

Capital One Financial Corporation comments on the new CCAR templates

Clarification requests:

Retail Balance projections tab:

1. Could the Federal Reserve provide a more detailed definition of Asset Purchases and Asset Sales line items particularly with respect to Credit Cards? For example should the BHC include portfolio acquisitions as Asset purchases and sale of charged off debt for Asset Sales for Credit Cards?
2. Could the Federal Reserve provide a more detailed definition of Asset Purchases and Asset Sales line items particularly with respect to Mortgages? For example, does 'Asset Sales' refer to or include Capital One originated and sold mortgages? Does 'Asset Purchases' include loans and other assets repurchased due to Rep and Warrant liabilities?
3. Could the Federal Reserve provide a mapping of how loan balances represented on Retail Balance Projections tab should tie with loan balance on Balance Sheet Worksheet tab? Is it understood that certain Y9C segments on Balance Sheet tab will not tie to Retail Balance segments due to the inclusion of Small Business and Commercial?

Credit Mark work sheet in the Summary template

1. Pertaining to the *Retail ASC 310-30 Worksheet*, is the 'ASC 310-30 Reserve' defined as any ALLL Reserve for 'ASC 310-30 Purchased Credit Impaired loans' that is held in addition to the 'credit mark for ASC 310-30 Purchased Credit Impaired loans' ?

Pre-Provision Net Revenue

1. For the Net Interest Income tab, are the BHCs expected to provide real or FTP based rates? If we need to report out real rates here, one point that is important to it will only be Interest Income for the assets and Interest Expense for Liabilities.

Rep & Warranty:

1. Can you please provide clarity on the meaning of "excluding upb exempted or settled" for the Outstanding UPB category?

Historical Data Templates:

1. Card Accounts in International Region - Domestic card accounts having an international address but there is no International region provided. We currently have them separate. Would the Federal Reserve prefer to have them merged into an existing region and or Keep them in a separate bucket? Either way we will provide clear documentation to provide transparency on the approach.
2. Partnership and Legacy Portfolios - Partnership data is only available at statement level whereas legacy data is at Month End level. We are planning to keep them separate given the DQ rates will be different. Should we add a new product segment called partnerships?
3. SBLOC and SB Loans - Currently we only have one product term in Federal Reserve template. The DQ rates and default definitions are different for the two portfolios. We are looking to report them separately because of the above reasons and create a new segment ID.

4. Recoveries Data for newly acquired portfolios - We are providing historical data for newly acquired partnership portfolio. Capital One is entitled to the recoveries revenues from charge-off accounts post acquisition only. Do we need to provide historical data to enable Federal Reserve's modeling of recoveries?

Comments on proposed templates:

1. For the PPNR template, Capital One and many other BHCs do not project income items in Y9C segments today. Translating existing management reporting into the Y9C segments will not result in perfect allocations and may result in unintuitive and potentially misleading answers since many of the underlying methodologies for funds transfer pricing and equity allocation that NII is sensitive to were developed for the management reporting segmentation. As a result we request the BHCs have the flexibility to provide NII in the segments used for management purposes or be able to provide a higher level segmentation as allowed in the alternative template in the previous CCAR and supplement that high level view with more detailed breakdowns appropriate for their specific business.
2. In providing data on the Rep & Warranty reserve liability is it important to realize that in many cases Capital One and other Bank Holding Companies also sold the servicing rights to the loans. In these cases the banks will not have access to detailed performance data and may have to provide estimates based on the best information available or for some metrics will not be able to provide reliable data at all. We would ask that the Federal Reserve provide the flexibility for BHCs to provide current performance data where available and only originations based data where the current performance data is not reasonably available.