10	0.34 %
Money market deposit accounts	45,527	99	0.87	45,613	110	0.96	42,127	99	0.94
Savings accounts	29,329	60	0.82	26,801	55	0.82	21,017	44	0.84
Other consumer time deposits	14,330	91	2.54	15,344	99	2.58	20,744	150	2.89
Public fund CD's of \$100,000 or more	110	1	3.64	149	1	2.68	240	1	1.67
CD's of \$100,000 or more	5,867	46	3.14	6,097	47	3.08	7,601	63	3.32
Foreign time deposits	902	1	0.44	981	1	0.41	833	1	0.48
Total interest-bearing deposits	<u>\$ 109,251</u>	<u>\$ 307</u>	<u>1.12 %</u>	<u>\$ 108,633</u>	<u>\$ 322</u>	<u>1.19 %</u>	<u>\$ 104,163</u>	<u>\$ 368</u>	<u>1.41 %</u>
Securitized debt obligations	22,191	113	2.04	25,515	140	2.19	35,248	212	2.41
Senior and subordinated notes	8,093	63	3.11	8,090	64	3.16	8,760	72	3.29
Other borrowings	9,167	80	3.49	6,933	86	4.96	6,396	86	5.38
Total interest-bearing liabilities	<u>\$ 148,702</u>	<u>\$ 563</u>	<u>1.51 %</u>	<u>\$ 149,171</u>	<u>\$ 612</u>	<u>1.64 %</u>	<u>\$ 154,567</u>	<u>\$ 738</u>	<u>1.91 %</u>
Net interest income/spread		<u>\$ 3,136</u>	<u>6.99 %</u>		<u>\$ 3,140</u>	<u>7.01 %</u>		<u>\$ 3,097</u>	<u>6.87 %</u>
Interest income to average interest-earning assets			8.50 %			8.65 %			8.78 %
Interest expense to average interest-earning assets			1.30			1.41			1.69
Net interest margin			<u>7.20 %</u>			<u>7.24 %</u>			<u>7.09 %</u>

CAPITAL ONE FINANCIAL CORPORATION (COF)

