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December 30, 2024

VIA EZFile

Brent Hassell
Assistant Vice President
The Federal Reserve Bank of Richmond
P.O. Box 27622
Richmond, VA 23261

Re: Additional Information Request Regarding Application by Capital One Financial Corporation to Acquire Discover Financial Services (the “Additional Information Request”)

We are submitting this letter and the related confidential exhibits volume in response to your request for additional information, dated December 19, 2024, regarding the application seeking the prior approval of the Board of Governors of the Federal Reserve System (the “Federal Reserve”) for Capital One Financial Corporation (“Capital One”), the parent of Capital One, National Association, to acquire Discover Financial Services (“Discover”) and thereby acquire control of its subsidiary bank, Discover Bank (the “Application”). For ease of reference, your questions are included in bold with the responses immediately following. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Application.

* * *

Brent Hassell
The Federal Reserve Bank of Richmond
December 30, 2024
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Confidential treatment is being requested under the federal Freedom of Information Act, 5 U.S.C. § 552 (the “FOIA”), and the implementing regulations of the Board of Governors of the Federal Reserve System (the “Federal Reserve”), for the information contained in the Confidential Exhibits Volume to this letter (the “Confidential Materials”). The Confidential Materials include, for example, information regarding the business strategies and plans of (1) Capital One Financial Corporation (“COFC”), Vega Merger Sub, Inc. (“Merger Sub”) and Capital One, National Association (“CONA”) and (2) Discover Financial Services (“Discover”) and Discover Bank, and other information regarding additional matters of a similar nature, which is commercial or financial information that is both customarily and actually treated as private by COFC, Merger Sub, CONA, Discover and Discover Bank and provided to the government under an assurance of privacy. Certain information in the Confidential Materials also includes confidential supervisory information, which is protected from disclosure. None of this information is the type of information that would otherwise be made available to the public under any circumstances. All such information, if made public, could result in substantial and irreparable harm to COFC, Merger Sub, CONA, Discover and Discover Bank. Other exemptions from disclosure under the FOIA may also apply. In addition, investors and potential investors could be influenced or misled by such information, which is not reported in any documents filed or to be filed in accordance with the disclosure requirements of applicable securities laws, as a result of which COFC, Merger Sub, CONA, Discover and Discover Bank could be exposed to potential inadvertent violations of law or exposure to legal claims. Accordingly, confidential treatment is respectfully requested for the Confidential Materials under the FOIA and the Federal Reserve’s implementing regulations.

Please contact the undersigned (212-403-1354), Matthew T. Carpenter (212-403-1031) or Ledina Gocaj (212-403-1022) before any public release of any of this information pursuant to a request under the FOIA or a request or demand for disclosure by any governmental agency, congressional office or committee, court or grand jury. Such prior notice is necessary so that COFC, Merger Sub, CONA, Discover and Discover Bank may take appropriate steps to protect such information from disclosure.

If you have any questions about this submission or confidential treatment request, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Richard K. Kim", with a stylized, wavy line above the name.

Richard K. Kim

Brent Hassell
The Federal Reserve Bank of Richmond
December 30, 2024
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Enclosures

cc (by email):

Jason Almonte, Office of the Comptroller of the Currency
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Brandon C. Price, Wachtell, Lipton, Rosen & Katz
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**Capital One Financial Corporation Public Responses to Additional Information Request
from the Federal Reserve Bank of Richmond, dated December 19, 2024**

- 1. Discuss differences in funding sources and strategies between Capital One and Discover and explain the proposed approach to funding at the pro forma institution. Include a discussion of noncore deposit funding sources, including brokered deposits and FHLB advances, and other sources of wholesale funding, as applicable. For areas where Discover's funding profile may conflict with Capital One's funding profile or strategies, discuss the estimated timeframe and approach for alignment.**

Please see Confidential Annex A.

- 2. Provide the funding sources of Discover and Capital One currently and on a pro forma basis. Any brokered deposits should be identified in terms of the amounts/proportions that are insured and uninsured currently and on a pro forma basis relative to (i) total brokered deposits and (ii) total deposits.**

Please see Confidential Annex A.