Table 6: Loan Information and Performance Statistics ⁽¹⁾

<i>(Dollars in millions)(unaudited)</i>	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
Period-end loans held for investment					
Credit card:					
Domestic credit card ⁽²⁾	\$ 53,994	\$ 50,570	\$ 53,849	\$ 53,839	\$ 54,628
International credit card	8,711	8,735	7,522	7,487	7,269
Total credit card	<u>62,705</u>	<u>59,305</u>	<u>61,371</u>	<u>61,326</u>	<u>61,897</u>
Consumer banking:					
Automobile	19,223	18,342	17,867	17,643	17,221
Home loan	11,323	11,741	12,103	12,763	13,322
Retail banking	4,046	4,223	4,413	4,591	4,770
Total consumer banking	<u>34,592</u>	<u>34,306</u>	<u>34,383</u>	<u>34,997</u>	<u>35,313</u>
Commercial banking:					
Commercial and multifamily real estate	14,035	13,543	13,396	13,475	13,580
Middle market	11,404	10,758	10,484	10,364	10,203
Specialty lending	4,122	3,936	4,020	3,813	3,815
Total commercial lending	<u>29,561</u>	<u>28,237</u>	<u>27,900</u>	<u>27,652</u>	<u>27,598</u>
Small-ticket commercial real estate	1,642	1,780	1,842	1,890	1,977
Total commercial banking	<u>31,203</u>	<u>30,017</u>	<u>29,742</u>	<u>29,542</u>	<u>29,575</u>
Other loans ⁽³⁾	465	464	451	469	470
Total	<u>\$ 128,965</u>	<u>\$ 124,092</u>	<u>\$ 125,947</u>	<u>\$ 126,334</u>	<u>\$ 127,255</u>
Average loans held for investment					
Credit card:					
Domestic credit card ⁽²⁾	\$ 53,868	\$ 51,889	\$ 53,189	\$ 54,049	\$ 55,252
International credit card	8,823	8,697	7,419	7,342	7,427
Total credit card	<u>62,691</u>	<u>60,586</u>	<u>60,608</u>	<u>61,391</u>	<u>62,679</u>
Consumer banking:					
Automobile	18,753	18,025	17,763	17,397	17,276
Home loan	11,534	11,960	12,522	13,024	13,573
Retail banking	4,154	4,251	4,466	4,669	4,811
Total consumer banking	<u>34,441</u>	<u>34,236</u>	<u>34,751</u>	<u>35,090</u>	<u>35,660</u>
Commercial banking:					
Commercial and multifamily real estate	13,597	13,345	13,323	13,411	13,543
Middle market	10,979	10,666	10,460	10,352	10,276
Specialty lending	4,014	3,964	3,947	3,715	3,654
Total commercial lending	<u>28,590</u>	<u>27,975</u>	<u>27,730</u>	<u>27,478</u>	<u>27,473</u>
Small-ticket commercial real estate	1,726	1,818	1,887	1,957	2,060
Total commercial banking	<u>30,316</u>	<u>29,793</u>	<u>29,617</u>	<u>29,435</u>	<u>29,533</u>
Other loans ⁽³⁾	468	462	465	475	463
Total	<u>\$ 127,916</u>	<u>\$ 125,077</u>	<u>\$ 125,441</u>	<u>\$ 126,391</u>	<u>\$ 128,335</u>
Net charge-off rates					
Credit card:					
Domestic credit card ⁽⁴⁾	4.74 %	6.20 %	7.28 %	8.23 %	9.49 %
International credit card	7.02	5.74	6.68	7.60	8.38
Total credit card	<u>5.06 %</u>	<u>6.13 %</u>	<u>7.21 %</u>	<u>8.16 %</u>	<u>9.36 %</u>
Consumer banking:					
Automobile	1.11 %	1.98 %	2.65 %	2.71 %	2.09 %
Home loan	0.60	0.71	0.89	0.41	0.46
Retail banking	1.73	2.24	2.40	2.20	2.11
Total consumer banking	<u>1.01 %</u>	<u>1.57 %</u>	<u>1.98 %</u>	<u>1.79 %</u>	<u>1.47 %</u>
Commercial banking:					
Commercial and multifamily real estate	0.39 %	0.56 %	1.15 %	1.78 %	1.17 %
Middle market	0.13	0.18	0.94	0.43	0.78
Specialty lending	0.47	0.30	0.63	0.64	0.87
Total commercial lending	<u>0.30 %</u>	<u>0.38 %</u>	<u>1.00 %</u>	<u>1.11 %</u>	<u>0.98 %</u>
Small-ticket commercial real estate	3.77	7.14	7.72	3.48	4.21
Total commercial banking	<u>0.50 %</u>	<u>0.79 %</u>	<u>1.43 %</u>	<u>1.27 %</u>	<u>1.21 %</u>
Other loans	10.59	19.91	21.11	17.63	27.95
Total	<u>2.91 %</u>	<u>3.66 %</u>	<u>4.45 %</u>	<u>4.82 %</u>	<u>5.36 %</u>
30+ day performing delinquency rates					
Credit card:					
Domestic credit card	3.33 %	3.59 %	4.09 %	4.53 %	4.79 %
International credit card	5.30	5.55	5.75	5.84	6.03
Total credit card	<u>3.60 %</u>	<u>3.88 %</u>	<u>4.29 %</u>	<u>4.69 %</u>	<u>4.94 %</u>
Consumer banking:					
Automobile	6.09 %	5.79 %	7.58 %	7.42 %	7.25 %
Home loan	0.70	0.61	0.64	0.69	0.68
Retail banking	0.76	0.93	0.93	1.08	0.87
Total consumer banking	<u>3.70 %</u>	<u>3.42 %</u>	<u>4.28 %</u>	<u>4.14 %</u>	<u>3.91 %</u>
Nonperforming asset rates ^{(5) (6)}					
Consumer banking:					
Automobile	0.49 %	0.39 %	0.64 %	0.60 %	0.56 %
Home loan	4.40	4.34	4.25	4.09	3.78
Retail banking	2.45	2.44	2.66	2.41	2.25
Total consumer banking	<u>2.00 %</u>	<u>2.00 %</u>	<u>2.17 %</u>	<u>2.11 %</u>	<u>2.00 %</u>
Commercial banking:					
Commercial and multifamily real estate	2.35 %	2.63 %	2.23 %	2.42 %	2.82 %
Middle market	1.19	1.14	1.33	1.38	1.20
Specialty lending	0.95	1.19	1.30	1.75	1.94
Total commercial lending	<u>1.71 %</u>	<u>1.86 %</u>	<u>1.76 %</u>	<u>1.94 %</u>	<u>2.10 %</u>
Small-ticket commercial real estate	0.75	3.39	2.38	2.04	3.57
Total commercial banking	<u>1.66 %</u>	<u>1.95 %</u>	<u>1.80 %</u>	<u>1.94 %</u>	<u>2.20 %</u>

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Table 7: Notes to Loan Information and Performance Statistics (Table 6)

- (1) Certain prior period amounts have been reclassified to conform to the current period presentation.
- (2) Reflects the impact of the April 1, 2011 acquisition of the existing private-label credit card loan portfolio of Kohl's Department Stores ("Kohl's"), which had an outstanding principal and interest balance of approximately \$3.7 billion at acquisition.
- (3) Other loans held for investment includes unamortized premiums and discounts on loans acquired as part of the North Fork and Hibernia acquisitions.
- (4) In accordance with our loss share agreement with Kohl's, charge-offs for the portfolio are reported net of any reimbursement of credit losses from Kohl's, which has the impact of lowering the overall Domestic Card charge-off rate.
- (5) Nonperforming assets consist of nonperforming loans and real estate owned ("REO") and foreclosed assets. The nonperforming asset ratios are calculated based on nonperforming assets for each segment divided by the combined total of loans held for investment, REO and foreclosed assets for each respective segment.
- (6) As permitted by regulatory guidance, our policy is generally to exempt delinquent credit card loans from being classified as nonperforming. We continue to accrue finance charges and fees on credit card loans until the loan is charged off, typically when the account becomes 180 days past due. Billed finance charges and fees considered uncollectible are not recognized in income.

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Table 8: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures

In addition to disclosing required regulatory capital measures, we also report certain non-GAAP capital measures that management uses in assessing its capital adequacy. These non-GAAP measures include average tangible common equity, tangible common equity (TCE), TCE ratio, Tier 1 common equity and Tier 1 common equity ratio. The table below provides the details of the calculation of each of these measures. While these non-GAAP capital measures are widely used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies, they may not be comparable to similarly titled measures reported by other companies.

<i>(Dollars in millions)(unaudited)</i>	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
Average Equity to Non-GAAP Average Tangible Common Equity					
Average total stockholders' equity	\$ 28,255	\$ 27,009	\$ 26,255	\$ 25,307	\$ 24,526
Less: Average intangible assets ⁽¹⁾	(13,973)	(14,001)	(14,008)	(14,003)	(14,039)
Average tangible common equity	<u>\$ 14,282</u>	<u>\$ 13,008</u>	<u>\$ 12,247</u>	<u>\$ 11,304</u>	<u>\$ 10,487</u>
Stockholders' Equity to Non-GAAP Tangible Common Equity					
Total stockholders' equity	\$ 28,681	\$ 27,550	\$ 26,541	\$ 26,061	\$ 25,270
Less: Intangible assets ⁽¹⁾	(13,944)	(14,030)	(13,983)	(14,024)	(14,011)
Tangible common equity	<u>\$ 14,737</u>	<u>\$ 13,520</u>	<u>\$ 12,558</u>	<u>\$ 12,037</u>	<u>\$ 11,259</u>
Total Assets to Tangible Assets					
Total assets	\$ 199,753	\$ 199,300	\$ 197,503	\$ 196,933	\$ 197,489
Less: Assets from discontinued operations	(31)	(342)	(362)	(5)	(4)
Total assets from continuing operations	199,722	198,958	197,141	196,928	197,485
Less: Intangible assets ⁽¹⁾	(13,944)	(14,030)	(13,983)	(14,024)	(14,011)
Tangible assets	<u>\$ 185,778</u>	<u>\$ 184,928</u>	<u>\$ 183,158</u>	<u>\$ 182,904</u>	<u>\$ 183,474</u>
Non-GAAP TCE Ratio					
Tangible common equity	\$ 14,737	\$ 13,520	\$ 12,558	\$ 12,037	\$ 11,259
Tangible assets	185,778	184,928	183,158	182,904	183,474
TCE ratio ⁽²⁾	<u>7.9 %</u>	<u>7.3 %</u>	<u>6.9 %</u>	<u>6.6 %</u>	<u>6.1 %</u>
Non-GAAP Tier 1 Common Equity and Regulatory Capital Ratios					
Total stockholders' equity	\$ 28,681	\$ 27,550	\$ 26,541	\$ 26,061	\$ 25,270
Less: Net unrealized (gains) losses on AFS securities recorded in AOCI ⁽³⁾	(482)	(314)	(368)	(580)	(661)
Net (gains) losses on cash flow hedges recorded in AOCI ⁽³⁾	71	95	86	79	73
Disallowed goodwill and other intangible assets	(13,954)	(13,993)	(13,953)	(13,993)	(14,023)
Disallowed deferred tax assets	(648)	(1,377)	(1,150)	(1,324)	(1,977)
Other	(2)	(2)	(2)	(2)	(2)
Tier 1 common equity	<u>\$ 13,666</u>	<u>\$ 11,959</u>	<u>\$ 11,154</u>	<u>\$ 10,241</u>	<u>\$ 8,680</u>
Plus: Tier 1 restricted core capital items ⁽⁴⁾	3,636	3,636	3,636	3,636	3,637
Tier 1 capital	<u>\$ 17,302</u>	<u>\$ 15,595</u>	<u>\$ 14,790</u>	<u>\$ 13,877</u>	<u>\$ 12,317</u>
Plus: Long-term debt qualifying as Tier 2 capital	2,727	2,827	2,827	2,827	2,898
Qualifying allowance for loan and lease losses	1,873	1,825	3,748	3,726	5,836
Other Tier 2 components	28	20	29	24	25
Tier 2 capital	<u>\$ 4,628</u>	<u>\$ 4,672</u>	<u>\$ 6,604</u>	<u>\$ 6,577</u>	<u>\$ 8,759</u>
Total risk-based capital ⁽⁵⁾	<u>\$ 21,930</u>	<u>\$ 20,267</u>	<u>\$ 21,394</u>	<u>\$ 20,454</u>	<u>\$ 21,076</u>
Risk-weighted assets ⁽⁶⁾	<u>\$ 148,619</u>	<u>\$ 142,495</u>	<u>\$ 127,043</u>	<u>\$ 124,726</u>	<u>\$ 124,038</u>
Tier 1 common equity ratio ⁽⁷⁾	9.2 % ⁽¹⁰⁾	8.4 %	8.8 %	8.2 %	7.0 %
Tier 1 risk-based capital ratio ⁽⁸⁾	11.6 ⁽¹⁰⁾	10.9	11.6	11.1	9.9
Total risk-based capital ratio ⁽⁹⁾	14.8 ⁽¹⁰⁾	14.2	16.8	16.4	17.0

⁽¹⁾ Includes impact from related deferred taxes.

⁽²⁾ Calculated based on tangible common equity divided by tangible assets.

⁽³⁾ Amounts presented are net of tax.

⁽⁴⁾ Consists primarily of trust preferred securities.

⁽⁵⁾ Total risk-based capital equals the sum of Tier 1 capital and Tier 2 capital.

⁽⁶⁾ Calculated based on prescribed regulatory guidelines.

⁽⁷⁾ Tier 1 common equity ratio is a non-GAAP measure calculated based on Tier 1 common equity divided by risk-weighted assets.

⁽⁸⁾ Tier 1 risk-based capital ratio is a regulatory capital measure calculated based on Tier 1 capital divided by risk-weighted assets.

⁽⁹⁾ Total risk-based capital ratio is a regulatory capital measure calculated based on total risk-based capital divided by risk-weighted assets.

⁽¹⁰⁾ Capital ratios as of the end of Q2 2011 are preliminary and therefore subject to change once the calculations have been finalized.